

**INDEPENDENCE LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

INDEPENDENCE LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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Report on Compliance and on Internal Control Required
by Government Auditing Standards

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STATE OF OHIO
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board of Education
Independence Local School District
Cuyahoga County
7733 Stone Road
Independence, Ohio 44131

We have audited the financial statements of the Independence Local School District, Cuyahoga County, Ohio, (the "District") as of and for the year ended June 30, 1999, and have issued our report thereon dated December 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 17, 1999.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 17, 1999.

This report is intended for the information and use of management and the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

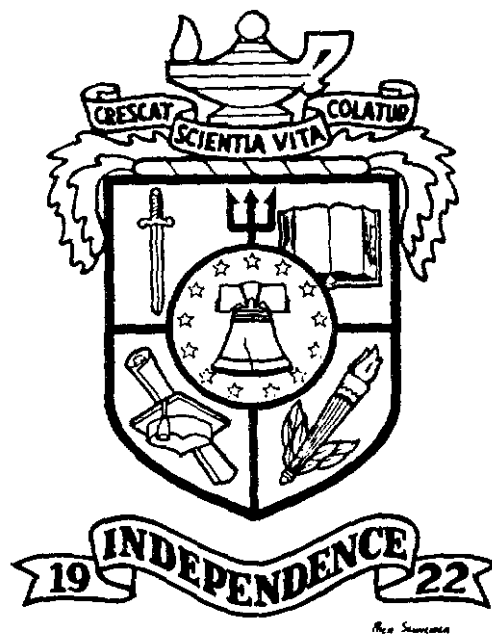
A handwritten signature in black ink, appearing to read "Jim Petro", is written over the typed name and title.

JIM PETRO
Auditor of State

December 17, 1999

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 1999



Independence Local School District

Independence, Ohio

INDEPENDENCE LOCAL SCHOOL DISTRICT

Comprehensive Annual Financial Report

for the

Fiscal Year Ended June 30, 1999

Prepared by the Treasurer's Office

**Allen D. Sluka
Treasurer**

**7733 Stone Road
Independence, Ohio 44131**

Independence Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1999

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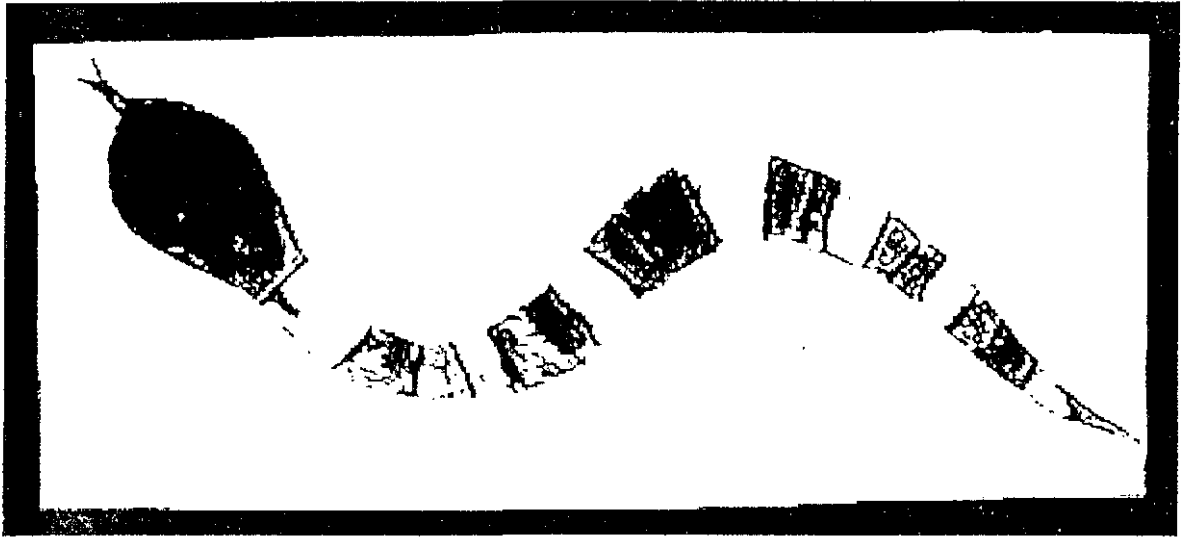
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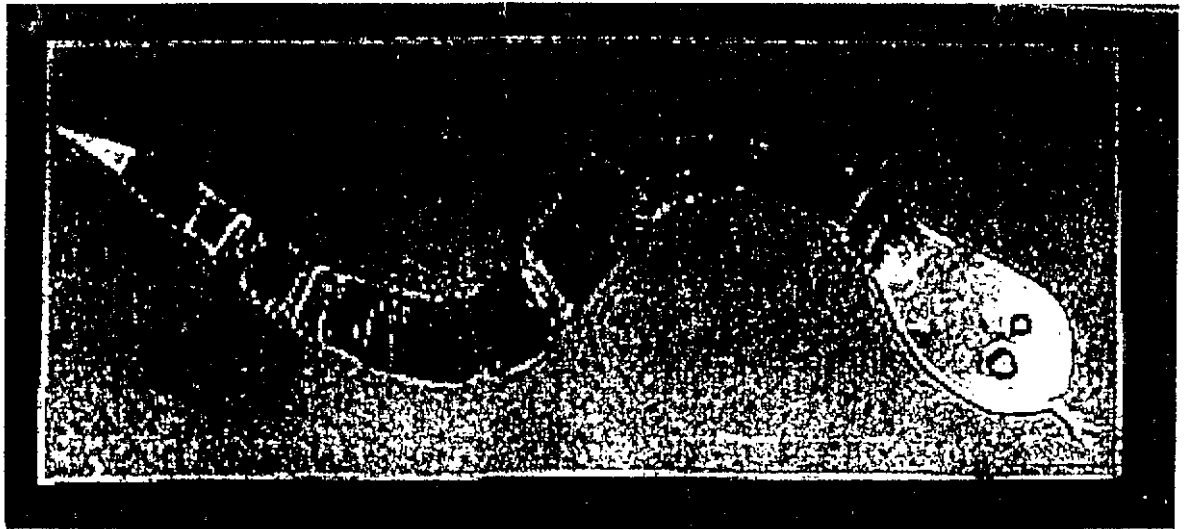
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Kim Cashin
Kindergarten



Ryan Polman

Introductory Section



INDEPENDENCE LOCAL SCHOOLS

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December 17, 1999

Board of Education Members and
Residents of the Independence Local School District:

David J. Laurenzi
Superintendent
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Service Manager
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We are pleased to submit to you the second Comprehensive Annual Financial Report (CAFR) of the Independence Local School District. This report provides full disclosure of the financial operation of the School District for the fiscal year ended June 30, 1999. This CAFR includes an opinion from the Auditor of the State of Ohio and conforms to generally accepted accounting principles as applicable to government entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District. This report will provide taxpayers of the Independence Local School District with comprehensive financial data in a format that will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Independence Public Library, major taxpayers, financial rating services, and other interested parties.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The Introductory Section contains a Table of Contents, Letter of Transmittal, Board of Education and Appointed Officials, an Organizational Chart of the School District, and Certificate of Achievement for Excellence in Financial Reporting
2. The Financial Section begins with the Report of Independent Accountants and includes the General Purpose Financial Statements and Notes to the General Purpose Financial Statements which provide an overview of the School District's financial position and operating results, the Combining, Individual Fund and Account Group Statements and Schedules that provide detailed information relative to the General Purpose Financial Statements.
3. The Statistical Section presents social and economic data, financial trends, and the fiscal capacity of the Independence Local School District.

The School District

Independence Local School District is located eight miles south of Cleveland, Ohio, where Interstate 77 intersects with Interstate 480 in the midst of a rapidly expanding community. The first school in Independence started in 1826. During 1839-40, 53 students were enrolled in the schools. By 1850, there were 11 schools in Independence with an enrollment of 611 students. At that time, the Independence Township covered an area of 36 square miles. Time has eroded those 36 square miles to the present 9.45 square miles that comprise the School District today. The present Middle School opened in September 1923 for grade 1-12 with the first graduating class in 1926. The 1950's and 1960's saw rapid growth of school population and the School District opened the current Primary School in 1956. In September of 1961, the present High School opened with a capacity of 600 students. In 1964, additions to the High School, Middle School and alterations to the Primary School were completed. These three buildings make up the current School District.

Independence Local School District is one of the 611 school districts in the State of Ohio and one of the 33 school districts in Cuyahoga County. The District provides education to 987 students in grades K-12, and preschool education to eight handicapped/non-handicapped students.

Statutorily, the District operates under standards prescribed by the Ohio State Board of Education as provided in Division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide educational services authorized and mandated by State and/or Federal agencies.

Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with the *Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity*. In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units. Excluded from the reporting entity because they are fiscally independent of the District are the City of Independence, the Parent Teacher Association, the Booster Clubs and the St. Michael Parochial School. The Lakeshore Northeast Computer Association and the Ohio Schools Council are reported as jointly governed organizations. The District also participates in the Ohio School's Council's Worker's Compensation Group Rating Program, an insurance purchasing pool and the electricity purchasing program.

Economic Condition and Outlook

Over the past decade, Independence has experienced significant business development, especially on its portion of the Rockside Road Corridor. Independence is second only to Cleveland as a center for business in Northeast Ohio, and has become headquarters to many of the region's leading job providers such as Unisource, AGA gas and the Ohio Motorists Association (AAA). With an expanding commercial and industrial base, as well as upscale residential areas, Independence has become the "crossroads of Northeast Ohio." Due to the continued development, Independence currently has one of the lowest property tax rates in Cuyahoga County. Independence can maintain these low tax rates and still compete for development because it has an amenity like no other community in Northeast Ohio-Location. Commercial property along the Rockside Road Corridor is the most desirable in Cuyahoga County. Independence is ideally situated between Cleveland and Akron, providing a convenient satellite location for businesses throughout Northeast Ohio.

There are 38 established office buildings with leasing space in the Rockside Road Corridor, comprising upwards of 3 million square-feet. Despite the surge of development over the past ten years, the vacancy rate along Rockside Road continues to decline each year. Of the 25 largest office properties in the Greater Cleveland area, 12 are located along Rockside Road. Construction has begun on Crown Center II. The building will be nine stories and contain 200,000 square feet. The Cleveland Clinic Foundation will occupy 100,000 square-feet while other tenants will occupy the remaining 100,000. Zarembo Management Company is moving forward with construction of the Independence Corporate Center. The building's total square footage will be 69,870. The average lease rate for Class A office space in Independence is \$20-\$23 per square foot. The overall vacancy rate in Independence (6.2%) is the lowest in the Greater Cleveland area. There is more new construction in Independence than in any other city in the Cleveland metropolitan area.

Of the District's General Fund operations, 67% of the General Fund revenue is received from real estate taxes on residential, commercial, and industrial properties and another 18% are received from tangible personal property taxpayers. Approximately 14% are received from various forms of State aid, with the balance representing interest earnings and other miscellaneous revenues.

In July 1994, the Perry County Common Pleas Court of Ohio declared that the State Ohio's system of funding elementary and secondary public schools was unconstitutional. The State of Ohio appealed the decision, which was overturned in a split opinion by the 5th District Court of Appeals. The case was then appealed to the Ohio Supreme Court with the decision being upheld. The legislature was then ordered by the Court to devise a new structure to fund public education in the state by March 1998. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and in a decision issued in February 1999, determined that they are not a sufficiently responsive to the constitutional issues previously raised. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of this date, the Ohio Supreme Court has not rendered an opinion on this issue

Major Initiatives

Using the criteria of the Ohio Department of Education, the district has been categorized as "Effective" for its results on both the 1999 and 2000 Local Report Card. Only a small percentage of Ohio schools have achieved this category. As such, there is no legal obligation to create a Continuous Improvement Plan (CIP). Recognizing, however, that such a plan can only make a good district better, a CIP will be established and implemented. Components of it will reflect selected areas of the curriculum targeted for improved student achievement. These include:

- Non-fiction reading and writing
- Innovative and hands-on science learning
- Specific areas of math, including Geometry

The district is in the fourth year of a five-year cycle of its K-12 North Central Accreditation (NCA) process. Some NCA goals are also reflected in the Continuous Improvement Plan. Among those which are not are:

- Study skills
- Career information
- Universal social and ethical values

Advancing the use of technology to improve teaching and learning is very active in the district. Of particular importance is the middle school's growth via a state and federally funded grant - Raising the Bar. This initiative is allowing our teachers to increase their set of teaching strategies, and our students to access a wider and more contemporary set of content. Ultimately, this knowledge and set of skills will be shared with Primary School and High School faculties.

Middle School restructuring has taken major steps. Through faculty-based problem solving and creative administration, the middle school is making significant progress in teaming, block-of-time instruction, integrating curriculum and making the most effective use of scheduled time.

Financial Information

Internal Accounting and Budgetary Control

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

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

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

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

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

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

The accounting system used by the District provides interim financial reports which detail year to date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

As an additional safeguard, all employees are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate higher limit bond.

The basis of accounting and the various funds and account groups utilized by the District are fully described in Note 2 of the General Purpose Financial Statements. Additional information on the District's budgetary accounting can also be found in Note 2.

General Government Functions

The following schedule presents a summary of all general fund revenues for the fiscal years ended June 30, 1998 and 1999, and the amount and percentage of increases and decreases in relation to the prior year revenues.

<u>Revenues</u>	<u>1998 Amount</u>	<u>1999 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Taxes	\$ 7,488,759	\$ 8,569,210	84.73%	\$1,080,758	14.43%
Tuition	-	4,440	.04	4,440	100.00
Intergovernmental	1,104,237	1,397,890	13.82	293,653	26.59
Earnings on Investments	78,243	78,731	.78	488	.62
Classroom Materials/Fees	11,503	11,815	.12	312	2.70
Miscellaneous	<u>111,225</u>	<u>51,845</u>	.51	<u>(59,380)</u>	<u>(53.39)</u>
Total Revenues	\$ <u>8,793,967</u>	\$ <u>10,113,931</u>	100.00%	\$ <u>1,320,271</u>	15.01%

Taxes -- represents the largest revenue that constitutes 85% of total revenues in 1999. The increase in taxes is from new construction and the private sale of delinquent property taxes.

Tuition -The School District started a Preschool Handicapped Program that included students where tuition was charged.

Intergovernmental -- this increase was from a change in the State of Ohio's funding for special education.

Miscellaneous -- this decrease was caused by the School District receiving in fiscal year 1998 a one-time Ohio Worker's Compensation refund of \$56,083.

The following schedule presents a summary of all general fund expenditures for the fiscal years ended June 30, 1998 and 1999, and the amount and percentage for increases and decreases in relation to the prior year expenditures:

<u>Expenditures</u>	<u>1998 Amount</u>	<u>1999 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Current:					
Instruction	\$ 4,649,993	\$ 4,983,086	55.48%	\$333,093	7.16%
Support Services:					
Pupils	411,850	452,600	5.04	40,750	9.89
Instructional Staff	521,529	510,152	5.68	(11,377)	(2.18)
Board of Education	174,972	121,747	1.36	(53,225)	(30.42)
Administration	660,734	689,902	7.68	29,168	4.41
Fiscal Services	302,610	327,074	3.64	24,464	8.08
Business	136,208	130,973	1.46	(5,235)	(3.84)
Operation & Maintenance of Plant	838,722	900,720	10.03	61,998	7.39
Pupil Transportation	496,752	499,391	5.56	2,639	.53
Extracurricular Activities	290,905	308,840	3.44	17,935	6.17
Capital Outlay	<u>16,529</u>	<u>57,104</u>	.63	<u>40,575</u>	<u>245.48</u>
Total Expenditures	\$ <u>8,500,804</u>	\$ <u>8,981,589</u>	100.00%	\$ <u>480,785</u>	5.66%

Instruction – the increase in instruction costs is the result of increased enrollment, general wage increases, and early retirement payments.

Support Services

Pupils – the increase is due to general wage increases and an increase in pupil purchase service costs.

Board of Education – the Board of Education incurred a significant decrease in legal and consultant fees.

Administration – the minimal increase reflects general wage increases.

Fiscal Services – the increase in fiscal expenditures is the result of an increase in the County Auditor and Treasurer fees along with a general wage increase for the treasurer's office staff.

Operation and Maintenance of Plant – the increase is the result of aging facilities, higher maintenance demands, and general wage increases.

Extracurricular Activities – the increase is the result of general supplemental wage increases.

Capital Outlay – the increase is from the purchase of instructional equipment through grants received from other governmental agencies.

General Fund Balance

The fund balance of the General Fund increased from prior year \$428,285 to \$1,499,762 as a result of increase from tax revenues.

Special Revenue Funds

The Special Revenue funds are classified as governmental fund types and represent those funds that account for revenues from specific sources and are restricted to expenditures for restricted purposes.

Capital Projects Funds

The Capital Projects funds are also classified as governmental fund types and represent those funds that account for financial resources used for the acquisition or construction of major capital facilities.

Enterprise Funds

Food Service and Uniform School Supplies are classified as enterprise operations as they resemble those activities found in private industry. Management periodically desires to determine the amount of profit/loss resulting from these operations that are significantly financed from user fees. None of these operations is viewed by the District as being able to operate without general fund support.

Fiduciary Funds

The District carries two agency funds, which were created by unused assets that are held by the District in a trustee capacity.

Cash Management

The Board has a cash management program, which consists of expediting the receipt of revenues and prudently depositing cash, as well as investing available cash balances. Both budgetary and payroll warrants are covered on a "just in time" basis through special clearing accounts set up by the depository. Cash not currently needed to cover warrants is maintained in the District's investment accounts. The total amount of the governmental fund's interest earned was \$87,528 for the year ending June 30, 1999, with \$78,731 being credited directly to the General Fund.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. During fiscal year 1999, the District invested primarily in Ohio's State Treasury Asset Reserve (STAR Ohio).

Risk Management

All employees of the District are covered by a blanket bond while certain positions in decision/policy making roles are covered by separate higher bond coverage.

The District contracts for general liability with Nationwide Insurance. The limits of coverage are \$2,000,000 per occurrence and \$5,000,000 in the aggregate.

The District also maintains insurance coverage on all vehicles, buildings and equipment.

Independent Audit

State statute requires the District to be audited annually by an independent auditor. An annual audit serves to maintain and strengthen the District's accounting and budgetary controls. Independent auditor Jim Petro, Auditor of State, was selected to render an opinion on the District's financial statements as of and for the year ended June 30, 1999. The opinion appears at the beginning of the financial section of this report.

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Independence Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 1998. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

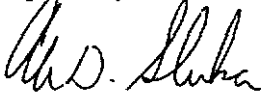
The publication of this report significantly increases the accountability of the District to the taxpayers. This accomplishment would not have been possible without the support of the School Treasurer's Office and various administrators and employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data.

Appreciation must also be given to the Office of the Auditor of State-Cleveland Region who gave their valuable advice and assistance in the preparation of this CAFR.

A special thank you must be given to Joyce Saris, Assistant Treasurer, and MaryAnn Wright, Payroll Coordinator, who have made significant contributions to this year's School District CAFR.

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

Respectfully submitted,



Allen D. Sluka
Treasurer



David J. Laurenzi
Superintendent of Schools

Independence Local School District

*Board of Education and Appointed Officials
June 30, 1999*

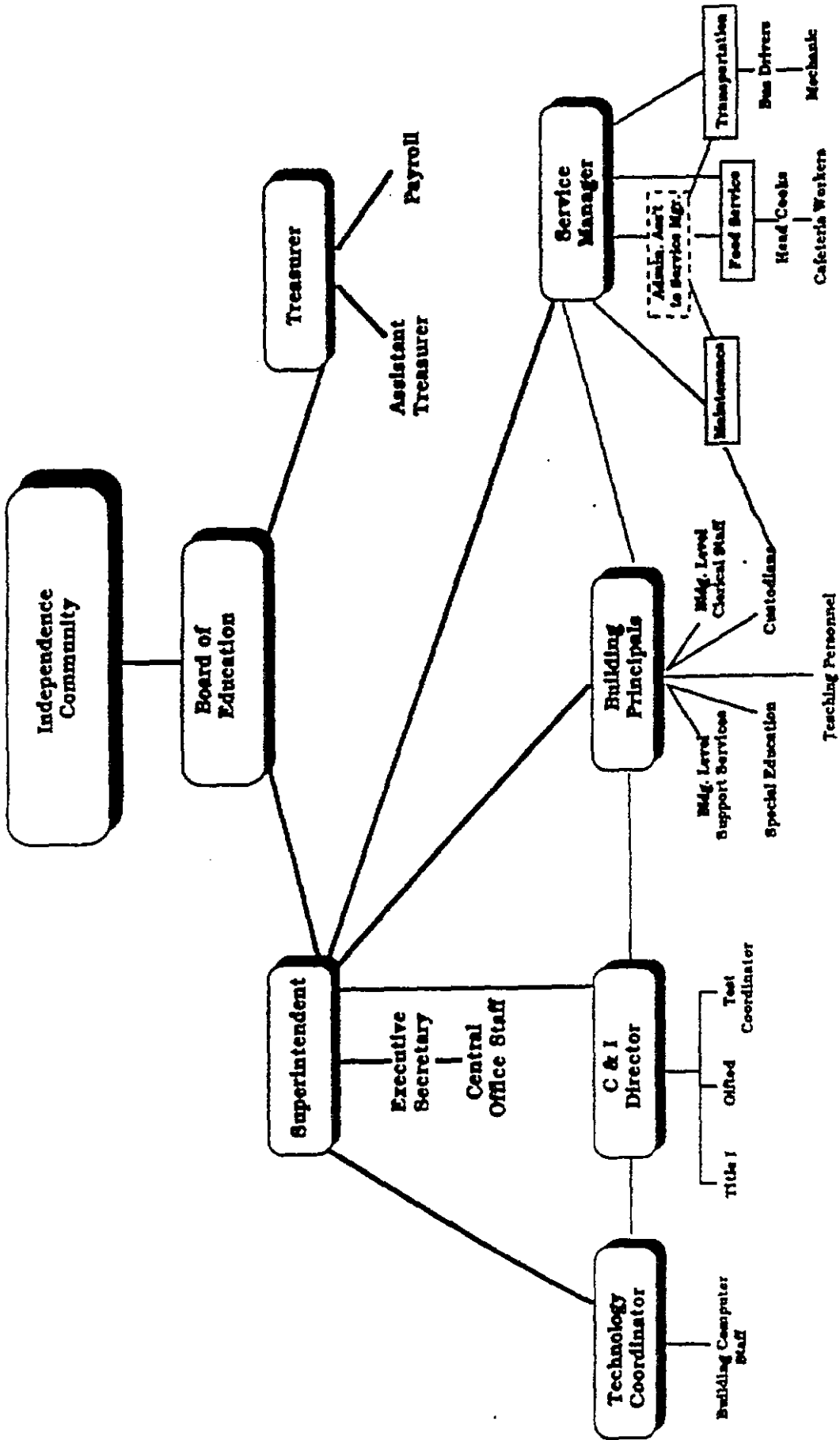
Board of Education

Russell G. Fortlage	President
Karen Olejarski	Vice-President
Marsha Nall	Member
Richard Velotta	Member
Thomas Vondriska	Member

Appointed Officials

David J. Laurenzi	Superintendent
Allen D. Sluka	Treasurer
Richard T. McDermott	Director of Curriculum and Instruction
Cary D. Willgren	High School Principal
Robert J. Sykora	Middle School Principal
Judith A. Schulz	Primary School Principal
Richard J. Wherley	Technology Coordinator
Al Yano	Service Manager

INDEPENDENCE LOCAL SCHOOL DISTRICT - ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Independence Local School
District, Ohio

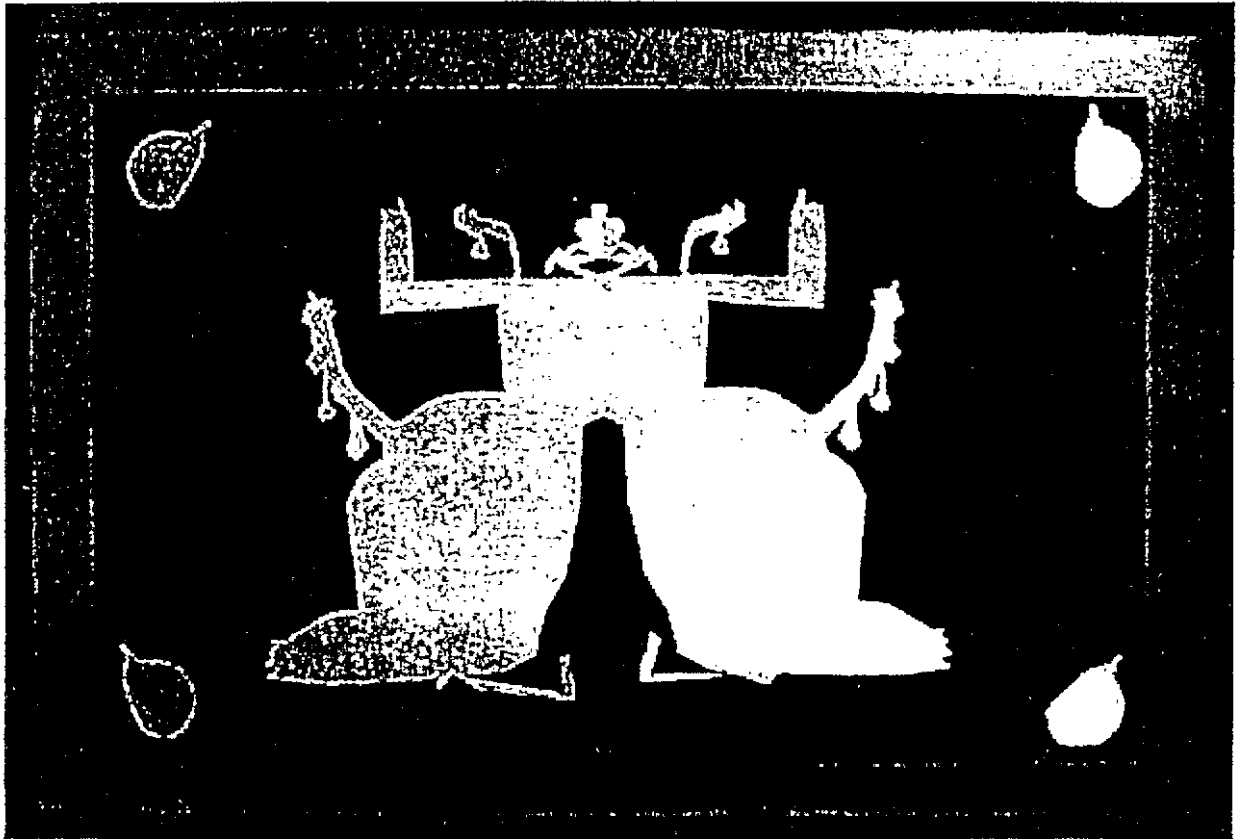
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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



Carol Brueckner
President

Jeffrey L. Esler
Executive Director



Brad Kotick

Financial Section



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Education
Independence Local School District
7733 Stone Road
Independence, Ohio 44131

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Report of Independent Accountants
Independence Local School District
Page 2

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

December 17, 1999

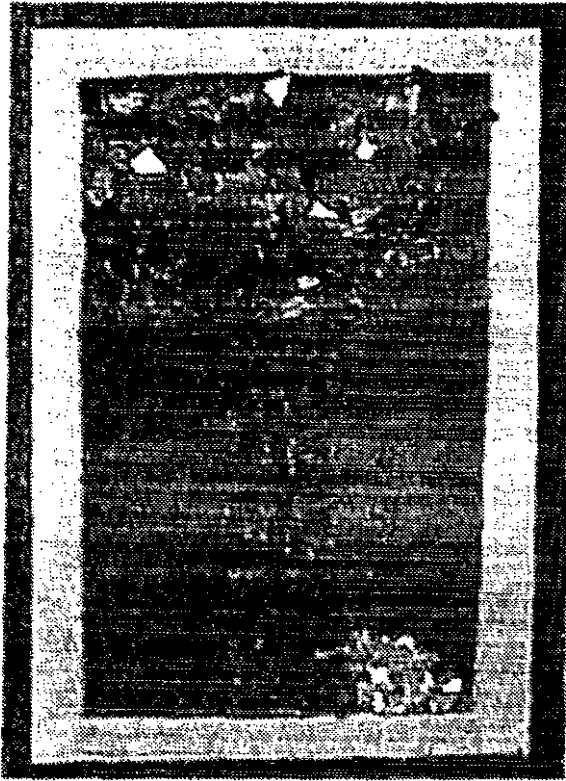
General Purpose Financial Statements

Independence Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Assets:			
Cash and Cash Equivalents	\$ 1,203,895	\$ 213,018	\$ 182,765
Receivables			
Taxes	8,518,335	-	365,300
Accounts	22,412	-	-
Intergovernmental	-	-	3,025
Due From Other Funds	8,100	-	-
Prepaid Items	17,056	-	-
Inventories	4,985	-	-
Restricted Cash and Cash Equivalents	129,500	-	-
Fixed Assets (Net, where applicable of Accumulated Depreciation)	-	-	-
Other Debits:			
Amount to be provided	-	-	-
Total Assets and Other Debits	<u>\$ 9,904,283</u>	<u>\$ 213,018</u>	<u>\$ 551,090</u>
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts Payable	19,744	10,496	19,157
Accrued Wages/Benefits Payable	927,812	12,206	-
Compensated Absences Payable	49,740	-	-
Due to Other Funds	-	-	8,100
Due to Students	-	-	-
Deferred Revenue	7,407,225	-	329,762
Undistributed Monies	-	-	-
Total Liabilities	<u>8,404,521</u>	<u>22,702</u>	<u>357,019</u>
Fund Equity and Other Credits:			
Investments in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings (deficit):			
Unreserved	-	-	-
Fund Balances (deficit)			
Reserved for Taxes	1,111,110	-	35,538
Reserved for Encumbrances	22,532	83,413	120,625
Reserved for Inventory	4,985	-	-
Reserved for Budget Stabilization	129,500	-	-
Unreserved, Undesignated	231,635	106,903	37,908
Total Fund Equity (deficit) and Other Credits	<u>1,499,762</u>	<u>190,316</u>	<u>194,071</u>
Total Liabilities, Fund Equity(deficit), and Other Credits	<u>\$ 9,904,283</u>	<u>\$ 213,018</u>	<u>\$ 551,090</u>

See Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long- Term Obligations	
Enterprise	Agency			
\$ 4,267	\$ 62,007	\$ -	\$ -	\$ 1,665,952
-	-	-	-	8,883,635
-	-	-	-	22,412
-	-	-	-	3,025
-	-	-	-	8,100
-	-	-	-	17,056
2,725	-	-	-	7,710
-	-	-	-	129,500
16,668	-	6,112,319	-	6,128,987
-	-	-	1,232,236	1,232,236
<u>\$ 23,660</u>	<u>\$ 62,007</u>	<u>\$ 6,112,319</u>	<u>\$ 1,232,236</u>	<u>\$ 18,098,613</u>
-	864	-	-	50,261
20,851	-	-	-	960,869
17,899	-	-	1,232,236	1,299,875
-	-	-	-	8,100
-	60,044	-	-	60,044
1,599	-	-	-	7,738,586
-	1,099	-	-	1,099
<u>40,349</u>	<u>62,007</u>	<u>-</u>	<u>1,232,236</u>	<u>10,118,834</u>
-	-	6,112,319	-	6,112,319
16,668	-	-	-	16,668
(33,357)	-	-	-	(33,357)
-	-	-	-	1,146,648
-	-	-	-	226,570
-	-	-	-	4,985
-	-	-	-	129,500
-	-	-	-	376,446
<u>(16,689)</u>	<u>-</u>	<u>6,112,319</u>	<u>-</u>	<u>7,979,779</u>
<u>\$ 23,660</u>	<u>\$ 62,007</u>	<u>\$ 6,112,319</u>	<u>\$ 1,232,236</u>	<u>\$ 18,098,613</u>



Mikey Chatal
Fourth Grade

Sandy Hajek
Fourth Grade



Independence Local School District
*Combined Statement of Revenues, Expenditures and
 Changes in Fund Balance-All Governmental Fund Types*
 Fiscal Year Ended June 30, 1999

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Revenues:				
Taxes	\$ 8,569,210	\$ -	\$ 351,723	\$ 8,920,933
Tuition	4,440	-	-	4,440
Intergovernmental	1,397,890	397,272	57,763	1,852,925
Earnings on Investments	78,731	4,160	4,637	87,528
Extracurricular Activities	-	25,075	-	25,075
Donations and Gifts	-	20,997	-	20,997
Classroom Materials / Fees	11,815	1,477	-	13,292
Miscellaneous	51,845	29,242	-	81,087
Total Revenues	10,113,931	478,223	414,123	11,006,277
Expenditures:				
Current:				
Instruction				
Regular	4,253,972	5,535	15,150	4,274,657
Special	405,617	49,405	-	455,022
Other	323,497	-	-	323,497
Support Services				
Pupils	452,600	1,934	-	454,534
Instructional Staff	510,152	6,385	-	516,537
Board of Education	121,747	-	-	121,747
Administration	689,902	-	-	689,902
Fiscal	327,074	-	-	327,074
Business	130,973	29,447	-	160,420
Operation and Maintenance of Plant	900,720	-	65,539	966,259
Pupil Transportation	499,391	-	-	499,391
Central	-	5,000	-	5,000
Operation of Non-Instructional Services	-	190,585	-	190,585
Extracurricular Activities	308,840	52,195	-	361,035
Capital Outlay	57,104	4,948	281,939	343,991
Total Expenditures	8,981,589	345,434	362,628	9,689,651
Excess of Revenues Over (Under) Expenditures	1,132,342	132,789	51,495	1,316,626
Other Financing Sources (Uses):				
Operating Transfers In	-	2,116	-	2,116
Operating Transfers Out	(48,116)	-	-	(48,116)
Total Other Financing Sources (Uses)	(48,116)	2,116	-	(46,000)
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	1,084,226	134,905	51,495	1,270,626
Fund Balance (Deficit) at Beginning of Year	428,285	55,411	142,576	626,272
Increase/(Decrease) in Reserve for Inventory	(12,749)	-	-	(12,749)
Fund Balance at End of Year	\$ 1,499,762	\$ 190,316	\$ 194,071	\$ 1,884,149

See Notes to the General Purpose Financial Statements

Independence Local School District
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances-Budget and Actual(Budget Basis)
All Governmental Fund Types
Fiscal Year Ended June 30, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 7,381,172	\$ 8,122,380	\$ 741,208	\$ -	\$ -	\$ -
Tuition	-	3,835	3,835	-	-	-
Intergovernmental	1,273,682	1,397,891	124,209	405,154	401,453	(3,701)
Earnings on Investments	75,000	78,731	3,731	3,610	4,160	550
Extracurricular Activities	-	-	-	26,000	25,075	(925)
Donations and Gifts	-	-	-	24,000	20,997	(3,003)
Classroom Materials / Fees	12,000	11,815	(185)	1,500	1,477	(23)
Miscellaneous	30,000	40,291	10,291	39,243	29,713	(9,530)
Total Revenues	8,771,854	9,654,943	883,089	499,507	482,875	(16,632)
Expenditures:						
Current:						
Instruction						
Regular	4,430,601	4,354,840	75,761	12,330	8,491	3,839
Special	411,104	404,448	6,656	57,958	49,741	8,217
Other	429,135	328,164	100,971	-	-	-
Support Services						
Pupils	481,267	455,103	26,164	2,537	2,537	-
Instructional Staff	548,070	527,200	20,870	165,075	79,638	85,437
Board of Education	141,229	127,266	13,963	-	-	-
Administration	674,274	670,935	3,339	-	-	-
Fiscal	332,000	321,025	10,975	-	-	-
Business	157,278	139,357	17,921	35,000	28,559	6,441
Operation and Maintenance of Plant	916,646	915,177	1,469	6,500	-	6,500
Pupil Transportation	526,259	516,099	10,160	-	-	-
Central	-	-	-	5,000	5,000	-
Operation of Non-Instructional Services	-	-	-	196,026	196,026	-
Extracurricular Activities	320,750	308,845	11,905	70,385	55,409	14,976
Capital Outlay	-	-	-	-	-	-
Total Expenditures	9,368,613	9,068,459	300,154	550,811	425,401	125,410
Excess of Revenues Over						
(Under) Expenditures	(596,759)	586,484	1,183,243	(51,304)	57,474	108,778
Other Financing Sources (Uses):						
Other Financing Sources	-	4,420	4,420	-	-	-
Refund of Prior Year Receipts	(1,000)	(64)	936	-	-	-
Advances In	-	-	-	-	-	-
Advances Out	-	(8,100)	(8,100)	-	-	-
Operating Transfers In	-	-	-	3,462	2,116	(1,346)
Operating Transfers Out	(50,000)	(48,116)	1,884	-	-	-
Total Other Financing Sources (Uses)	(51,000)	(51,860)	(860)	3,462	2,116	(1,346)
Excess of Revenues						
and Other Financing Sources Over / (Under)						
Expenditures and Other Financing Uses	(647,759)	534,624	1,182,383	(47,842)	59,590	107,432
Fund Balances (Deficit) at Beginning of Year	589,097	589,097	-	53,322	53,322	-
Prior Year Encumbrances Appropriated	159,313	159,313	-	7,089	7,089	-
Fund Balances (Deficit) at End of Year	\$ 100,651	\$ 1,283,034	\$ 1,182,383	\$ 12,569	\$ 120,001	\$ 107,432

See Notes to the General Purpose Financial Statements

Capital Project Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 321,241	\$ 337,504	\$ 16,263	\$ 7,702,413	\$ 8,459,884	\$ 757,471
-	-	-	-	3,835	3,835
56,766	54,738	(2,028)	1,735,602	1,854,082	118,480
10,500	4,637	(5,863)	89,110	87,528	(1,582)
-	-	-	26,000	25,075	(925)
-	-	-	24,000	20,997	(3,003)
-	-	-	13,500	13,292	(208)
-	-	-	69,243	70,004	761
<u>388,507</u>	<u>396,879</u>	<u>8,372</u>	<u>9,659,868</u>	<u>10,534,697</u>	<u>874,829</u>
76,596	73,963	2,633	4,519,527	4,437,294	82,233
-	-	-	469,062	454,189	14,873
-	-	-	429,135	328,164	100,971
-	-	-	483,804	457,640	26,164
-	-	-	713,145	606,838	106,307
-	-	-	141,229	127,266	13,963
-	-	-	674,274	670,935	3,339
-	-	-	332,000	321,025	10,975
-	-	-	192,278	167,916	24,362
190,940	188,353	2,587	1,114,086	1,103,530	10,556
37,492	37,491	1	563,751	553,590	10,161
-	-	-	5,000	5,000	-
-	-	-	196,026	196,026	-
-	-	-	391,135	364,254	26,881
<u>251,297</u>	<u>227,336</u>	<u>23,961</u>	<u>251,297</u>	<u>227,336</u>	<u>23,961</u>
<u>556,325</u>	<u>527,143</u>	<u>29,182</u>	<u>10,475,749</u>	<u>10,021,003</u>	<u>454,746</u>
(167,818)	(130,264)	37,554	(815,881)	513,694	1,329,575
-	-	-	-	4,420	4,420
-	-	-	(1,000)	(64)	936
8,100	8,100	-	8,100	8,100	-
-	-	-	-	(8,100)	(8,100)
-	-	-	3,462	2,116	(1,346)
-	-	-	(50,000)	(48,116)	1,884
<u>8,100</u>	<u>8,100</u>	<u>-</u>	<u>(39,438)</u>	<u>(41,644)</u>	<u>(2,206)</u>
(159,718)	(122,164)	37,554	(855,319)	472,050	1,327,369
30,688	30,688	-	673,107	673,107	-
134,459	134,459	-	300,861	300,861	-
<u>\$ 5,429</u>	<u>\$ 42,983</u>	<u>\$ 37,554</u>	<u>\$ 118,649</u>	<u>\$ 1,446,018</u>	<u>\$ 1,327,369</u>

Independence Local School District
*Combined Statement of Revenues, Expenses and
 Changes in Retained Earnings/Fund Equity - Proprietary Fund Type*
 Fiscal Year Ended June 30, 1999

	<u>Proprietary Fund Type Enterprise</u>
Operating Revenues:	
Sales	\$ 175,253
Other	<u>306</u>
Total Operating Revenues	<u>175,559</u>
Operating Expenses:	
Salaries	122,224
Fringe Benefits	11,410
Purchased Services	2,137
Materials and Supplies	105,378
Cost of Sales	<u>14,655</u>
Total Operating Expenses	<u>255,804</u>
Operating Income (Loss)	(80,245)
Non-Operating Revenues (Expenses)	
Operating Grants	12,656
Government Donated Commodities	<u>14,655</u>
Total Non-Operating Revenues (Expenses)	<u>27,311</u>
Transfers from Other Funds	46,000
Net Income (Loss)	(6,934)
Retained Earning (Deficit) at Beginning of Year	<u>(26,423)</u>
Retained Earnings (Deficit) at End of Year	(33,357)
Contributed Capital Beginning of Year	18,285
Depreciation on Fixed Assets Acquired by Contributed Capital	(1,617)
Contributed Capital at End of Year	<u>16,668</u>
Total Fund Equity (Deficit) at End of Year	<u>\$ (16,689)</u>

See Notes to General Purpose Financial Statements

Independence Local School District
Combined Statement of Cash Flows
Proprietary Fund Type
Fiscal Year Ended June 30, 1999

	<u>Proprietary Fund Type Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash flows from operating activities	
Cash received from sales	\$ 175,559
Cash paid to employees	(126,487)
Cash paid to suppliers	<u>(107,691)</u>
Net cash provided by operating activities	<u>(58,619)</u>
Cash flows from noncapital financing activities	
Transfer from general fund	46,000
Subsidy from federal government	<u>12,656</u>
Net cash provided by noncapital activities	<u>58,656</u>
 Net increase (decrease) in cash and cash equivalents	 37
 Cash and cash equivalents, July 1	 <u>4,230</u>
Cash and cash equivalents, June 30	<u>\$ 4,267</u>
 Reconciliation of Operating (Loss) to Net Cash Provided for Operating Activities	
 Operating income (loss)	 <u>\$ (80,245)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Government Donated Commodities Used	14,655
Increase in accrued wages/benefits payable	4,868
Increase in compensated absences payable	2,279
Decrease in inventories	<u>(176)</u>
Total adjustments	<u>21,626</u>
Net cash provided by operating activities	<u>\$ (58,619)</u>
 Noncash Investing, Capital and Financing Activities	
Government Donated Commodities	\$ 16,924

See Notes to the General Purpose Financial Statements

Independence Local School District
Combined Statement of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - Proprietary Fund Type
Fiscal Year Ended June 30, 1999

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Food Services	\$ 164,000	\$ 161,572	\$ (2,428)
Classroom Materials and Fees	14,000	13,681	(319)
Miscellaneous	-	306	306
Total Operating Revenues	<u>178,000</u>	<u>175,559</u>	<u>(2,441)</u>
Operating Expenses:			
Salaries and Wages	99,000	99,140	(140)
Fringe Benefits	30,000	27,347	2,653
Purchased Services	2,200	2,137	63
Materials and Supplies	114,500	105,554	8,946
Total Operating Expenses	<u>245,700</u>	<u>234,178</u>	<u>11,522</u>
(Deficiency) of Operating Revenues Over (Under) Operating Expenses	(67,700)	(58,619)	9,081
Non-Operating Revenues			
Federal and State Grants	15,500	12,656	(2,844)
Total Non-Operating Revenues	<u>15,500</u>	<u>12,656</u>	<u>(2,844)</u>
(Deficiency) of Revenues Over (Under) Expenses	(52,200)	(45,963)	6,237
Other Financing Sources (Uses):			
Operating Transfers In	50,000	46,000	(4,000)
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	(2,200)	37	2,237
Fund Equity at Beginning of Year	4,230	4,230	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Equity at End of Year	<u>\$ 2,030</u>	<u>\$ 4,267</u>	<u>\$ 2,237</u>

See Notes to the General Purpose Financial Statements

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 1999

Note 1 - Description of the School District and Reporting Entity

Independence Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 79 non certified, and 80 certificated full time teaching personnel who provide services to 987 students and other community members.

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Independence Local School District, this includes general operations, food service, preschool and student related activities of the School District. The following activity is also included within the reporting entity:

Parochial School Within the School District boundaries, St. Michael's School is operated through the Cleveland Catholic Diocese. Current state legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the treasurer of the School District, as directed by the parochial school. The activity of these state monies by the School District is reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District does not have any component units.

The School District is associated with the Lake Northeast Ohio Computer Association and the Ohio School's Council which are defined as Jointly Governed Organizations. These organizations are presented in Note 15 to the general purpose financial statements.

Note 2 - Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 1999

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 1999

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The School District has no trust funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants, and student fees.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund types utilize the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission for rate determination.

Independence Local School District
Notes to the General Purpose Financial Statements
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Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 1999.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

D. Cash and Cash Equivalents

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

Independence Local School District
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During fiscal year 1999, investments were limited to STAROhio and overnight repurchase agreements.

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 1999.

Under existing Ohio statutes, the Board of Education may, by resolution, identify the funds to receive an allocation of interest earnings. During fiscal year 1999, the general fund, permanent improvement funds, certain special revenue funds, and agency funds received interest allocations. Interest revenue reported on the general purpose financial statements totaled \$91,550.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. During fiscal year 1999, all investments of the School District and of the fiscal agents had a maturity of three months or less.

E. Inventory

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

F. Fixed Assets and Depreciation

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

Independence Local School District
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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of either fifteen or twenty years.

G. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
School Bus Purchase Program

Special Revenue Funds

Teacher Development
Education Management Information System

Capital Project Fund

SchoolNet Plus

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Eisenhower, Title II
Title I
Title VI
Drug Free
Telecommunications Act
Technology Literacy Challenge

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 17% of the School District's governmental fund revenues during the 1999 fiscal year.

Independence Local School District
Notes to the General Purpose Financial Statements
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H. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off of some other means. Sick leave benefits are accrued as a liability using the vested payment method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is calculated using current leave balances, current wage rates, and current policy limitations on the amount of payment. The School District considers it probable that all employees of the District will receive termination benefits.

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

I. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is closed to contributed capital at year end.

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and special termination benefits are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources.

K. Interfund Transactions

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

All other interfund transfers are reported as operating transfers.

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. During fiscal year 1999, the School District set-aside \$129,500 in this reserve.

Independence Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

M. 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for taxes, encumbrances, inventory, and budget stabilization.

O. Total Columns on General Purpose Financial Statements

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

Note 3 - Accountability

Fund Deficits

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

	Deficit Fund Balance Retained Earnings
Title I Special Revenue Fund	\$ 2,556
Drug Free Special Revenue Fund	558
Food Service Enterprise Fund	17,028

The deficit in the Title I and Drug Free Special Revenue Funds are the result of timing differences in receiving federal funds for these grants.

The deficit in the Food Service Enterprise Fund is the result of accumulated losses due to accrued liabilities. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit.

Independence Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

The following budget line items had expenditures plus encumbrances in excess of total appropriation contrary to Ohio Revised Code Sections 5705.41(B) and (D):

<u>Fund-Function-Object</u>	<u>Total Appropriations</u>	<u>Expenditures/ Encumbrances</u>	<u>Variance</u>
General Fund-Instruction-Fringe Benefits	\$ 886,400	\$ 886,427	\$ (27)
General Fund-Board-Materials/Supplies	3,500	3,876	(376)
General Fund-Administration-Salaries/Wages	486,500	486,746	(246)
Food Service Fund-Salaries/Wages	99,000	99,140	(140)
Auxiliary Services-Community-Purchased Srv.	59,448	59,637	(189)

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) , All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) , the Proprietary Fund Type 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:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Unrecorded cash, which consists of unrecorded interest, is not reported by the School District on the operating statements (budget basis), but is reported on the GAAP basis operating statements.

Independence Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$1,084,226	\$134,905	\$ 51,495
Net Adjustments for Revenue Accrual	(454,568)	4,653	(17,244)
Net Adjustments for Expenditure Accruals	(44,675)	13,048	(16,633)
Adjustment for Encumbrances	<u>(50,359)</u>	<u>(93,016)</u>	<u>(139,782)</u>
Budget Basis	<u>\$ 534,624</u>	<u>\$ 59,590</u>	<u>\$ (122,164)</u>

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

	<u>Enterprise</u>
GAAP Basis	\$ (6,934)
Revenue Accruals	-
Expense Accruals	6,971
Adjustment for Encumbrances	-
Budget Basis	<u>\$ 37</u>

Note 5 - Deposits and Investments

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

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

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

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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, but not limited to, passbook accounts.

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

Interim monies may be invested in the following securities:

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

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

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 June 30, 1999

Cash on Hand At fiscal year end, the School District had \$200 in undeposited cash on hand which is included on the balance sheet of the School District as part of "cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits At year-end, the carrying amount of the School District's deposits were \$495,204 and the bank balance was \$618,513. Of the total bank balance:

1. \$218,513 was covered by federal depository insurance; and
2. \$400,000 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money has been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC

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

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Sweep/Repurchase Agreement	\$ 374,078	\$ 374,078	\$ 374,078
Investment in State Treasurer's Investment Pool		<u>926,170</u>	<u>926,170</u>
Total Investments	<u>\$ 374,078</u>	<u>\$1,300,248</u>	<u>\$1,300,248</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents, and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 1,795,452	\$ -
Investments which are part of a cash management pool	(926,170)	926,170
Sweep/Repurchase Agreement	<u>(374,078)</u>	<u>374,078</u>
GASB Statement 3	<u>\$ 495,204</u>	<u>\$ 1,300,248</u>

Independence Local School District
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Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second - Half Collections		1999 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$ 329,554,390	81.24	\$ 345,177,050	81.12
Public Utility Personal	26,540,300	6.54	30,688,820	7.21
Tangible Personal Property	49,559,054	12.22	49,644,275	11.67
Total	<u>\$ 405,653,744</u>	<u>100.00</u>	<u>\$ 425,510,145</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 23.40		\$ 23.40	

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

The School District receives property taxes from Cuyahoga County. The County Auditor 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, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$1,146,648 and is recognized as revenue. \$1,111,110 was available to the general fund and \$35,538 was available to the capital projects fund.

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Notes to the General Purpose Financial Statements
 June 30, 1999

Note 7 - Receivables

Receivables at June 30, 1999, consisted of taxes, accounts (rent and miscellaneous), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Note 8 - Fixed Assets

A summary of the changes in general fixed assets during fiscal year 1999 follows:

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Land and Improvements	\$ 249,076	\$ -	\$ -	\$ 249,076
Buildings	3,025,041	-	-	3,025,041
Vehicles	644,444	-	-	644,444
Furniture and Equipment	<u>2,032,413</u>	<u>161,345</u>	<u>-</u>	<u>2,193,758</u>
Total General Fixed Assets	<u>\$ 5,950,974</u>	<u>\$ 161,345</u>	<u>\$ -</u>	<u>\$ 6,112,319</u>

A summary of the Enterprise Funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$ 86,247
Less: Accumulated Depreciation	<u>(69,579)</u>
Net Fixed Assets	<u>\$ 16,668</u>

There was no construction in progress at June 30, 1999.

Note 9 - 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. For Fiscal Year 1999, the School District contracted with Crum & Forster for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy. Crum & Forster Insurance covers the boiler and machinery with a \$1,000 deductible and a \$30,000,000 limit.

Professional liability is protected by The Nationwide Insurance Company with a \$2,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles are covered by Nationwide Insurance and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$3,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

Independence Local School District
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June 30, 1999

Workers' Compensation For fiscal year 1999, the School District participated in the Ohio Schools Council's Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school district that can meet the GRP's selection criteria. The firm of Accordia provided administrative, cost control and actuarial services to the GRP.

Note 10 – Year 2000 Issue

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations.

Independence Local School District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information Systems (EMIS)).

The District uses the State of Ohio Uniform Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

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

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

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

The education management information system software supported with the OECN State Software is compliant with the Year 2000.”

Cuyahoga County collects property taxes for distribution to the Independence School District. Cuyahoga County is responsible for remediating the tax collection system.

The State of Ohio distributes money to the School District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the School District through the State's Educational Management and Information System (EMIS). The State is responsible for remediating these systems.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 1999

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

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Independence Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the Independence Local School District is required to contribute 14 percent. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution rates are not determined actuarially but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's contributions to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$297,366, \$264,349, and \$264,942, respectively, which represents 100 percent for these years. The School District pays fund pension obligations when incurred.

B. State Teachers Retirement System

The Independence Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Independence Local School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$1,033,850, \$996,844 and \$978,284, respectively, which represents 100 percent for these years. The School District pays fund pension obligations when incurred.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 1999

C. Social Security System

Effective July 1, 1991, employees not otherwise covered by the School Employees Retirement System (SERS) or the State Teachers Retirement System of Ohio (STRS) have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 1999, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by both Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

For the State Teachers Retirement System, all benefits recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from State Teachers Retirement System funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the health care reserve fund. This allocation was increased from 3.5% for fiscal year 1998. For the School District, this amount equaled \$348,590 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (latest information available). For the year ended June 30, 1998, net health care costs by the State Teachers Retirement System were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

For fiscal year 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, equaled \$109,333 during the 1999 fiscal year.

The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care at June 30, 1998 (latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants who are currently receiving health care benefits.

Independence Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

Note 13 – Long-Term Obligations

A. Schedule of General Long-Term Obligations Account Group

The changes in the District's long-term obligations during the fiscal year ended June 30, 1999 consist of the following:

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Compensated Absences	\$ 1,132,236	\$ 204,948	\$ 104,948	\$1,232,236

B. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators, who are not on a twelve month contract, do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract. Upon retirement, payment is made for 35 percent of the total sick leave accumulation up to a maximum accumulation of 75 days for teachers and administrators and 68 days for classified employees. Compensated absences will be paid from the fund from which each person is paid.

C. Legal Debt Margin

The School Districts does not carry any long-term debt. However, the School District's overall debt margin was \$38,295,913 with an unvoted debt margin of \$4,255,101.

Note 14 - Other Employee Benefits

Health Care Benefits

For the period July 1, 1998 through June 30, 1999, the School District elected to provide employee medical/surgical benefits through Medical Mutual's Super Blue Plus health care program. The School District paid \$363.58 for family coverage or \$133.10 for single coverage per month, which represents the entire premium, required. The premium was paid by the fund that paid the salary for the employee.

The School District also provides the following health care benefits: dental care at a cost of \$53.68 per month per employee on a composite basis, prescription drug coverage at a cost of \$55.35 per month per employee on a composite basis and vision care at a cost of \$12.28 for family coverage, \$4.50 for single coverage each month per employee.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 1999

Note 15 - Jointly Governed Organizations

Lakeshore Northeast Ohio Computer Association The Lakeshore Northeast Ohio Computer Association(LNOCA) is a jointly governed computer service bureau owned and operated by eleven school districts. The primary function of LNOCA is to provide data services to the eleven school districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance, student tracking, pupil scheduling, attendance and grade reporting. The Board of Directors consists of the superintendents from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the board. The Cuyahoga County Educational Service Center serves as the fiscal agent of LNOCA. Each school district supports LNOCA based on a per pupil charge dependent upon the data services used. All revenues are generated from charges for services and State funding. Independence Local School District paid \$11,652 to LNOCA during fiscal year 1999. Financial information can be obtained by contacting the Treasurer of the Fiscal Agent at LNOCA, 5700 West Canal Road, Valley View, Ohio 44125.

Ohio Schools Council The Ohio Schools Council (OSC), formerly the Greater Cleveland Schools Council, is a jointly governed organization among eighty-three School Districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. Each district supports the OSC by paying a one time fee of \$500 and an annual participation fee. The OSC's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Joseph Lesak, Executive Secretary/Treasurer, Ohio Schools Council at 8001 Brecksville Road, Brecksville, Ohio 44141.

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

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

Note 16 - State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program" which provides an amount of monetary support to the School District. For the fiscal year ended June 30, 1999, the School District received \$20,822 in school foundation support for the general fund.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 1999

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

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

Note 17 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$161,878	\$ 13,681	\$175,559
Operating Expenses	241,813	13,991	255,804
Operating Loss	(79,935)	(310)	(80,245)
Operating Grants	12,656	-	12,656
Donated Commodities	14,655	-	14,655
Operating Transfers In	46,000	-	46,000
Operating Transfers Out	-	-	-
Net Loss	(6,624)	(310)	(6,934)
Fixed Asset Additions	-	-	-
Total Assets	23,321	339	23,660
Net Working Capital	(15,797)	339	(15,458)
Total Equity	(17,028)	339	(16,689)
Encumbrances, June 30, 1999	-	-	-

Independence Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

Note 18 - Changes in Contributed Capital

Changes in contributed capital in the enterprise funds for the fiscal year ended June 30, 1999, are summarized by source as follows:

	Food Service
Contributed Capital July 1, 1998	\$ 18,285
Depreciation	(1,617)
Contributed Capital June 30, 1999	\$ 16,668

Note 19 – House Bill 412 Set-Aside Requirements

The School District is required by State statute to annually set-aside in the General Fund a statutory formula amount of 2% of previous years operating revenues for the purchase of textbooks and other instructional materials and for acquisition and construction of capital improvements. Formula amounts not spent by year-end or offsets by similarly restricted resources received during the year must be held in a cash balance at year-end and carried forward to be used for the same purpose in future years.

In addition, the School District is also required to set-aside in the General Fund a statutory formula amount should operating revenues increase greater than 3% from the previous year for budget stabilization reserve. This reserve can be used only after receiving approval from the State Superintendent of Public Instruction.

The following cash basis schedule shows the required year-end set-aside amounts along with the applicable offsets and qualifying disbursements for Textbooks, Capital Acquisition, and Budget Stabilization:

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$ -	\$ -	\$ 56,083	\$ 56,083
Current Year Set-aside Requirement	146,573	146,573	73,417	366,563
Current Year Offsets	-	(188,150)	-	(188,150)
Qualifying Disbursements	(246,552)	-	-	(246,552)
Total	\$ (99,979)	\$ (41,577)	\$ 129,500	\$ (12,056)
Cash Balance Carried Forward to FY 1999	\$ -	\$ -	\$ 129,500	
Amount restricted for Budget Stabilization				129,500
Total Restricted Assets				\$ 129,500

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 1999

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

Note 20 – Subsequent Events

On August 18, 1999, the Independence Local School District entered into an agreement with the City of Independence, Ohio to sell and convey to the City of Independence a portion of school district property for two million six hundred thousand dollars (\$2,600,000). This property was being carried on the School District's books at \$44,244 which is its historical cost.

Note 21 - Contingencies

Grants

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

Litigation

The School District is not party to any legal proceedings.

***Combining, Individual Fund
and Account Group
Statements and Schedules***

General Fund

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

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - General Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$7,381,172	\$8,122,380	\$741,208
Tuition	-	3,835	3,835
Intergovernmental	1,273,682	1,397,891	124,209
Earnings on Investments	75,000	78,731	3,731
Classroom Materials and Fees	12,000	11,815	(185)
Miscellaneous	30,000	40,291	10,291
Total Revenues	8,771,854	9,654,943	883,089
Expenditures			
Current			
Instruction:			
Regular:			
Salaries and Wages	3,317,650	3,276,067	41,583
Fringe Benefits	886,400	886,427	(27)
Purchased Services	22,465	10,860	11,605
Materials and Supplies	127,456	111,647	15,809
Capital Outlay	75,010	68,303	6,707
Other	1,620	1,536	84
Total Regular Instruction	4,430,601	4,354,840	75,761
Special			
Salaries and Wages	119,000	117,098	1,902
Fringe Benefits	28,480	26,916	1,564
Purchased Services	256,100	255,908	192
Materials and Supplies	7,524	4,526	2,998
Total Special Instruction	411,104	404,448	6,656
Other:			
Purchased Services	429,135	328,164	100,971
Total Other	429,135	328,164	100,971
Total Instruction	5,270,840	5,087,452	183,388
Supporting Services:			
Pupils:			
Salaries and Wages	265,100	262,818	2,282
Fringe Benefits	74,260	72,080	2,180
Purchased Services	130,353	112,830	17,523
Materials and Supplies	11,554	7,375	4,179
Total Pupils	481,267	455,103	26,164

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - General Fund(Cont'd)
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Instructional Staff:			
Salaries and Wages	338,300	335,982	2,318
Fringe Benefits	123,605	117,537	6,068
Purchased Services	45,239	34,508	10,731
Materials and Supplies	34,096	33,744	352
Capital Outlay	5,330	5,330	-
Other	1,500	99	1,401
Total Instructional Staff	548,070	527,200	20,870
Board of Education:			
Salaries and Wages	10,000	10,000	-
Fringe Benefits	1,600	1,482	118
Purchased Services	120,000	106,099	13,901
Materials and Supplies	3,629	4,005	(376)
Other	6,000	5,680	320
Total Board of Education	141,229	127,266	13,963
Administration:			
Salaries and Wages	486,500	486,746	(246)
Fringe Benefits	164,130	161,980	2,150
Purchased Services	5,350	5,252	98
Materials and Supplies	8,794	8,654	140
Other	9,500	8,303	1,197
Total Administration	674,274	670,935	3,339
Fiscal Services:			
Salaries and Wages	138,000	136,707	1,293
Fringe Benefits	47,900	46,984	916
Purchased Services	7,100	3,184	3,916
Materials and Supplies	4,500	2,826	1,674
Other	134,500	131,324	3,176
Total Fiscal Services	332,000	321,025	10,975
Business:			
Fringe Benefits	1,846	346	1,500
Purchased Services	141,932	127,852	14,080
Materials and Supplies	13,500	11,159	2,341
Total Business	157,278	139,357	17,921

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - General Fund(Cont'd)
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and Maintenance of Plant:			
Salaries and Wages	372,951	372,951	-
Fringe Benefits	103,927	103,927	-
Purchased Services	362,712	362,629	83
Materials and Supplies	77,056	75,670	1,386
Total Operation and Maintenance of Plant	916,646	915,177	1,469
Pupil Transportation:			
Salaries and Wages	276,650	274,299	2,351
Fringe Benefits	65,400	64,568	832
Purchased Services	94,026	91,632	2,394
Materials and Supplies	57,654	53,664	3,990
Capital Outlay	32,529	31,936	593
Total Pupil Transportation	526,259	516,099	10,160
Total Supporting Services	3,777,023	3,672,162	104,861
Extracurricular Activities			
Academic and Subject Oriented			
Salaries and Wages	55,400	48,615	6,785
Fringe Benefits	8,900	8,098	802
Other	4,000	1,214	2,786
Total Academic and Subject Oriented	68,300	57,927	10,373
Sports Oriented			
Salaries and Wages	206,000	205,379	621
Fringe Benefits	35,950	35,890	60
Purchased Services	10,000	9,649	351
Materials and Supplies	-	-	-
Other	500	-	500
Total Sports Oriented	252,450	250,918	1,532
Total Extracurricular Activities	320,750	308,845	11,905
Total Expenditures	9,368,613	9,068,459	300,154
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(596,759)	586,484	1,183,243

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - General Fund(Cont'd)
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources			
Refund Of Prior Year Expenditures	-	4,420	4,420
Other Financing Sources	-	-	-
Refund Of Prior Year Receipts	(1,000)	(64)	936
Other Financing Uses	-	-	-
Advances In	-	-	-
Advances Out	-	(8,100)	(8,100)
Operating Transfers In	-	-	-
Operating Transfers Out	(50,000)	(48,116)	1,884
Total Other Financing Sources (Uses)	<u>(51,000)</u>	<u>(51,860)</u>	<u>(860)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(647,759)	534,624	1,182,383
Fund Balance - Beginning of Year	589,097	589,097	-
Prior Year Encumbrances Appropriated	159,313	159,313	-
Fund Balance - End of Year	<u>\$ 100,651</u>	<u>\$ 1,283,034</u>	<u>\$ 1,182,383</u>



Chelsea Brady
Fourth Grade

Brooke Armour
Fourth Grade



Special Revenue Funds

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

The **Public School Support Fund** accounts for proceeds of local fund raising at the building level.

The **Other Grants Fund** accounts for mini-grants received from miscellaneous source which are designated for a specific purpose.

The **District Managed Activities Fund** accounts for adult-led student activities. This fund accounts for all costs (excluding supplemental coaching and advising contract) of extra curricular athletic and music programs of the District.

The **Auxiliary Services Fund** accounts for educational programs run by the District with state funds on behalf of District students attending the one non-public school within the boundaries of the District.

The **Teacher Development Fund** accounts for state funds spent on teacher in-service and training.

The **Education Management Information System Fund (EMIS)** accounts for state funds provided for hardware and software development and other costs associated with the requirements of the management information system.

The **Title II Eisenhower Fund** accounts for federal funds used to strengthen instruction in science and mathematics.

The **Title I Fund** accounts for federal funds used to meet the needs of educationally deprived children.

The **Title VI Fund** accounts for federal funds given to the state for use to meet state determined educational needs.

The **Drug Free Fund** accounts for federal funds, which supports drug abuse education and prevention programs.

The **Telecommunications Act Grant Fund** accounts for a federal grant that is paid directly to the telecommunications service provider.

The **Technology Literacy Challenge Grant Fund** accounts for federal money used for technology purchases (both hardware and software), professional development and infrastructure enhancements to schoolnet wiring.

Independence Local School District
Combining Balance Sheet
All Special Revenue Funds
June 30, 1999

	Public School Support	Other Grants	District Managed Activities	Auxiliary Services	Teacher Development
Assets:					
Cash and Cash Equivalents	\$ 10,952	\$ 3,883	\$ 13,771	\$ 9,609	\$ 9,936
Receivables					
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total Assets	\$ 10,952	\$ 3,883	\$ 13,771	\$ 9,609	\$ 9,936
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 1,000	\$ -	\$ 1,333	\$ 303	\$ -
Accrued Wages/Benefits Payable	-	-	-	4,138	-
Total Liabilities	1,000	-	1,333	4,441	-
Fund Equity:					
Fund Balances					
Reserved for encumbrances	95	-	3,099	8,921	212
Unreserved, Undesignated	9,857	3,883	9,339	(3,753)	9,724
Total Fund Equity	9,952	3,883	12,438	5,168	9,936
Total Liabilities and Fund Equity	\$ 10,952	\$ 3,883	\$ 13,771	\$ 9,609	\$ 9,936

Education Management Information System	Title II Eisenhower	Title I	Title VI	Drug Free	Telecomm Act	Technology Literacy Challenge	Totals
\$ -	\$ 1,493	\$ 4,924	\$ 1,175	\$ 132	\$ 7,222	\$ 149,921	\$ 213,018
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,493</u>	<u>\$ 4,924</u>	<u>\$ 1,175</u>	<u>\$ 132</u>	<u>\$ 7,222</u>	<u>\$ 149,921</u>	<u>\$ 213,018</u>
\$ -	\$ 196	\$ -	\$ -	\$ 690	\$ -	\$ 6,974	\$ 10,496
-	-	7,480	-	-	-	588	12,206
-	196	7,480	-	690	-	7,562	22,702
-	750	-	-	2,866	-	67,470	83,413
-	547	(2,556)	1,175	(3,424)	7,222	74,889	106,903
-	1,297	(2,556)	1,175	(558)	7,222	142,359	190,316
<u>\$ -</u>	<u>\$ 1,493</u>	<u>\$ 4,924</u>	<u>\$ 1,175</u>	<u>\$ 132</u>	<u>\$ 7,222</u>	<u>\$ 149,921</u>	<u>\$ 213,018</u>

Independence Local School District
*Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances-All Special Revenue Funds*
 Fiscal Year Ended June 30, 1999

	Public School Support	Other Grants	District Managed Activities	Auxiliary Services	Teacher Development
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ 176,703	\$ 5,022
Earnings on Investments	-	-	984	3,176	-
Extracurricular Activities	-	-	25,075	-	-
Donations and Gifts	-	-	20,997	-	-
Classroom Materials / Fees	-	-	1,477	-	-
Miscellaneous	28,080	-	1,162	-	-
Total Revenues	<u>28,080</u>	<u>-</u>	<u>49,695</u>	<u>179,879</u>	<u>5,022</u>
Expenditures:					
Current:					
Instruction					
Regular	-	-	-	-	-
Special	-	487	-	-	-
Support Services					
Pupils	-	-	-	-	-
Instructional Staff	-	-	-	-	1,658
Business	29,447	-	-	-	-
Central	-	-	-	-	-
Operation of Non-Instructional Services	20	-	-	190,565	-
Extracurricular Activities	-	-	52,195	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>29,467</u>	<u>487</u>	<u>52,195</u>	<u>190,565</u>	<u>1,658</u>
Excess of Revenues Over (Under) Expenditures	(1,387)	(487)	(2,500)	(10,686)	3,364
<u>Other Financing Sources:</u>					
Operating Transfers In	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	(1,387)	(487)	(2,500)	(10,686)	3,364
Fund Balance (Deficit) at Beginning of Year	11,339	4,370	14,938	15,854	6,572
Fund Balance (Deficit) at End of Year	<u>\$ 9,952</u>	<u>\$ 3,883</u>	<u>\$ 12,438</u>	<u>\$ 5,168</u>	<u>\$ 9,936</u>

Education Management Information System	Title II Eisenhower	Title I	Title VI	Drug Free	Telecomm Act	Technology Literacy Challenge	Totals
\$ 5,000	\$ 2,782	\$ 43,978	\$ 5,099	\$ 1,466	\$ 7,222	\$ 150,000	\$ 397,272
-	-	-	-	-	-	-	4,160
-	-	-	-	-	-	-	25,075
-	-	-	-	-	-	-	20,997
-	-	-	-	-	-	-	1,477
-	-	-	-	-	-	-	29,242
<u>5,000</u>	<u>2,782</u>	<u>43,978</u>	<u>5,099</u>	<u>1,466</u>	<u>7,222</u>	<u>150,000</u>	<u>478,223</u>
-	2,513	-	-	3,022	-	-	5,535
-	-	46,524	2,394	-	-	-	49,405
-	-	-	-	1,934	-	-	1,934
-	-	-	-	504	-	4,223	6,385
-	-	-	-	-	-	-	29,447
5,000	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	190,585
-	-	-	-	-	-	-	52,195
-	-	-	1,530	-	-	3,418	4,948
<u>5,000</u>	<u>2,513</u>	<u>46,524</u>	<u>3,924</u>	<u>5,460</u>	<u>-</u>	<u>7,641</u>	<u>345,434</u>
-	269	(2,546)	1,175	(3,994)	7,222	142,359	132,789
-	-	2,116	-	-	-	-	2,116
-	269	(430)	1,175	(3,994)	7,222	142,359	134,905
-	1,028	(2,126)	-	3,436	-	-	55,411
<u>\$ -</u>	<u>\$ 1,297</u>	<u>\$ (2,556)</u>	<u>\$ 1,175</u>	<u>\$ (558)</u>	<u>\$ 7,222</u>	<u>\$ 142,359</u>	<u>\$ 190,316</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Public School Support Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Miscellaneous	\$ 27,000	\$ 28,551	\$ 1,551
Total Revenues	<u>27,000</u>	<u>28,551</u>	<u>1,551</u>
Expenditures			
Current			
Supporting Services:			
Business:			
Other	35,000	28,559	6,441
Total Business	<u>35,000</u>	<u>28,559</u>	<u>6,441</u>
Total Supporting Services	<u>35,000</u>	<u>28,559</u>	<u>6,441</u>
Operation of Non-Instructional Services			
Community Services			
Materials and Supplies	20	20	-
Total Community Services	<u>20</u>	<u>20</u>	<u>-</u>
Total Operation of Non-Instructional Services	<u>20</u>	<u>20</u>	<u>-</u>
Total Expenditures	<u>35,020</u>	<u>28,579</u>	<u>6,441</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,020)	(28)	7,992
Fund Balance - Beginning of Year	10,885	10,885	-
Fund Balance - End of Year	<u>\$ 2,865</u>	<u>\$ 10,857</u>	<u>\$ 7,992</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Other Grants Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 1,000	\$ -	\$ (1,000)
Total Revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Expenditures			
Current			
Instruction:			
Regular:			
Materials and Supplies	3,309	-	3,309
Capital Outlay	-	-	-
Other	200	198	2
Total Regular Instruction	<u>3,509</u>	<u>198</u>	<u>3,311</u>
Special			
Purchased Services	200	170	30
Materials and Supplies	860	119	741
Total Special Instruction	<u>1,060</u>	<u>289</u>	<u>771</u>
Total Instruction	<u>4,569</u>	<u>487</u>	<u>4,082</u>
Total Expenditures	<u>4,569</u>	<u>487</u>	<u>4,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,569)</u>	<u>(487)</u>	<u>3,082</u>
Fund Balance - Beginning of Year	4,369	4,369	-
Fund Balance - End of Year	<u>\$ 800</u>	<u>\$ 3,882</u>	<u>\$ 3,082</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - District Managed Activities Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Earnings on Investments	\$.500	\$ 984	\$ 484
Extracurricular Activities	26,000	25,075	(925)
Donations and Gifts	24,000	20,997	(3,003)
Classroom Materials and Fees	1,500	1,477	(23)
Miscellaneous	12,000	1,162	(10,838)
Total Revenues	64,000	49,695	(14,305)
Expenditures			
Current			
Extracurricular Activities			
Sports Oriented			
Purchased Services	22,000	21,477	523
Materials and Supplies	30,000	24,481	5,519
Other	18,385	9,451	8,934
Total Sports Oriented	70,385	55,409	14,976
Total Extracurricular Activities	70,385	55,409	14,976
Total Expenditures	70,385	55,409	14,976
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,385)	(5,714)	671
Fund Balance - Beginning of Year	13,903	13,903	-
Prior Year Encumbrances Appropriated	1,385	1,385	-
Fund Balance - End of Year	\$ 8,903	\$ 9,574	\$ 671

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Auxiliary Services Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 176,703	\$ 176,703	\$ -
Earnings on Investments	3,110	3,176	66
Total Revenues	<u>179,813</u>	<u>179,879</u>	<u>66</u>
Expenditures			
Current			
Operation of Non-Instructional Services			
Community Services			
Salaries and Wages	29,274	29,274	-
Fringe Benefits	5,262	5,262	-
Purchased Services	59,512	59,701	(189)
Materials and Supplies	94,858	94,701	157
Other	7,100	7,068	32
Total Community Services	<u>196,006</u>	<u>196,006</u>	<u>-</u>
Total Operation of Non-Instructional Services	<u>196,006</u>	<u>196,006</u>	<u>-</u>
Total Expenditures	<u>196,006</u>	<u>196,006</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,193)</u>	<u>(16,127)</u>	<u>66</u>
Fund Balance - Beginning of Year	14,856	14,856	-
Prior Year Encumbrances Appropriated	1,338	1,338	-
Fund Balance - End of Year	<u>\$ 1</u>	<u>\$ 67</u>	<u>\$ 66</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Teacher Development Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 5,022	\$ 5,022	\$ -
Total Revenues	<u>5,022</u>	<u>5,022</u>	<u>-</u>
Expenditures			
Current			
Supporting Services:			
Instructional Staff:			
Salaries and Wages	1,483	110	1,373
Fringe Benefits	17	17	-
Purchased Services	10,094	1,745	8,349
Total Instructional Staff	<u>11,594</u>	<u>1,872</u>	<u>9,722</u>
Total Supporting Services	<u>11,594</u>	<u>1,872</u>	<u>9,722</u>
Total Expenditures	<u>11,594</u>	<u>1,872</u>	<u>9,722</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,572)	3,150	9,722
Fund Balance - Beginning of Year	6,572	6,572	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 9,722</u>	<u>\$ 9,722</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - EMIS Fund
Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 5,000	\$ 5,000	\$ -
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures			
Current			
Central:			
Salaries and Wages	5,000	5,000	-
Fringe Benefits	-	-	-
Total Central	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Supporting Services	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Title II Eisenhower Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 2,782	\$ 2,782	\$ -
Total Revenues	<u>2,782</u>	<u>2,782</u>	<u>-</u>
Expenditures			
Current			
Instruction:			
Regular:			
Salaries and Wages	-	-	-
Fringe Benefits	-	-	-
Purchased Services	2,420	1,932	488
Materials and Supplies	1,391	1,351	40
Total Regular Instruction	<u>3,811</u>	<u>3,283</u>	<u>528</u>
Total Instruction	<u>3,811</u>	<u>3,283</u>	<u>528</u>
Total Expenditures	<u>3,811</u>	<u>3,283</u>	<u>528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,029)	(501)	528
Fund Balance - Beginning of Year	1,029	1,029	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 528</u>	<u>\$ 528</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Title I Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 48,159	\$ 48,159	\$ -
Total Revenues	<u>48,159</u>	<u>48,159</u>	<u>-</u>
Expenditures			
Current			
Special			
Salaries and Wages	46,025	40,499	5,526
Fringe Benefits	7,304	6,559	745
Total Special Instruction	<u>53,329</u>	<u>47,058</u>	<u>6,271</u>
Total Instruction	<u>53,329</u>	<u>47,058</u>	<u>6,271</u>
Total Expenditures	<u>53,329</u>	<u>47,058</u>	<u>6,271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,170)	1,101	6,271
Other Financing Sources			
Operating Transfers In	3,462	2,116	(1,346)
Advances Out	-	-	-
Total Other Financing Sources (Uses)	<u>3,462</u>	<u>2,116</u>	<u>(1,346)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(1,708)	3,217	4,925
Fund Balance - Beginning of Year	<u>1,708</u>	<u>1,708</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 4,925</u>	<u>\$ 4,925</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Title VI Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 5,099	\$ 5,099	\$ -
Miscellaneous	243	-	(243)
Total Revenues	<u>5,342</u>	<u>5,099</u>	<u>(243)</u>
Expenditures			
Current			
Instruction:			
Special			
Salaries and Wages	3,100	2,081	1,019
Fringe Benefits	469	313	156
Total Special Instruction	<u>3,569</u>	<u>2,394</u>	<u>1,175</u>
Total Instruction	<u>3,569</u>	<u>2,394</u>	<u>1,175</u>
Supporting Services:			
Instructional Staff:			
Capital Outlay	1,773	1,530	243
Total Instructional Staff	<u>1,773</u>	<u>1,530</u>	<u>243</u>
Total Supporting Services	<u>1,773</u>	<u>1,530</u>	<u>243</u>
Total Expenditures	<u>5,342</u>	<u>3,924</u>	<u>1,418</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,175	1,175
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 1,175</u>	<u>\$ 1,175</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Drug Free Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 4,889	\$ 1,466	\$ (3,423)
Total Revenues	<u>4,889</u>	<u>1,466</u>	<u>(3,423)</u>
Expenditures			
Current			
Instruction:			
Regular:			
Purchased Services	-	-	-
Materials and Supplies	5,010	5,010	-
Total Regular Instruction	<u>5,010</u>	<u>5,010</u>	<u>-</u>
Total Instruction	<u>5,010</u>	<u>5,010</u>	<u>-</u>
Supporting Services:			
Pupils:			
Purchased Services	2,537	2,537	-
Total Pupils	<u>2,537</u>	<u>2,537</u>	<u>-</u>
Instructional Staff:			
Purchased Services	1,708	1,708	-
Total Instructional Staff	<u>1,708</u>	<u>1,708</u>	<u>-</u>
Total Supporting Services	<u>4,245</u>	<u>4,245</u>	<u>-</u>
Total Expenditures	<u>9,255</u>	<u>9,255</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,366)	(7,789)	(3,423)
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	4,366	4,366	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (3,423)</u>	<u>\$ (3,423)</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Telecommunications Grant Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 6,500	\$ 7,222	\$ 722
Total Revenues	<u>6,500</u>	<u>7,222</u>	<u>722</u>
Expenditures			
Current			
Operation and Maintenance of Plant Services			
Purchased Services	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Total Supporting Services	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Total Expenditures	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	7,222	7,222
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 7,222</u>	<u>\$ 7,222</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Technology Literacy Challenge Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 150,000	\$ 150,000	\$ -
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Expenditures			
Current			
Instructional Staff:			
Salaries and Wages	10,000	70	9,930
Fringe Benefits	2,000	10	1,990
Purchased Services	10,000	-	10,000
Materials and Supplies	10,000	3,560	6,440
Capital Outlay	113,000	70,888	42,112
Other	5,000	-	5,000
Total Instructional Staff	<u>150,000</u>	<u>74,528</u>	<u>75,472</u>
Total Supporting Services	<u>150,000</u>	<u>74,528</u>	<u>75,472</u>
Total Expenditures	<u>150,000</u>	<u>74,528</u>	<u>75,472</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	75,472	75,472
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 75,472</u>	<u>\$ 75,472</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Special Revenue Funds
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 405,154	\$ 401,453	\$ (3,701)
Earnings on Investments	3,610	4,160	550
Extracurricular Activities	26,000	25,075	(925)
Donations and Gifts	24,000	20,997	(3,003)
Classroom Materials and Fees	1,500	1,477	(23)
Miscellaneous	39,243	29,713	(9,530)
Total Revenues	<u>499,507</u>	<u>482,875</u>	<u>(16,632)</u>
Expenditures			
Current			
Instruction:			
Regular:			
Purchased Services	2,420	1,932	488
Materials and Supplies	9,710	6,361	3,349
Other	200	198	2
Total Regular Instruction	<u>12,330</u>	<u>8,491</u>	<u>3,839</u>
Special			
Salaries and Wages	49,125	42,580	6,545
Fringe Benefits	7,773	6,872	901
Purchased Services	200	170	30
Materials and Supplies	860	119	741
Total Special Instruction	<u>57,958</u>	<u>49,741</u>	<u>8,217</u>
Total Instruction	<u>70,288</u>	<u>58,232</u>	<u>12,056</u>
Supporting Services:			
Pupils:			
Purchased Services	2,537	2,537	-
Total Pupils	<u>2,537</u>	<u>2,537</u>	<u>-</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Special Revenue Funds(Cont'd)
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Instructional Staff:			
Salaries and Wages	11,483	180	11,303
Fringe Benefits	2,017	27	1,990
Purchased Services	21,802	3,453	18,349
Materials and Supplies	10,000	3,560	6,440
Capital Outlay	114,773	72,418	42,355
Other	5,000	-	5,000
Total Instructional Staff	165,075	79,638	85,437
Business:			
Other	35,000	28,559	6,441
Total Business	35,000	28,559	6,441
Operation and Maintenance of Plant Services			
Purchased Services	6,500	-	6,500
Total Operation and Maintenance of Plant Services	6,500	-	6,500
Central			
Salaries and Wages	5,000	5,000	-
Total Central	5,000	5,000	-
Total Supporting Services	214,112	115,734	98,378
Operation of Non-Instructional Services			
Community Services			
Salaries and Wages	29,274	29,274	-
Fringe Benefits	5,262	5,262	-
Purchased Services	59,512	59,701	(189)
Materials and Supplies	94,878	94,721	157
Other	7,100	7,068	32
Total Community Services	196,026	196,026	-
Total Operation of Non-Instructional Services	196,026	196,026	-

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Special Revenue Funds(Cont'd)
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Extracurricular Activities			
Sports Oriented			
Purchased Services	22,000	21,477	523
Materials and Supplies	30,000	24,481	5,519
Other	18,385	9,451	8,934
Total Sports Oriented	<u>70,385</u>	<u>55,409</u>	<u>14,976</u>
Total Extracurricular Activities	<u>70,385</u>	<u>55,409</u>	<u>14,976</u>
 Total Expenditures	 <u>550,811</u>	 <u>425,401</u>	 <u>125,410</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (51,304)	 57,474	 108,778
 Other Financing Sources			
Operating Transfers In	3,462	2,116	(1,346)
Total Other Financing Sources (Uses)	<u>3,462</u>	<u>2,116</u>	<u>(1,346)</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	 (47,842)	 59,590	 107,432
 Fund Balance - Beginning of Year	 53,322	 53,322	 -
 Prior Year Encumbrances Appropriated	 7,089	 7,089	 -
 Fund Balance - End of Year	 <u>\$ 12,569</u>	 <u>\$ 120,001</u>	 <u>\$ 107,432</u>

Capital Project Funds

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

The **Permanent Improvement Fund** accounts for revenues generated by a 1.25 mill five-year permanent improvement levy approved in May 1997 for taxes collected and distributed 1998 through 2002. Funds are used for the acquisition, construction, or improvement of capital facilities.

The **Classroom Facilities Fund** accounts for monies received and expended in connection with contracts entered into by the school district and the Ohio Department of Education for the building and equipping of classroom facilities.

The **SchoolNet Plus Fund** accounts for moneys received from the State of Ohio for wiring of classrooms, computer workstations and related technologies.

Independence Local School District
Combining Balance Sheet
All Capital Projects Funds
June 30, 1999

	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>SchoolNet Plus</u>	<u>Totals</u>
Assets:				
Cash and Cash Equivalents	\$ 176,743	\$ 5,075	\$ 947	\$ 182,765
Receivables				
Taxes	365,300	-	-	365,300
Intergovernmental	-	3,025	-	3,025
Total Assets	\$ 542,043	\$ 8,100	\$ 947	\$ 551,090
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 19,157	\$ -	\$ -	\$ 19,157
Due to Other Funds	-	8,100	-	8,100
Deferred revenue	329,762	-	-	329,762
Total Liabilities	348,919	8,100	-	357,019
Fund Equity:				
Fund Balances:				
Reserved for taxes	35,538	-	-	35,538
Reserved for encumbrances	115,625	5,000	-	120,625
Unreserved, Undesignated	41,961	(5,000)	947	37,908
Total Fund Equity	193,124	-	947	194,071
Total Liabilities and Fund Equity	\$ 542,043	\$ 8,100	\$ 947	\$ 551,090

Independence Local School District
*Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances-All Capital Project Funds*
Fiscal Year Ended June 30, 1999

	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>SchoolNet Plus</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 351,723	\$ -	\$ -	\$ 351,723
Intergovernmental	28,972	3,025	25,766	57,763
Earnings on Investments	4,637	-	-	4,637
Total Revenues	<u>385,332</u>	<u>3,025</u>	<u>25,766</u>	<u>414,123</u>
Expenditures:				
Current:				
Instruction				
Regular	-	-	15,150	15,150
Support Services				
Operation and Maintenance of Plant	65,539	-	-	65,539
Capital Outlay	265,404	3,025	13,510	281,939
Total Expenditures	<u>330,943</u>	<u>3,025</u>	<u>28,660</u>	<u>362,628</u>
Excess of Revenues Over (Under) Expenditures	54,389	-	(2,894)	51,495
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses				
	54,389	-	(2,894)	51,495
Fund Balance (Deficit) at Beginning of Year	138,735	-	3,841	142,576
Fund Balance (Deficit) at End of Year	<u>\$ 193,124</u>	<u>\$ -</u>	<u>\$ 947</u>	<u>\$ 194,071</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Permanent Improvement Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 321,241	\$ 337,504	\$ 16,263
Intergovernmental	31,000	28,972	(2,028)
Earnings on Investments	10,500	4,637	(5,863)
Total Revenues	<u>362,741</u>	<u>371,113</u>	<u>8,372</u>
Expenditures			
Current			
Instruction:			
Regular:			
Materials and Supplies	60,500	58,813	1,687
Capital Outlay	131,900	119,766	12,134
Total Regular Instruction	<u>192,400</u>	<u>178,579</u>	<u>13,821</u>
Total Instruction	<u>192,400</u>	<u>178,579</u>	<u>13,821</u>
Support Services:			
Instructional Staff:			
Capital Outlay	7,860	7,860	-
Total Instructional Staff	<u>7,860</u>	<u>7,860</u>	<u>-</u>
Administration			
Capital Outlay	600	348	252
Total Administration	<u>600</u>	<u>348</u>	<u>252</u>
Operation and Maintenance of Plant:			
Purchased Services	190,940	188,353	2,587
Capital Outlay	46,300	34,800	11,500
Total Operation and Maintenance of Plant	<u>237,240</u>	<u>223,153</u>	<u>14,087</u>
Pupil Transportation:			
Capital Outlay	37,492	37,491	1
Total Pupil Transportation	<u>37,492</u>	<u>37,491</u>	<u>1</u>
Total Supporting Services	<u>283,192</u>	<u>268,852</u>	<u>14,340</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Permanent Improvement Fund(Cont'd)
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Facilities Acquisition and Construction Services			
Building Improvement			
Purchased Services	450	450	-
Capital Outlay	<u>42,577</u>	<u>42,577</u>	-
Total Building Improvement	<u>43,027</u>	<u>43,027</u>	-
 Total Expenditures	 <u>518,619</u>	 <u>490,458</u>	 <u>28,413</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	 (155,878)	 (119,345)	 36,785
 Fund Balance - Beginning of Year	 30,687	 30,687	 -
 Prior Year Encumbrances Appropriated	 <u>130,619</u>	 <u>130,619</u>	 -
 Fund Balance - End of Year	 <u>\$ 5,428</u>	 <u>\$ 41,961</u>	 <u>\$ 36,785</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Classroom Facilities Fund
Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Current			
Facilities Acquisition and Construction Services			
Architecture and Engineering			
Purchased Services	<u>\$ 8,100</u>	<u>\$ 8,025</u>	<u>\$ 75</u>
Total Expenditures	<u>8,100</u>	<u>8,025</u>	<u>75</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,100)	(8,025)	75
Other Financing Sources			
Advances In	<u>8,100</u>	<u>8,100</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>8,100</u>	<u>8,100</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	-	75	75
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ 75</u></u>	<u><u>\$ 75</u></u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - SchoolNet Plus Fund
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 25,766	\$ 25,766	\$ -
Total Revenues	<u>25,766</u>	<u>25,766</u>	<u>-</u>
Expenditures			
Current			
Instruction:			
Regular:			
Salaries and Wages	2,600	2,175	425
Fringe Benefits	400	335	65
Purchased Services	7,562	7,401	161
Materials and Supplies	5,534	5,239	295
Capital Outlay	13,510	13,510	-
Total Regular Instruction	<u>29,606</u>	<u>28,660</u>	<u>946</u>
Total Expenditures	<u>29,606</u>	<u>28,660</u>	<u>946</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(3,840)	(2,894)	946
Fund Balance - Beginning of Year	1	1	-
Prior Year Encumbrances Appropriated	3,840	3,840	-
Fund Balance - End of Year	<u><u>\$ 1</u></u>	<u><u>\$ 947</u></u>	<u><u>\$ 946</u></u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Capital Project Funds
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 321,241	\$ 337,504	\$ 16,263
Intergovernmental	56,766	54,738	(2,028)
Earnings on Investments	10,500	4,637	(5,863)
Total Revenues	388,507	396,879	8,372
Expenditures			
Current			
Instruction:			
Regular:			
Salaries and Wages	2,600	2,175	425
Fringe Benefits	400	335	65
Purchased Services	7,562	7,401	161
Materials and Supplies	66,034	64,052	1,982
Capital Outlay	145,410	133,276	12,134
Total Regular Instruction	222,006	207,239	14,767
Total Instruction	222,006	207,239	14,767
Support Services:			
Instructional Staff:			
Capital Outlay	7,860	7,860	-
Total Instructional Staff	7,860	7,860	-
Administration			
Capital Outlay	600	348	252
Total Administration	600	348	252
Operation and Maintenance of Plant:			
Purchased Services	190,940	188,353	2,587
Capital Outlay	46,300	34,800	11,500
Total Operation and Maintenance of Plant	237,240	223,153	14,087
Pupil Transportation:			
Other	37,492	37,491	1
Total Pupil Transportation	37,492	37,491	1
Total Supporting Services	283,192	268,852	14,340

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Capital Project Funds(Cont'd)
Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Facilities Acquisition and Construction Services			
Architecture and Engineering			
Purchased Services	8,100	8,025	75
Total Architecture and Engineering	<u>8,100</u>	<u>8,025</u>	<u>75</u>
Building Improvement			
Purchased Services	450	450	-
Capital Outlay	42,577	42,577	-
Total Building Improvement	<u>43,027</u>	<u>43,027</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>51,127</u>	<u>51,052</u>	<u>75</u>
Total Expenditures	<u>556,325</u>	<u>527,143</u>	<u>29,182</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(167,818)	(130,264)	37,554
Other Financing Sources			
Advances In	8,100	8,100	-
Total Other Financing Sources (Uses)	<u>8,100</u>	<u>8,100</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(159,718)	(122,164)	37,554
Fund Balance - Beginning of Year	30,688	30,688	-
Prior Year Encumbrances Appropriated	<u>134,459</u>	<u>134,459</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 5,429</u>	<u>\$ 42,983</u>	<u>\$ 37,554</u>

Enterprise Funds

Enterprise funds are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (expenses, including depreciation) of providing goods or services be financed or recovered primarily through the user's charges, or where the District has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriated for management control and accountability.

The **Food Service Fund** accounts for the operation of lunchroom service which provides hot lunches for all three of the District's school buildings.

The **Uniform School Supplies Fund** accounts for the purchase and sale of school supplies to students.

Independence Local School District
Combining Balance Sheet
All Enterprise Funds
June 30, 1999

	Food Service	Uniform School Supplies	Totals
Assets:			
Cash and Cash Equivalents	\$ 3,928	\$ 339	\$ 4,267
Inventories	2,725	-	2,725
Fixed Assets (Net, where applicable of Accumulated Depreciation)	<u>16,668</u>	<u>-</u>	<u>16,668</u>
Total Assets	<u>\$ 23,321</u>	<u>\$ 339</u>	<u>\$ 23,660</u>
Liabilities and Fund Equity			
Liabilities:			
Accrued Wages/Benefits Payable	\$ 20,851	\$ -	\$ 20,851
Compensated Absences Payable	17,899	-	17,899
Deferred revenue	<u>1,599</u>	<u>-</u>	<u>1,599</u>
Total Liabilities	<u>40,349</u>	<u>-</u>	<u>40,349</u>
Fund Equity:			
Contributed Capital	16,668	-	16,668
Retained Earning (Deficit):			
Unreserved	<u>(33,696)</u>	<u>339</u>	<u>(33,357)</u>
Total Fund Equity	<u>(17,028)</u>	<u>339</u>	<u>(16,689)</u>
Total Liabilities and Fund Equity	<u>\$ 23,321</u>	<u>\$ 339</u>	<u>\$ 23,660</u>

Independence Local School District
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings/Fund Equity-All Enterprise Funds
Fiscal Year Ended June 30, 1999

	Food Service	Uniform School Supplies	Totals
Operating Revenues:			
Sales	\$ 161,572	\$ 13,681	\$ 175,253
Other	306	-	306
Total Operating Revenues	161,878	13,681	175,559
Operating Expenses:			
Salaries	122,224	-	122,224
Fringe Benefits	11,410	-	11,410
Purchased Services	2,137	-	2,137
Materials and Supplies	91,387	13,991	105,378
Cost of Sales	14,655	-	14,655
Total Operating Expenses	241,813	13,991	255,804
Operating Income (Loss)	(79,935)	(310)	(80,245)
Non-Operating Revenues (Expenses)			
Operating Grants	12,656	-	12,656
Government Donated Commodities	14,655	-	14,655
Total Non-Operating Revenues (Expenses)	27,311	-	27,311
Transfers from Other Funds	46,000	-	46,000
Net Income (Loss)	(6,624)	(310)	(6,934)
Retained Earning (Deficit) at Beginning of Year	(27,072)	649	(26,423)
Retained Earnings (Deficit) at End of Year	(33,696)	339	(33,357)
Contributed Capital Beginning of Year	18,285	-	18,285
Depreciation on Fixed Assets Acquired by Contributed Capital	(1,617)	-	(1,617)
Contributed Capital at End of Year	16,668	-	16,668
Total Fund Equity (Deficit) at End of Year	\$ (17,028)	\$ 339	\$ (16,689)

Independence Local School District
Combining Statement of Cash Flows
All Enterprise Funds
Fiscal Year Ended June 30, 1999

	Food Service	Uniform School Supply	Total Enterprise
Increase (Decrease) in Cash and Cash Equivalents			
Cash flows from operating activities			
Cash received from sales	\$ 161,878	\$ 13,681	\$ 175,559
Cash paid to employees	(126,487)	-	(126,487)
Cash paid to suppliers	(93,700)	(13,991)	(107,691)
Net cash provided by (used for) operating activities	(58,309)	(310)	(58,619)
Cash flows from noncapital financing activities			
Transfer from general fund	46,000	-	46,000
Subsidy from federal government	12,656	-	12,656
Net cash provided by noncapital activities	58,656	-	58,656
 Net increase (decrease) in cash and cash equivalents	 347	 (310)	 37
Cash and cash equivalents, July 1	3,581	649	4,230
Cash and cash equivalents, June 30	\$ 3,928	\$ 339	\$ 4,267
 Reconciliation of Operating Income (Loss) to Net Cash Provided for Operating Activities			
Operating income (loss)	\$ (79,935)	\$ (310)	\$ (80,245)
Adjustments to reconcile operating Income (Loss) to Net Cash Provided by Operating Activities			
Government Donated Commodities Used	14,655	-	14,655
Increase (Decrease) in accrued wages/benefits payable	4,868	-	4,868
Increase (Decrease) in compensated absences payable	2,279	-	2,279
(Increase) Decrease in inventories	(176)	-	(176)
Total adjustments	21,626	-	21,626
Net cash provided by operating activities	\$ (58,309)	\$ (310)	\$ (58,619)

Independence Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - Food Service Fund
Fiscal Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:			
Food Services	\$ 164,000	\$ 161,572	\$ (2,428)
Miscellaneous	-	306	306
Total Operating Revenues	<u>164,000</u>	<u>161,878</u>	<u>(2,122)</u>
Operating Expenses:			
Salaries and Wages	99,000	99,140	(140)
Fringe Benefits	30,000	27,347	2,653
Purchased Services	2,200	2,137	63
Materials and Supplies	100,000	91,563	8,437
Total Operating Expenses	<u>231,200</u>	<u>220,187</u>	<u>11,013</u>
(Deficiency) of Operating Revenues Over (Under) Operating Expenses	(67,200)	(58,309)	8,891
Non-Operating Revenues			
Federal and State Grants	15,500	12,656	(2,844)
Total Non-Operating Revenues	<u>15,500</u>	<u>12,656</u>	<u>(2,844)</u>
(Deficiency) of Revenues Over (Under) Expenses	(51,700)	(45,653)	6,047
Other Financing Sources (Uses):			
Operating Transfers In	50,000	46,000	(4,000)
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	<u>(1,700)</u>	<u>347</u>	<u>2,047</u>
<i>Fund Equity at Beginning of Year</i>	<u>3,581</u>	<u>3,581</u>	-
Fund Equity at End of Year	<u>\$ 1,881</u>	<u>\$ 3,928</u>	<u>\$ 2,047</u>

Independence Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - Uniform School Supplies Fund
Fiscal Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenues:			
Classroom Materials and Fees	<u>\$ 14,000</u>	<u>\$ 13,681</u>	<u>\$ (319)</u>
Total Operating Revenues	<u>14,000</u>	<u>13,681</u>	<u>(319)</u>
Operating Expenses:			
Materials and Supplies	<u>14,500</u>	<u>13,991</u>	<u>509</u>
Total Operating Expenses	<u>14,500</u>	<u>13,991</u>	<u>509</u>
(Deficiency) of Operating Revenues Over (Under) Operating Expenses	(500)	(310)	190
Fund Equity at Beginning of Year	649	649	-
Fund Equity at End of Year	<u><u>\$ 149</u></u>	<u><u>\$ 339</u></u>	<u><u>\$ 190</u></u>

Independence Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - All Enterprise Funds
Fiscal Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Food Services	\$ 164,000	\$ 161,572	\$ (2,428)
Classroom Materials and Fees	14,000	13,681	(319)
Miscellaneous	0	306	306
Total Operating Revenues	<u>178,000</u>	<u>175,559</u>	<u>(2,441)</u>
Operating Expenses:			
Salaries and Wages	99,000	99,140	(140)
Fringe Benefits	30,000	27,347	2,653
Purchased Services	2,200	2,137	63
Materials and Supplies	114,500	105,554	8,946
Total Operating Expenses	<u>245,700</u>	<u>234,178</u>	<u>11,522</u>
(Deficiency) of Operating Revenues Over (Under) Operating Expenses	(67,700)	(58,619)	9,081
Non-Operating Revenues			
Federal and State Grants	15,500	12,656	(2,844)
Total Non-Operating Revenues	<u>15,500</u>	<u>12,656</u>	<u>(2,844)</u>
(Deficiency) of Revenues Over (Under) Expenses	(52,200)	(45,963)	6,237
Other Financing Sources (Uses):			
Operating Transfers In	50,000	46,000	(4,000)
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	<u>(2,200)</u>	<u>37</u>	<u>2,237</u>
Fund Equity at Beginning of Year	4,230	4,230	-
Fund Equity at End of Year	<u><u>\$ 2,030</u></u>	<u><u>\$ 4,267</u></u>	<u><u>\$ 2,237</u></u>

Agency Funds

Agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

The **District Agency Fund** accounts for assets held by the school district as an agent for individuals, private organizations, other governmental units, and/or other funds.

The **Student Activity Fund** accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Independence Local School District
Combining Balance Sheet
All Agency Funds
June 30, 1999

	<u>District Agency</u>	<u>Student Activities</u>	<u>Totals</u>
Assets:			
Cash and Cash Equivalents	\$ 1,099	\$ 60,908	\$ 62,007
Total Assets	<u>\$ 1,099</u>	<u>\$ 60,908</u>	<u>\$ 62,007</u>
Liabilities:			
Accounts payable	\$ -	\$ 864	\$ 864
Due to Students	-	60,044	60,044
Undistributed Monies	1,099	-	1,099
Total Liabilities	<u>\$ 1,099</u>	<u>\$ 60,908</u>	<u>\$ 62,007</u>

Independence Local School District
Schedule of Changes in Assets and Liabilities
District Agency Fund
Fiscal Year Ended June 30, 1999

	Beginning Balance <u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 1999</u>
Assets:				
Cash and Cash Equivalents	\$ 1,099	\$ -	\$ -	\$ 1,099
Total Assets	<u>\$ 1,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099</u>
Liabilities:				
Undistributed Monies	\$ 1,099	\$ -	\$ -	\$ 1,099
Total Liabilities	<u>\$ 1,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099</u>

Independence Local School District
Schedule of Changes in Assets and Liabilities
Student Activities Fund
Fiscal Year Ended June 30, 1999

	Beginning Balance <u>6/30/1998</u>	Additions	Deletions	Ending Balance <u>June 30, 1999</u>
Assets:				
Cash and Cash Equivalents	\$ 60,274	\$ 221,754	\$ 221,120	\$ 60,908
Total Assets	\$ 60,274	\$ 221,754	\$ 221,120	\$ 60,908
Liabilities:				
Accounts Payable	\$ -	\$ 864	\$ -	\$ 864
Due to Students	60,274	220,890	221,120	60,044
Total Liabilities	\$ 60,274	\$ 221,754	\$ 221,120	\$ 60,908

General Fixed Assets Account Group

The general fixed asset account group is used to account for all land, land improvements, buildings, building improvements, furniture and equipment, and vehicles not used in the operations of the proprietary funds.

Independence Local School District
Schedule of General Fixed Assets
By Function and Type
June 30, 1999

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Furniture and Equipment</u>	<u>Vehicles</u>
Instruction	\$ 4,674,686	\$ 202,593	\$ 2,711,816	\$ 1,760,277	\$ -
Supporting Services:					
Pupils	18,453	-	-	18,453	-
Instructional Staff	39,575	-	-	39,575	-
Administration	248,415	23,241	125,420	99,754	-
Operation and Maintenance of Plant	150,394	-	55,195	71,699	23,500
Pupil Transportation	726,605	23,242	57,365	25,054	620,944
Extracurricular Activities	254,191	-	75,245	178,946	-
Total General Fixed Assets	<u>\$ 6,112,319</u>	<u>\$ 249,076</u>	<u>\$ 3,025,041</u>	<u>\$ 2,193,758</u>	<u>\$ 644,444</u>

Independence Local School District
Schedule of Changes in General Fixed Assets
By Function
Fiscal Year Ended June 30, 1999

	General Fixed Assets July 1, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
Instruction	\$ 4,529,958	\$ 144,728	\$ -	\$ 4,674,686
Supporting Services:				
Pupils	18,453	-	-	18,453
Instructional Staff	29,907	9,668	-	39,575
Administration	248,415	-	-	248,415
Operation and Maintenance of Plant	145,145	5,249	-	150,394
Pupil Transportation	724,905	1,700	-	726,605
Extracurricular Activities	254,191	-	-	254,191
Total General Fixed Assets	\$ 5,950,974	\$ 161,345	\$ -	\$ 6,112,319

Independence Local School District
Schedule of General Fixed Assets
By Source
As of June 30, 1999

General Fixed Assets

Land and Improvements	\$ 249,076
Buildings	3,025,041
Furniture and Equipments	2,193,758
Vehicles	<u>644,444</u>
Total General Fixed Assets	<u>\$ 6,112,319</u>

Investment in General Fixed Assets From

Acquisitions Since July 1, 1998	
General Fund	\$ 58,940
Permanent Improvement Fund	87,567
State Grants	14,838
Acquisitions Prior to June 30, 1998	<u>5,950,974</u>
Total Investments in General Fixed Assets	<u>\$ 6,112,319</u>

Statistical Section

Independence Local School District
General Fund Expenditures and Other Financing Uses By Function
Last Ten Fiscal Years (1)

	FY 99	FY 98	FY 97	FY 96	FY 95	FY 94	FY 93	FY 92	FY 91	FY 90
Instruction	\$4,983,086	\$4,649,993	\$4,438,133	\$4,882,216	\$4,141,927	\$3,718,290	\$3,809,966	\$3,822,490	\$3,354,994	\$2,726,041
Support Services										
Pupils	452,600	411,850	409,868	428,593	309,920	256,106	305,875	311,122	206,042	186,330
Instructional Staff	510,152	521,529	508,684	529,084	411,107	332,541	291,145	364,572	271,989	245,428
Board of Education	121,747	174,972	170,053	157,225	192,140	150,109	122,096	185,821	148,252	99,797
Administrative	689,902	660,734	657,805	718,391	635,331	669,726	743,290	936,026	522,687	509,757
Fiscal Services	327,074	302,610	293,054	292,982	271,419	276,408	317,841	260,897	227,632	224,825
Business	130,973	136,208	131,479	125,953	100,381	67,795	66,949	44,902	36,777	25,886
Operation and Maintenance of Plant	900,720	838,722	786,629	897,377	873,737	833,340	857,826	728,545	692,020	638,653
Pupil Transportation	499,391	496,752	444,278	479,663	408,737	355,710	384,135	333,872	287,138	262,856
Extracurricular Activities	308,840	290,905	332,302	318,633	291,721	256,340	211,661	200,106	162,822	149,324
Capital Outlay	57,104	16,529	-	-	-	1,300	10,230	45,194	309,901	58,881
Other Financing Uses	48,116	40,000	47,011	72,071	488,629	163,286	138,078	158,193	105,603	230,997
Total	\$9,029,705	\$8,540,804	\$8,219,296	\$8,902,188	\$8,125,049	\$7,080,951	\$7,259,092	\$7,391,740	\$6,325,837	\$5,358,775

Source: School District financial records

(1) Fiscal Years 1996 - 1999 are reported on a GAAP basis, all other years are reported on the cash basis.

Independence Local School District
General Fund Revenues and Other Financing Sources By Source
Last Ten Fiscal Years (1)

	FY 99	FY 98	FY 97	FY 96	FY 95	FY 94	FY 93	FY 92	FY 91	FY 90
Taxes	\$8,569,210	\$7,488,759	\$6,964,001	\$7,061,834	\$6,508,189	\$6,152,980	\$6,233,136	\$5,709,173	\$4,976,028	\$4,931,621
Tuition & Fees	4,440	-	-	-	147	190	145	1,056	1,438	976
Intergovernmental	1,397,890	1,104,237	1,082,240	1,063,857	753,774	737,035	750,533	630,460	615,212	581,561
Interest	78,731	78,243	55,823	70,627	85,519	59,757	66,478	147,499	229,974	208,683
Classroom Materials/Fees	11,815	11,503	2,465	2,605	2,270	2,481	1,483	2,631	2,562	2,108
Miscellaneous	51,845	111,225	10,546	33,675	78,873	30,124	24,825	21,384	19,749	23,980
Other Financing Sources	-	361,035	11,241	48,128	81,293	50,583	41,181	80,000	45,997	180,880
Total	\$10,113,931	\$9,155,002	\$8,126,316	\$8,280,726	\$7,510,065	\$7,033,150	\$7,117,781	\$6,592,203	\$5,890,960	\$5,929,809

Source: School District financial records

(1) Fiscal Years 1996 - 1999 are reported on a GAAP basis, all other years are reported on the cash basis.

Independence Local School District
Property Tax Levies and Collections Real and Tangible Personal Property (1)
Last Nine Calendar Years(2)

Year (3)	Current	Delinquent	Total	Current	% of Current	Delinquent	Total	Total Collection
	Levy	Levy	Levy	Collection	Levy Collected	Collection	Collection	Current Levy
1998	\$9,049,007	\$758,735	\$9,807,742	\$8,568,423	94.69%	\$421,079	\$8,989,502	99.34%
1997	8,489,440	829,183	9,318,623	8,080,313	95.18%	321,788	8,402,101	98.97%
1996	7,982,477	683,606	8,666,083	6,564,622	82.24%	217,453	6,782,075	84.96%
1995	7,891,816	464,093	8,355,909	5,804,547	73.55%	135,181	5,939,728	75.26%
1994	7,965,622	455,675	8,421,297	7,352,707	92.31%	124,674	7,477,381	93.87%
1993	7,406,745	413,453	7,820,198	6,915,367	93.37%	103,048	7,018,415	94.76%
1992	7,192,442	444,678	7,637,120	6,924,668	96.28%	226,714	7,151,382	99.43%
1991	6,970,143	373,733	7,343,876	6,413,727	92.02%	181,213	6,594,940	94.62%
1990	6,029,131	251,121	6,280,252	5,690,961	94.39%	97,949	5,788,910	96.02%

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

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through State and reported as Intergovernmental Revenue.

(2) Information from 1989 is not available.

(3) Represents the collection year. The 1999 information cannot be presented because all collections have not been made by June 30.

Independence Local School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Year	Real Property		Public Utility Personal Property		Tangible Personal Property		Total		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1999	\$345,177,050	\$986,220,143	\$30,688,820	\$34,873,659	\$49,644,275	\$198,577,100	\$425,510,145	\$1,219,670,902	34.89%
1998	329,554,390	941,583,971	26,540,300	30,159,432	49,559,054	198,236,216	405,653,744	1,169,979,619	34.67%
1997	299,600,680	856,001,943	27,091,360	30,785,636	47,041,383	188,165,532	373,733,423	1,074,953,111	34.77%
1996	292,267,440	835,049,829	27,574,380	31,334,523	46,563,410	186,253,640	366,405,230	1,052,637,992	34.81%
1995	288,916,210	825,474,886	37,924,080	43,095,545	45,279,552	181,118,208	372,119,842	1,049,688,639	35.45%
1994	265,904,260	759,726,457	34,446,580	39,143,841	46,124,076	184,496,304	346,474,916	983,366,602	35.23%
1993	262,575,170	750,214,771	26,248,390	29,827,716	44,297,092	177,188,368	333,120,652	957,230,855	34.80%
1992	254,746,770	727,847,914	25,112,230	28,536,625	44,566,604	178,266,416	324,425,604	934,650,955	34.71%
1991	208,768,010	596,480,029	25,970,820	29,512,295	42,482,523	169,930,092	277,221,353	795,922,416	34.83%
1990	194,993,480	557,124,229	24,645,230	28,005,943	42,226,497	168,905,988	261,865,207	754,036,160	34.73%

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

Independence Local School District
Property Tax Rates - Direct and Overlapping Governments
Per \$1,000 of Assessed Valuations
Last Ten Calendar Years

Year	School	County	Library	City	Total	Debt Service			
	Levy	Levy	Levy	Levy	Levy	School	City	County	Total
1999	\$23.40	\$13.75	\$ 1.40	\$ 3.60	\$42.15	\$ -	\$ 1.40	\$ 0.27	\$1.67
1998	23.40	15.30	1.40	3.60	43.70	-	1.40	0.72	2.12
1997	23.40	15.30	1.40	3.60	43.70	-	1.40	0.63	2.03
1996	23.40	15.30	1.40	3.60	43.70	-	1.40	0.87	2.27
1995	23.40	16.80	1.40	3.60	45.20	-	1.40	0.76	2.16
1994	23.40	16.80	1.00	3.60	44.80	-	1.40	0.68	2.08
1993	23.40	16.80	1.00	3.60	44.80	-	1.40	0.71	2.11
1992	23.40	16.80	1.00	3.60	44.80	-	1.40	0.80	2.20
1991	23.40	16.80	1.00	3.60	44.80	-	1.40	0.87	2.27
1990	23.40	15.30	1.00	3.60	43.30	-	1.40	0.80	2.20

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

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

Fiscal Year	Net General Obligation Bonded Debt	Assessed Value	Population (1)	Ratio of Net Debt to Assessed Value	Net Debt PerCapita
1999	\$ -	\$425,510,145	6,800	0%	\$ -
1998	-	405,653,744	6,800	-	-
1997	-	373,733,423	6,800	-	-
1996	-	366,405,230	6,800	-	-
1995	-	372,119,842	6,800	-	-
1994	-	346,474,916	6,800	-	-
1993	-	333,120,652	6,800	-	-
1992	-	324,425,604	6,800	-	-
1991	-	277,221,353	6,800	-	-
1990	-	261,865,207	6,800	-	-

Source: Cuyahoga County Auditor and District Financial Records

(1) Population data for 1990 through 1999 is assumed to be the same as that of the 1990 census as no subsequent data is available. Estimate provided by the City of Independence.

Independence Local School District
Computation of Legal Debt Margin
June 30, 1999

Assessed Valuation	<u><u>\$425,510,145</u></u>
Debt Limit - 9% of Assessed Value (1)	\$38,295,913
Amount of Debt Applicable to Debt Limit	<u>0</u>
Voted Debt Margin	<u><u>\$38,295,913</u></u>
Debt Limit - 0.9% of Assessed Value (1)	\$3,829,591
Amount of Debt Applicable	<u>0</u>
Unvoted Energy Conservation Debt Margin	<u><u>\$3,829,591</u></u>
Debt Limit - 0.1% of Assessed Value (1)	\$4,255,101
Amount of Debt Applicable	<u>0</u>
All Other Unvoted Debt Margin	<u><u>\$4,255,101</u></u>

Source: Cuyahoga County Auditor and District Financial Records

(1) Ohio Bond Law sets a limit of 9% for voted debt, 9/10 of 1% for unvoted energy conservation projects and 1/10 of 1% for all other unvoted debt.

Independence Local School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 1998

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
Independence Local School District	\$ -	0.00%	\$ -
Independence City	3,900,000	100.00%	3,900,000
Cuyahoga County	154,064,636	1.63%	2,511,254
Regional Transit Authority	102,945,000	1.63%	<u>1,678,004</u>
Total			<u>\$ 8,089,258</u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivision. The valuations used were for the 1999 collection year.

Independence Local School District
*Ratio of Annual Debt Service Expenditures for
 General Obligation Bonded Debt to General Fund Expenditures
 Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures (1)</u>	<u>Ratio of Debt Services to General Fund Expenditures (Percentages)</u>
1999	\$ -	\$ -	\$ -	\$ 9,029,705	0%
1998	-	-	-	8,540,804	-
1997	-	-	-	8,219,296	-
1996	-	-	-	8,902,188	-
1995	-	-	-	8,125,049	-
1994	-	-	-	7,080,951	-
1993	-	-	-	7,259,092	-
1992	-	-	-	7,391,740	-
1991	-	-	-	6,325,857	-
1990	-	-	-	5,358,775	-

Source: District Financial Records

(1) Fiscal Years 1996 - 1999 are reported on a GAAP basis, all other years are reported on the cash basis.

Independence Local School District
Demographic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Cuyahoga County Population</u>	<u>Independence City Population</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>
1999	1,386,096	6,800	987	4.5%
1998	1,403,217	6,800	948	4.1%
1997	1,403,217	6,800	925	4.1%
1996	1,403,217	6,800	923	4.7%
1995	1,403,217	6,800	889	4.9%
1994	1,403,217	6,800	875	5.3%
1993	1,411,209	6,800	858	7.6%
1992	1,411,209	6,800	840	6.3%
1991	1,412,140	6,800	808	5.2%
1990	1,412,140	6,800	763	5.8%

Source: Information in this table was provided by the Cleveland Plain Dealer
and from District Records

(1) Represents Cuyahoga County

Independence Local School District
*Property Value, Financial Institution Deposits
and Buidling Permits
Last Ten Calendar Years*

<u>Year</u>	<u>Property Value (Real Estate Only)</u>	<u>Financial Institution Deposits (000's) Banks</u>	<u>Value of Building Permits Issued</u>
1998	\$ 329,554,390	\$ 58,904,596	\$ 59,492,417
1997	299,600,680	53,941,971	41,511,574
1996	292,267,440	27,068,211	36,608,880
1995	288,916,210	22,694,304	14,512,500
1994	265,904,260	20,885,453	11,240,690
1993	262,575,170	21,900,421	9,535,600
1992	254,746,770	19,379,280	7,302,120
1991	208,768,010	18,392,243	7,528,971
1990	194,993,480	19,188,641	13,175,581
1989	186,883,730	18,851,225	30,793,000

Sources: Federal Reserve Bank of Cleveland, Cuyahoga County Auditor's Office
and the City of Independence Building Department

Independence Local School District
Principal Taxpayers
Real Estate Property Tax
December 31, 1998

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total District Real Assessed Value</u>
1. Duke Realty Limited Partnership	\$ 17,119,550	4.96%
2. Summit Office Park Limited Partnership	14,708,400	4.26%
3. Rockside Properties	10,421,080	3.02%
4. The Ceico Company	7,943,110	2.30%
5. Jagi Cleveland-Independence, LLC	5,862,500	1.70%
6. Patriot American Hospitality Partnership	5,151,550	1.49%
7. 6055 Properties	5,082,320	1.47%
8. Minoff Industrial Park Company	4,460,540	1.29%
9. Hub Valley Realty	4,020,260	1.16%
10. Rockside Center Limited	<u>3,797,500</u>	<u>1.10%</u>
Total	<u>\$ 78,566,810</u>	<u>22.76%</u>
Total District Real Estate Assessed Value	<u>\$345,177,050</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 1998

Independence Local School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 1998

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total District Real Assessed Value</u>
1. L.D. Kichler Co.	\$ 2,748,630	5.54%
2. Snow Manufacturing Co.	1,775,340	3.58%
3. Efficient Die and Mold Inc.	1,602,230	3.23%
4. Avtron Manufacturing Inc.	1,589,030	3.20%
5. Consolidated Natural Gas	1,391,310	2.80%
6. Getters Corporation of America	1,353,700	2.73%
7. GTE Mobilnet Service Corp	1,345,770	2.71%
8. AGA Gas Inc.	1,209,470	2.44%
9. Ohio Motorists Association	1,137,810	2.29%
10. Janus American Group Inc.	<u>1,141,620</u>	<u>2.30%</u>
Total	<u>\$ 15,294,910</u>	<u>30.81%</u>
Total District Tangible Personal Property Assessed Value	<u>\$ 49,644,275</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 1998

Independence Local School District
Principal Taxpayers
Public Utilities Tangible Property Tax
December 31, 1998

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total District Real Assessed Value</u>
1. Cleveland Electric Illuminating Company	\$ 14,765,370	48.11%
2. Ohio Bell Telephone Company	5,601,890	18.25%
3. GTE Mobile Net of Ohio	4,571,140	14.90%
4. East Ohio Gas	3,967,070	12.93%
5. New Par	1,024,530	3.34%
6. ICS Ohio Link Inc	198,590	0.65%
7. Sprint Communications Co.	<u>183,850</u>	<u>0.60%</u>
Total	<u>\$ 30,312,440</u>	<u>98.77%</u>
Total District Public Utility Assessed Value	<u>\$ 30,688,820</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 1998

Independence Local School District
Per Pupil Cost
Last Ten Fiscal Years

Year	General Fund Expenditures	Average Student Enrollment	Per Pupil Cost
1999	\$ 9,029,705	987	\$ 9,149
1998	8,540,804	948	9,009
1997	8,219,296	925	8,886
1996	8,902,188	923	9,645
1995	8,125,049	889	9,140
1994	7,080,951	877	8,074
1993	7,259,092	858	8,460
1992	7,391,740	840	8,800
1991	6,325,857	808	7,829
1990	5,358,775	763	7,023

Source: District Financial Records

(1) Fiscal Years 1996 - 1999 are reported on a GAAP basis, all other years are reported on the cash basis.

Independence Local School District
Certificated Staff Education and Experience
June 30, 1999

<u>Degree</u>	<u>Number of Teachers and Administrators</u>	<u>Percent of Total</u>
Bachelor's Degree	13	16.25%
Bachelor's Degree + 12 Hours	11	13.75%
Bachelor's Degree + 24 Hours	5	6.25%
Master's Degree	42	52.50%
Master's Degree + 18 Hours	4	5.00%
Master's Degree + 36 Hours	2	2.50%
Master's Degree + 54 Hours	1	1.25%
Ph. D.	<u>2</u>	<u>2.50%</u>
Total	<u>80</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers and Administrators</u>	<u>Percent of Total</u>
0 -5	13	16.25%
6 -10	20	25.00%
11 - 15	19	23.75%
16 - 20	9	11.25%
21 -25	13	16.25%
26 and Over	<u>6</u>	<u>7.50%</u>
Total	<u>80</u>	<u>100.00%</u>

Source: District Records



STATE OF OHIO
OFFICE OF THE AUDITOR

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INDEPENDENCE LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*

Date: JAN 11 2000