



**INDEPENDENCE LOCAL SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2002**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**INDEPENDENCE SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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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 basic financial statements of the Independence Local School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated November 22, 2002, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 34 and GASB Interpretation No. 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 immaterial instances of noncompliance that we have report to management of the District in a separate letter dated November 22, 2002.

**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.

Independence Local School District  
Cuyahoga County  
Report on Compliance and on Internal Control Required  
by *Government Auditing Standards*  
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This report is intended solely for the information and use of the audit committee, management, 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". The signature is stylized with a large loop at the end of the last name.

**Jim Petro**  
Auditor of State

November 22, 2002

**Independence Local School District**  
*Independence, Ohio*

**Comprehensive Annual Financial Report**  
*For the Fiscal Year Ended June 30, 2002*

Prepared by

Treasurer's Office  
Allen D. Sluka  
Treasurer/Chief Financial Officer



**Independence Local School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2002*  
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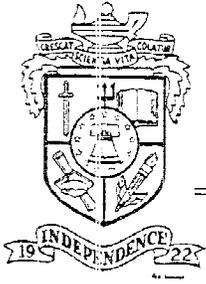
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# INDEPENDENCE LOCAL SCHOOLS

Educational Administrative Center • 7733 Stone Road  
Independence, Ohio 44131 • Fax# (216) 642-3482

November 22, 2002

David J. Laurenzi  
Superintendent  
(216) 642-1850

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

Allen D. Suka  
Treasurer  
(216) 642-1854

Richard T. McDermott  
Director of  
Curriculum  
& Instruction  
(216) 642-1852

Richard J. Wherley  
Technology  
Coordinator  
(216) 642-1854

Al Yano  
Service Manager  
(216) 642-1853

We are pleased to submit to you the fifth 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, 2002. 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 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 the Government Finance Officer's Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting
2. The Financial Section begins with the Report of Independent Accountants, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes, which provide an overview of the School District's financial position and operating results, the Combining Statements by Fund Type and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents social and economic data, financial trends, and the fiscal capacity of the Independence Local School District.

## School District Organization

Independence Local School District is one of the 613 school districts in the State of Ohio and one of the 33 school districts in Cuyahoga County. The School District provides education to 1,069 students in grades K-12 and preschool education to eight handicapped/non-handicapped students. Independence Local School District is located in northeast Ohio, eight miles south of downtown Cleveland. Geographically, the School District encompasses the entire City of Independence, which is approximately 10 square miles.

The students enrolled in the Independence Local School District attend classes in one high school (9-12), one middle school (5-8), and one elementary school (K-4). Vocational students attend the Cuyahoga Valley Career Center, which is located in Brecksville and operates as a separate entity from the School District. An elected five-member Board of Education serves as the taxing authority and policy maker for the School District.

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

### **Reporting Entity**

The School 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.

The City of Independence, Parent Teacher Organization, the Booster Clubs, Independence Educational Foundation and the St. Michael Parochial School have not been included in the accompanying financial statements. Their Boards are not appointed by the School District, nor are their organizations fiscally dependent on the District.

The Lakeshore Northeast Ohio Computer Association, the Cuyahoga Valley Career Center and the Ohio Schools' Council are reported as jointly governed organizations and the Suburban Health Consortium as a risk sharing pool. The School District also participates in the Ohio School Boards Association's Compensation Group Rating Program, an insurance purchasing pool.

### **Economic Condition and Outlook**

While most of the School District is located in a residential area, there is heavy reliance on commercial development along its Rockside Road Corridor. The 3-mile corridor has more than 4 million square feet of office space, over 70 percent of which is Class A. In addition, the City of Independence has the lowest real estate tax rate of any city in the County and more than 50 percent of the largest suburban commercial properties in Cleveland call the City of Independence home. Furthermore, more than half of the 1,300 businesses in the City are in the service, financial, insurance or real estate trade. The City boasts almost 2,000 hotel rooms, 11 restaurants and an employee friendly suburban environment. The increase in real estate valuation for the period 1992 through 2002 was an average of 5.5 percent annually including updates and reappraisal. Future economic development is planned for the corridor's northwest quadrant. This development includes construction of additional restaurants, office space and hotels. The City is a unique development opportunity offering the best location and property demographics in all of Northeast Ohio.

Finally, the City is considered the business crossroad of northeast Ohio due to its accessibility to every major residential suburb. The airport is just 15 miles west, downtown Cleveland just 10 miles north and Akron 30 miles south.

The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that while the State had made some progress, the current funding system for schools still had not met constitutional requirements. In 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding system. The decision identified aspects of the current plan that require modification. Independence Local School District will not see additional revenue as a result of anticipated changes in the state funding system.

## **Major Initiatives**

*For the year* Independence Local School District has a very optimistic outlook for the future. The voters approved a 2.3 mill bond issue in February 2002. Proceeds from this issue will be used for the construction of a new 600-student high school, field house, and community rooms and for the renovation of the current high school into a middle school. This bond issue will generate \$18,000,000 from local property taxes over 28 years. In addition, the City of Independence will contribute \$13,000,000 toward this project. The City further agreed to purchase the School District's current middle school building and property for an additional \$2,000,000. Total cost for this project will be \$33,000,000.

Design and development of the new high school and field house is slated to begin in the Fall of 2002, with construction beginning in the Spring of 2003, and completion for the start of school year 2004.

### *Primary accomplishments for 2002 were as follows:*

- Received the Certificate of Excellence in Financial Reporting from the Government Finance Officer's Association (GFOA), for the fourth consecutive year.
- The School District continues to perform well on the State established Local Report Card. The 2002 Local Report Card reflected having met 25 of the 27 State criteria, placing the School District in the "effective" category. Many of the areas already meeting state minimum standards showed continuing growth well above the 75 percent level.
- Fully implemented the Continuous Improvement Plan for the School District and all school sites.
- Student and teacher access to Internet services and overall technology usage continues to improve on an already strong record. Our ratio of students to computers, recommended as 5:1 by national standards, has already reached 2:1. Teachers, through internal professional development opportunities, continue to expand their and students' skills.
- A full range of extracurricular programs and activities are available to students beginning in the elementary grades. A complete competitive athletic program is offered beginning in the 7<sup>th</sup> grade at the Middle School.
- Talented and gifted instruction is available to all students.

## **Financial Information**

*Internal Accounting and Budgetary Control* In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing 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 School 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, by statute, 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. The School District adopts the permanent appropriation measure in September.

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 School District provides interim financial reports which detail year to date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on line inquiry system is available for each building or department. As an additional safeguard, a blanket bond covers all employees and a separate higher limit bond covers certain individuals in policy-making roles.

The basis of accounting and the various funds and account groups utilized by the Independence Local School District are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

***Financial Condition*** This is the first year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

***Government-wide financial statements*** These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District did not have any business-type activities during the reporting period.

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

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

As part of this new reporting model, management is responsible for preparing a Discussion and Analysis of the School District. This discussion appears after the report of Independent Accountant's in the financial section of this report. The Management Discussion and Analysis provides an assessment of the School District's finances for 2002.

## **Cash Management**

The School District pursues an aggressive cash management program by expediting the receipt of revenues and prudently depositing and 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 these warrants is maintained in the School District’s investment accounts. Interest revenue in the governmental funds was \$145,816 for the year ending June 30, 2002, with \$142,413 being credited directly to the general fund.

Protection of the School District’s deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must be equal to at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

During fiscal year 2002, the District invested in Ohio’s State Treasury Asset Reserve (STAROhio), Federal National Mortgage Association Notes, Victory Federal Money Market and non-negotiable Certificates of Deposit.

## **Risk Management**

The School District contracted with the following companies for insurance: the Indiana Insurance Company for property and inland marine, the Travelers Property Casualty for boiler and the Ohio Casualty Insurance Company for crime. The property insurance covers each of the School District’s buildings and contents on a replacement cost basis with a \$1,000 deductible and the inland marine insurance provides coverage on a replacement cost basis with a \$250 deductible. The boiler insurance coverage is \$30,000,000 per accident with a \$1,000 deductible and the crime insurance has coverage up to \$250,000 with a \$1,000 deductible.

Professional liability is protected by The Great American Alliance Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and with a \$1,000 deductible. Vehicles are covered by Marsh USA Inc. and holds a \$1,000 deductible for comprehensive and collision. Automobile liability has a \$2,000,000 combined single limit of liability.

The School District uses the State Workers’ Compensation plan and pays the premium based on a rate of \$100 of salaries. The School District is a member of Ohio School Board Associations’ Compensation Group Rating Program (GRP), an insurance purchasing pool.

## **Independent Audit**

State statute requires the School District to be audited annually by an independent auditor. Independent auditor Jim Petro, Auditor of State, was selected to render an opinion on the School District’s financial statements as of and for the year ended June 30, 2002. An annual audit serves to maintain and strengthen the School District’s accounting and budgetary controls. 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 school districts in Ohio. The District adopted and has been in conformance with that system beginning with its financial report for the 1979 year.

## Awards

*GFOA Certificate of Achievement* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Independence Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose content conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## Acknowledgements

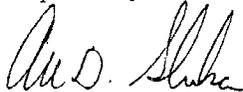
The publication of this report significantly increases the accountability of the School District to the taxpayers. This accomplishment would not have been possible without the support of the School Treasurer's Office and various administrators and employees of the School District. Assistance of the County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

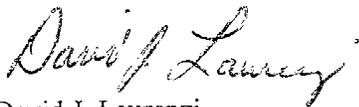
A special thank you must be given to Joyce Saris, Assistant Treasurer, and Judy Wall, Payroll Coordinator, who have made significant contributions to this year's School District CAFR.

Lastly, our thanks are extended to the Board of Education for their support in recognizing the importance of continuously improving our financial accountability to our citizens through the early implementing of GASB 34, the new financial reporting model, and where the commitment to excellence begins.

Respectfully submitted,



Allen D. Sluka  
Treasurer/Chief Financial Officer



David J. Laurenzi  
Superintendent

**Independence Local School District**

*Principal Officials*

*June 30, 2002*

***Board of Education***

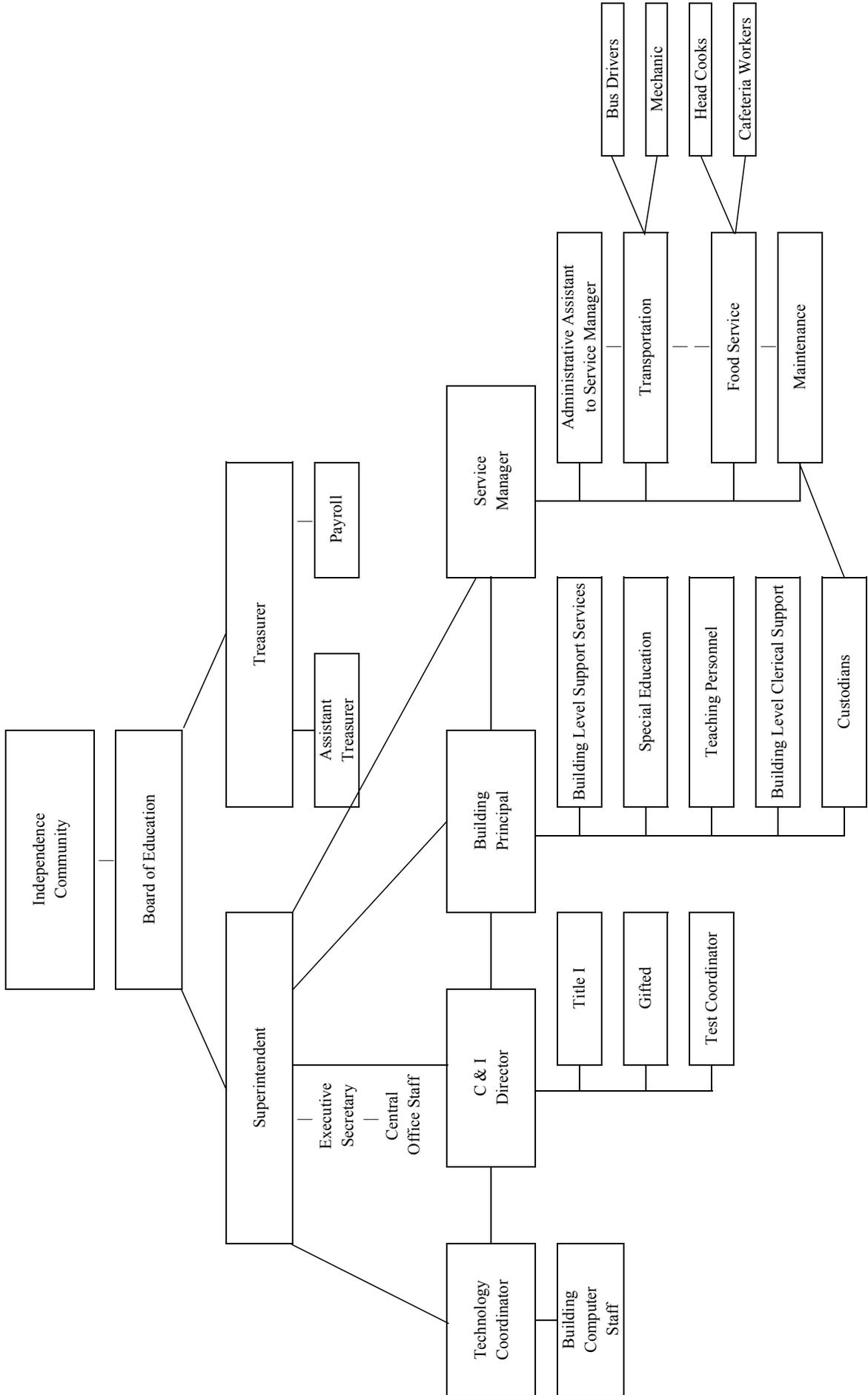
Mr. Russell G. Fortlage ..... President  
Ms. Karen S. Olejarski ..... Vice President  
Ms. Kathleen Kapusta..... Member  
Ms Lynne Laski..... Member  
Mr. Thomas M. Vondriska ..... Member

***Appointed Officials***

Mr. David J. Laurenzi, ..... Superintendent  
Allen D. Sluka ..... Treasurer/Chief Financial Officer  
Richard T. McDermott ..... Director of Curriculum and Instruction  
Richard C. Forney ..... High School Principal  
Edward D. Vittardi ..... Middle School Principal  
Judith A. Schulz..... Primary School Principal  
Richard J. Wherley ..... Technology Coordinator  
Albert A. 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, 2001

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.



*Thomas A. Arave*  
President

*Jeffrey L. Esler*  
Executive Director



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independence Local School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2002, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Independence Local School District, Cuyahoga County, Ohio as of June 30, 2002, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2002, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis- for State and Local Governments*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

November 22, 2002

**Independence Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year June 30, 2002*  
*Unaudited*

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The discussion and analysis of Independence Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2002. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2002 are as follows:

- ◆ In total, net assets of governmental activities increased \$191,617, which represents a 4.09 percent increase from 2002.
- ◆ Revenues for governmental activities totaled \$12,874,902 in 2002. Of this total, \$12,209,984 or 94.8 percent consisted of General revenues while Program revenues accounted for the balance of \$664,918 or 5.2 percent.
- ◆ Total assets of governmental activities increased by \$15,432,101, which includes cash and cash equivalent increase of \$14,547,404 and taxes receivable increase of \$765,634.
- ◆ Program expenses totaled \$12,683,285. Instructional expenses made up \$7,180,186 or 56.6 percent of this total while support services accounted for \$4,558,582 or 36.0 percent. Other expenses, \$944,567, rounded out the remaining 7.4 percent.
- ◆ In May of 2002, the School District sold \$15,000,000 in bond anticipation notes. This is a one-year note, which matures in April of 2003.

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

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

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

**Independence Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year June 30, 2002*  
*Unaudited*

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

*Statement of Net Assets and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2002?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the building and permanent improvement capital projects funds.

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

**Independence Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year June 30, 2002*  
*Unaudited*

***The School District as a Whole***

You may recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2002 compared to 2001:

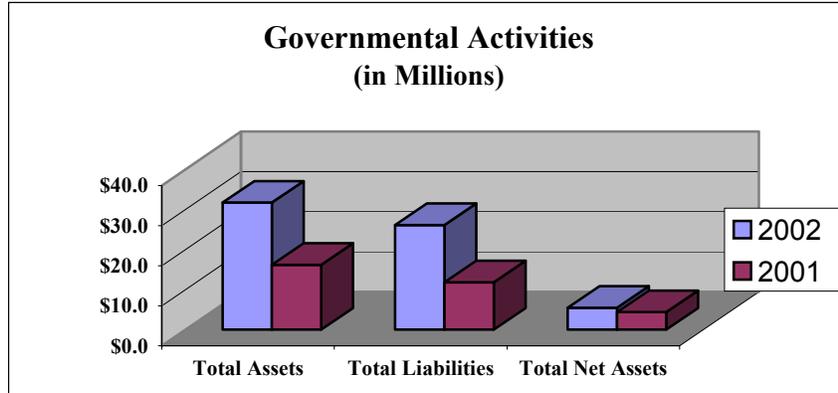
**Table I**  
 Net Assets  
 Governmental Activities

	2002	2001
<b>Assets</b>		
Current and Other Assets	\$27,983,728	\$12,906,012
Capital Assets, Net	4,003,265	3,864,095
<i>Total Assets</i>	<i>31,986,993</i>	<i>16,770,107</i>
<b>Liabilities</b>		
Current Liabilities	25,777,864	10,502,082
Long-term Liabilities		
Due within One Year	15,803	17,461
Due Within More Than One Year	1,320,104	1,313,041
<i>Total Liabilities</i>	<i>27,113,771</i>	<i>11,832,584</i>
<b>Net Assets</b>		
Invested in Capital Assets	4,003,265	3,864,095
Restricted For:		
Capital Projects	157,783	105,338
Set Asides	208,000	208,000
Other Purpose	34,789	40,123
Unrestricted	469,385	464,049
<i>Total Net Assets</i>	<i>\$4,873,222</i>	<i>\$4,681,605</i>

Graph 1  
 (in millions)

	2002	2001
Total Assets	\$32.0	\$16.2
Total Liabilities	27.1	11.8
Total Net Assets	\$4.9	\$4.4

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Total assets increased \$15,216,886. The majority of this increase can be attributed directly to the area of equity in pooled cash and cash equivalents, which increased \$14,547,404. This increase was derived from a \$15,000,000 sale of bond anticipation notes.

Total liabilities increased by \$15,281,187. The most notable area that increased was Notes Payable.

By comparing assets and liabilities, one can see that the overall position of the School District has improved as evidenced by the increase in net assets of \$191,617.

The vast majority of revenues supporting governmental activities is general revenue. General revenue totaled \$12,209,984 or 94.8 percent of total revenue. The most significant portion of the general revenue is local property tax. The remaining amount of revenue received was in the form of program revenues, which equated to \$664,918 or only 5.2 percent of total revenue.

Table 2 shows the changes in net assets for fiscal year 2002. Since this is the first year the School District has prepared financial statements following GASB 34, revenue and expense comparisons to fiscal year 2001 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

**Table 2**  
Governmental Activities

	2002
<b>Program Revenues</b>	
Charges for Services and Sales	\$307,495
Operating Grants and Contributions	342,327
Capital Grants and Contributions	15,096
<i>Total Program Revenues</i>	\$664,918

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*Management's Discussion and Analysis*  
*For the Fiscal Year June 30, 2002*  
*Unaudited*

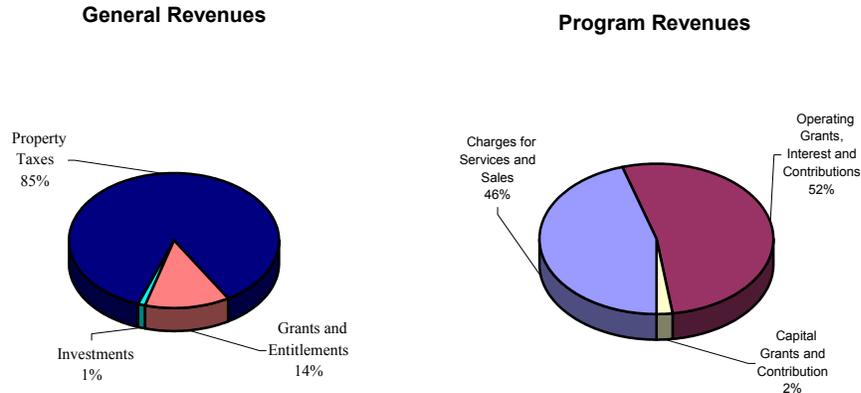
<b>General Revenues</b>	
Property Taxes	\$10,363,320
Grants and Entitlements	1,685,801
Investments	145,816
Miscellaneous	15,047
	<u>12,209,984</u>
<i>Total General Revenues</i>	<i>12,209,984</i>
	<u>12,209,984</u>
<i>Total Revenues</i>	<i>12,874,902</i>
	<u>12,874,902</u>
 <b>Program Expenses</b>	
Instruction:	
Regular	6,284,176
Special	893,410
Vocational	2,550
Support Services	
Pupils	615,321
Instructional Staff	765,771
Board of Education	131,076
Administration	957,728
Fiscal	389,270
Business	85,168
Operations and Maintenance of Plant	1,029,538
Pupil Transportation	578,585
Central	6,125
Operation of Non-Instructional Services	191,545
Operation of Food Services	288,615
Extracurricular Activities	456,313
Interest and Fiscal Charges	8,094
	<u>12,683,285</u>
<i>Total Program Expenses</i>	<i>12,683,285</i>
	<u>12,683,285</u>
<i>Increase in Net Assets</i>	<i>\$191,617</i>
	<u>\$191,617</u>

***Governmental Activities***

The School District has carefully planned its financial existence by forecasting its revenues and expenditures over the next five years. The School District's revenue growth is mostly dependent upon property tax increases and new construction. Property taxes made up 80.5 percent of revenues for governmental activities for Independence Local School District in fiscal year 2002. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating cost.

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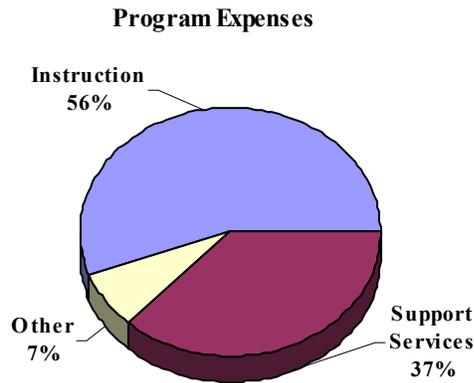
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Instruction comprises 56 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 37 percent. The remaining 7 percent of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and food service program.

Graph 3  
 Program Expenses

Instruction	\$7,180,136
Support Services	4,558,582
Other	944,567
	<hr/>
Total	<u><u>\$12,683,285</u></u>



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

	Total Cost of Services 2002	Net Cost of Services 2002
	<u>2002</u>	<u>2002</u>
<b>Governmental Activities</b>		
Instruction:		
Regular	\$6,284,176	\$6,237,662
Special	893,410	855,208
Vocational	2,550	(715)
Support Services:		
Pupil	615,321	612,809
Instructional Staff	765,771	742,454
Board of Education	131,076	131,076
Administration	957,728	957,728
Fiscal	389,270	389,270
Business	85,168	63,996
Operation and Maintenance of Plant	1,029,538	1,016,176
Pupil Transportation	578,585	563,489
Central	6,125	1,125
Operation of Non-Instructional Services	191,545	(31,755)
Operation of Food Services	288,615	56,786
Extracurricular Activities	456,313	414,964
Interest and Fiscal Charges	8,094	8,094
	<u>8,094</u>	<u>8,094</u>
Total	<u>\$12,683,285</u>	<u>\$12,018,367</u>

The dependence upon tax revenues for governmental activities is apparent. Over 88 percent of expenses are directly supported by local property taxes. Grant and entitlements not restricted to specific programs support 12 percent, while investment and other miscellaneous type revenues support the remaining activity costs. Program revenues only account for 5 percent of all governmental expenses. The community, as a whole, is by far the primary support for Independence Local School District students.

**The School District's Funds**

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$13,046,025 and expenditures of \$12,827,966. The net change in fund balance for the year was most significant in the general fund, an increase of \$125,916.

**General Fund Budgeting Highlights**

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

**Independence Local School District**  
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During the course of fiscal 2002, the School District amended its general fund budget numerous times. The most significant amendments occurred after the unanticipated need for additional outside physical therapy purchased services, additional coaches/advisors for extracurricular activities and to replace the outdoor track at the High School. For the other non-significant budget amendments, the School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenses but provide flexibility for site based decision and management.

For the general fund, the final budget basis revenue estimate totaled \$10,928,600, \$62,624 below original budget estimates of \$10,991,224. The main difference between the original and final estimates was due to an overestimation of interest earned on investments.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$11,871,238, \$559,547 above revenues. The School District's unencumbered ending balance totaled \$1,462,623, which was significantly above the original budgeted amount.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2002, the School District had \$4,003,235 invested in land, buildings, equipment, and vehicles. Table 4 shows fiscal 2002 values compared to 2001.

**Table 4**  
 Capital Assets at June 30  
 Governmental Activities

	2002	2001
Land	\$193,771	\$193,771
Building and Improvements	2,891,653	2,853,312
Furniture and Equipment	494,480	616,226
Vehicles	284,191	339,926
Total Capital Assets	\$3,864,095	\$4,003,235

All capital assets, except land, are reported net of depreciation. As one can see, the main increase in capital assets during the fiscal year occurred in furniture and equipment. The increase in furniture and equipment was due primarily to the ongoing technology needs of the School District.

For fiscal year 2002, Ohio law required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks and instructional materials and supplies. For fiscal year 2002, this amounted to \$144,882 for each set aside. For fiscal year 2002, the School District had qualifying disbursements or offsets exceeding both the capital and maintenance requirement and the textbook and instructional materials and supplies requirement.

**Independence Local School District**  
*Management's Discussion and Analysis*  
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*Debt*

At June 30, 2002, the School District has \$15,000,000 in notes outstanding for permanent improvements. In February 2002, the School District passed a 2.3 mill bond issue, providing \$18,000,000 for the construction, furnishing, and equipping a new high school and renovating and reconfiguring the current high school into a middle school.

**School District Outlook**

Independence Local School District is strong financially. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast and the School District's Continuous Improvement Plan.

The financial future of the School District is not without its challenges though. These challenges are internal and external in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes to fund its operations. Due to economic growth, the School District has not had to ask for an operating levy since 1971. Thus management must diligently plan expenses from this growth, staying carefully within its five-year forecast. Additional revenues than what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the State of Ohio was found by the Ohio Supreme court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme again ruled that while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not 'equitable' nor 'adequate.' The court directed the Government and the legislature to address the fundamental issue creating inequities. In September 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding system. The decision identified aspects of the current plan that require modification.

In general, it is expected that the decision would result in an increase in overall State funding for education.

Independence Local School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the court, the State may require the redistribution of commercial and industrial property taxes. With 59 percent of the taxes for the School District coming from local businesses and industry, one can see the significant impact this change would have on the School District and ultimately, the residential taxpayers.

As a result of the challenges mentioned above, it is imperative that the School District's management continue to carefully and prudently plan to provide the resources required to meet student needs over the next several years.

In conclusion, Independence Local School District has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1998 and the Auditor's Award for Excellence in Financial Reporting since 1998.

**Independence Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year June 30, 2002*  
*Unaudited*

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

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Allen D. Sluka, Treasurer/Chief Financial Officer, at Independence Local School District, 7733 Stone Road, Independence, Ohio 44131 or e-mail at [asluka@independence.k12.oh.us](mailto:asluka@independence.k12.oh.us).

## **Basic Financial Statements**

# Independence Local School District

## Statement of Net Assets

June 30, 2002

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$16,967,284
Accounts Receivable	10,752
Intergovernmental Receivable	7,206
Accrued Interest	17,171
Prepaid Items	12,568
Inventory Held for Resale	3,482
Materials and Supplies Inventory	7,398
Taxes Receivable	10,957,867
Nondepreciable Capital Assets	193,771
Depreciable Capital Assets, Net	<u>3,809,494</u>
<i>Total Assets</i>	<u>31,986,993</u>
<b>Liabilities</b>	
Accounts Payable	36,106
Accrued Wages	892,562
Matured Compensated Absences Payable	191,231
Intergovernmental Payable	178,452
Deferred Revenue	9,458,320
Accrued Interest Payable	19,010
Notes Payable	15,002,183
Long-Term Liabilities:	
Due Within One Year	15,803
Due In More Than One Year	<u>1,320,104</u>
<i>Total Liabilities</i>	<u>27,113,771</u>
<b>Net Assets</b>	
Invested in Capital Assets	4,003,265
Restricted for:	
Capital Projects	157,783
Set Asides	208,000
Other Purposes	34,789
Unrestricted	<u>469,385</u>
<i>Total Net Assets</i>	<u>\$4,873,222</u>

See accompanying notes to the basic financial statements

**Independence Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2002

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Change in Net Assets	
<b>Governmental Activities</b>				Governmental Activities	
Instruction:					
Regular	\$6,284,176	\$40,912	\$5,602	\$0	(\$6,237,662)
Special	893,410	0	38,202	0	(855,208)
Vocational	2,550	0	3,265	0	715
Support Services:					
Pupils	615,321	0	2,512	0	(612,809)
Instructional Staff	765,771	0	23,317	0	(742,454)
Board of Education	131,076	0	0	0	(131,076)
Administration	957,728	0	0	0	(957,728)
Fiscal	389,270	0	0	0	(389,270)
Business	85,168	21,172	0	0	(63,996)
Operation and Maintenance of Plant	1,029,538	13,362	0	0	(1,016,176)
Pupil Transportation	578,585	0	0	15,096	(563,489)
Central	6,125	0	5,000	0	(1,125)
Operation of Non-Instructional Services	191,545	0	223,300	0	31,755
Food Service Operations	288,615	199,229	32,600	0	(56,786)
Extracurricular Activities	456,313	32,820	8,529	0	(414,964)
Interest and Fiscal Charges	8,094	0	0	0	(8,094)
<i>Total Governmental Activities</i>	<u>\$12,683,285</u>	<u>\$307,495</u>	<u>\$342,327</u>	<u>\$15,096</u>	<u>(12,018,367)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
					9,977,545
					385,775
					1,685,801
					145,816
					<u>15,047</u>
					<u>12,209,984</u>
					191,617
					<u>4,681,605</u>
					<u>\$4,873,222</u>

See accompanying notes to the basic financial statements

**Independence Local School District**

*Balance Sheet  
Governmental Funds  
June 30, 2002*

	<u>General</u>	<u>Building</u>	<u>Permanent Improvement</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,531,360	\$14,995,266	\$133,898
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	208,000	0	0
Taxes Receivable	10,177,912	0	229,229
Accounts Receivable	10,752	0	0
Accrued Interest Receivable	17,171	0	0
Intergovernmental Receivable	0	0	0
Interfund Receivable	200	0	0
Prepaid Items	12,568	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	6,966	0	0
<i>Total Assets</i>	<u>\$11,964,929</u>	<u>\$14,995,266</u>	<u>\$363,127</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$22,709	\$0	\$12,494
Accrued Wages and Benefits	872,995	0	0
Interfund Payable	0	0	0
Intergovernmental Payable	167,228	0	0
Matured Compensated Absences Payable	191,231	0	0
Deferred Revenue	9,001,714	0	189,089
Accrued Interest Payable	0	19,010	0
Notes Payable	0	15,000,000	0
<i>Total Liabilities</i>	<u>10,255,877</u>	<u>15,019,010</u>	<u>201,583</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	253,731	1,957	32,685
Reserved for Property Taxes	1,176,198	0	40,140
Reserved for Budget Stabilization	208,000	0	0
Unreserved:			
Undesignated, Reported in:			
General Fund	71,123	0	0
Special Revenue Funds	0	0	0
Capital Projects Funds (Deficit)	0	(25,701)	88,719
<i>Total Fund (Deficit) Balances</i>	<u>1,709,052</u>	<u>(23,744)</u>	<u>161,544</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,964,929</u>	<u>\$14,995,266</u>	<u>\$363,127</u>

See accompanying notes to the basic financial statements

**Independence Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2002*

Other Governmental Funds	Total Governmental Funds
\$98,760	\$16,759,284
0	208,000
550,726	10,957,867
0	10,752
0	17,171
7,206	7,206
0	200
0	12,568
3,482	3,482
432	7,398
<u>\$660,606</u>	<u>\$27,983,928</u>
\$903	\$36,106
19,567	892,562
200	200
11,224	178,452
0	191,231
557,932	9,748,735
0	19,010
0	15,000,000
<u>589,826</u>	<u>26,066,296</u>
25,834	314,207
0	1,216,338
0	208,000
0	71,123
38,409	38,409
6,537	69,555
<u>70,780</u>	<u>1,917,632</u>
<u>\$660,606</u>	<u>\$27,983,928</u>

<b>Total Governmental Funds Balances</b>	<b>\$1,917,632</b>
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	4,003,265
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	283,209
Intergovernmental	<u>7,206</u>
Total	290,415
Compensated absences not due and payable in the current period and therefore are not reported in the funds.	(1,335,907)
The unamortized note premium increases notes payable on the statement of net assets while the entire premium is recognized as an other financing source in the fiscal year in which it is received in the governmental funds.	<u>(2,183)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$4,873,222</u></u>

**Independence Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2002*

	General	Building	Permanent Improvement
<b>Revenues</b>			
Property and Other Local Taxes	\$10,148,741	\$0	\$392,908
Intergovernmental	1,668,626	0	32,271
Interest	142,413	0	2,152
Tuition and Fees	33,612	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	13,362	0	0
Miscellaneous	8,103	0	0
<i>Total Revenues</i>	<u>12,014,857</u>	<u>0</u>	<u>427,331</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	5,856,193	0	0
Special	900,999	0	0
Support Services:			
Pupils	614,838	0	0
Instructional Staff	699,810	0	0
Board of Education	128,289	0	0
Administration	873,173	0	0
Fiscal	385,785	0	0
Business	143,652	0	0
Operation and Maintenance of Plant	1,046,395	0	0
Pupil Transportation	561,567	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Operation of Food Services	0	0	0
Extracurricular Activities	408,284	0	0
Capital Outlay	94,792	17,833	430,707
Debt Service:			
Interest and Fiscal Charges	0	19,010	0
<i>Total Expenditures</i>	<u>11,713,777</u>	<u>36,843</u>	<u>430,707</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>301,080</u>	<u>(36,843)</u>	<u>(3,376)</u>
<b>Other Financing Sources (Uses)</b>			
Note Premium	0	13,099	0
Transfers In	0	0	109,929
Transfers Out	(175,164)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(175,164)</u>	<u>13,099</u>	<u>109,929</u>
<i>Net Change in Fund Balances</i>	125,916	(23,744)	106,553
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,583,136</u>	<u>0</u>	<u>54,991</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,709,052</u>	<u>(\$23,744)</u>	<u>\$161,544</u>

See accompanying notes to the basic financial statements

**Independence Local School District**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2002*

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$231,158</b>
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$0	\$10,541,649	Governmental funds report capital outlays as expenditures.	
326,592	2,027,489	However, in the statement of activities, the cost of those	
1,251	145,816	assets is allocated over their estimated useful lives as	
7,300	40,912	depreciation expense. This is the amount by which capital	
53,992	53,992	outlays exceeded depreciation in the current period.	
8,529	8,529	Capital Outlay	544,535
199,229	199,229	Depreciation	<u>(393,187)</u>
0	13,362		
6,944	15,047	Total	151,348
<u>603,837</u>	<u>13,046,025</u>	Governmental funds only report disposal of fixed assets to the	
		extent proceeds are received from the sale. In the statement	
		of activities, a gain or a loss is reported for each disposal	(12,178)
25,241	5,881,434	Revenues in the statement of activities that do not provide	
34,092	935,091	current financial resources are not reported as revenues	
		in the funds.	
2,224	617,062	Property Taxes	(178,329)
12,270	712,080	Grants	<u>7,206</u>
0	128,289		
0	873,173	Total	(171,123)
0	385,785	Some expenses reported in the statement of activities do not	
17,181	160,833	require the use of current financial resources and therefore	
0	1,046,395	are not reported as an expenditure in governmental funds.	
0	561,567	Amortization of Premium	10,916
5,025	5,025	Compensated Absences	<u>(5,405)</u>
199,682	199,682		
280,954	280,954	Total	5,511
40,222	448,506	The note premium reported as an other financing source for	
29,748	573,080	the governmental funds is reported as an increase in the	
		note liability in the statement of net assets.	<u>(13,099)</u>
<u>0</u>	<u>19,010</u>	<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$191,617</u></u>
<u>646,639</u>	<u>12,827,966</u>		
<u>(42,802)</u>	<u>218,059</u>		
0	13,099		
65,235	175,164		
0	(175,164)		
<u>65,235</u>	<u>13,099</u>		
22,433	231,158		
<u>48,347</u>	<u>1,686,474</u>		
<u>\$70,780</u>	<u>\$1,917,632</u>		

**Independence Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Local Taxes	\$9,090,707	\$9,179,500	\$9,459,706	\$280,206
Intergovernmental	1,642,537	1,514,600	1,668,626	154,026
Interest	178,259	154,000	124,945	(29,055)
Tuition and Fees	4,952	25,000	36,721	11,721
Extracurricular Activities	19,807	0	0	0
Rentals	10,398	10,500	13,590	3,090
Miscellaneous	44,564	45,000	8,103	(36,897)
<i>Total Revenues</i>	10,991,224	10,928,600	11,311,691	383,091
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,733,649	5,733,899	5,598,710	135,189
Special	947,686	938,821	924,980	13,841
Support Services:				
Pupils	570,092	628,442	618,080	10,362
Instructional Staff	766,500	768,905	729,408	39,497
Board of Education	136,415	151,415	142,166	9,249
Administration	950,282	946,747	912,590	34,157
Fiscal	398,920	414,420	406,686	7,734
Business	170,481	171,281	148,144	23,137
Operation and Maintenance of Plant	1,065,069	1,176,069	1,096,101	79,968
Pupil Transportation	613,085	599,585	583,408	16,177
Extracurricular Activities	378,300	410,600	407,273	3,327
Capital Outlay	305,206	410,206	303,692	106,514
<i>Total Expenditures</i>	12,035,685	12,350,390	11,871,238	479,152
<i>Excess of Revenues Under Expenditures</i>	(1,044,461)	(1,421,790)	(559,547)	862,243
<b>Other Financing Uses</b>				
Advances Out	0	0	(200)	(200)
Transfers Out	(184,926)	(180,626)	(175,164)	5,462
<i>Total Other Financing Uses</i>	(184,926)	(180,626)	(175,364)	5,262
<i>Net Change in Fund Balance</i>	(1,229,387)	(1,602,416)	(734,911)	867,505
<i>Fund Balance Beginning of Year</i>	2,037,263	2,037,263	2,037,263	0
Prior Year Encumbrances Appropriated	160,271	160,271	160,271	0
<i>Fund Balance End of Year</i>	\$968,147	\$595,118	\$1,462,623	\$867,505

See accompanying notes to the basic financial statements

**Independence Local School District**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2002*

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	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets</b>		
Equity Pooled in Cash and Cash Equivalents	<u>\$8,138</u>	<u><u>\$89,398</u></u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u><u>\$89,398</u></u>
<b>Net Assets</b>		
Held in Trust for Scholarship	<u><u>\$8,138</u></u>	

See accompanying notes to the basic financial statements

**Independence Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Scholarship</u>
<b>Additions</b>	
Interest	\$209
 <b>Deductions</b>	
Scholarships Awarded	400
<i>Change in Net Assets</i>	(191)
 <i>Net Assets Beginning Year</i>	8,329
 <i>Net Assets End of Year</i>	\$8,138

See accompanying notes to the basic financial statements

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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### **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 authorized by its charter and further mandated by state and federal agencies.

The School District is located in Independence, Ohio, Cuyahoga County. The Board of Education controls the School District's four instructional/support facilities staffed by 75 classified employees and 86 certificated full-time teaching personnel who provide services to 1,069 students and other community members.

#### *Reporting Entity*

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure 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 and student related activities of the School District.

**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. These transactions are reported as a governmental activity of the School District.

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

The School District participates in the Lakeshore Northeast Ohio Computer Association, the Cuyahoga Valley Career Center, and the Ohio Schools' Council, which are defined as jointly governed organizations, the Suburban Health Consortium, which is a risk sharing pool and the Ohio School Boards Association Workers' Compensation Group Rating Plan which is an insurance purchasing pool. These organizations are presented in Notes 18 and 19 to the basic financial statements.

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

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and Interpretations issued on or before November 30, 1989, to its governmental activities

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

### ***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

### ***B. Fund Accounting***

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

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

***General Fund*** The general fund is 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.

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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***Building Fund*** The building fund received proceeds from a bond anticipation note for the construction, furnishing and equipping a new high school and the renovation and reconfiguration of the current high school into a middle school.

***Permanent Improvement Fund*** The permanent improvement fund accounts for property taxes used for the acquisition or construction of major capital facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

### ***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary fund assets and liabilities associated with the operation of the School District are included on the statement of net assets.

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

The private purpose trust fund is reported using the economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net assets. The statement of changes in fiduciary net asset presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

### ***D. Basis of Accounting***

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

## Independence Local School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

### ***E. Cash and Cash Equivalents***

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

During fiscal year 2002, the School District's investments were limited to STAROhio, Federal National Mortgage Association Notes, non-negotiable Certificates of Deposit and overnight repurchase agreements. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Certificates of deposit and repurchase agreements are reported at cost.

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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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, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$142,413, which includes \$127,465 assigned from other School District funds.

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

### ***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

### ***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

### ***H. Inventory***

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

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis and is recorded as an expenditure when used. Inventory in governmental funds consists of expendable supplies donated and purchased food.

### ***I. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Independence Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2002*

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

Description	Governmental Activities Estimated Lives
Land Improvement	20 years
Buildings and Improvements	50 years
Furniture and Equipment	5-10 years
Vehicles	10 years

***J. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "interfund receivables/payables." Interfund balances are eliminated in the governmental activities column of the statement of net assets.

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

***L. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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### ***M. Interfund Activity***

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

### ***N. Fund Balance Reserves***

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set-aside by State statute to protect against cyclical changes in revenues and expenditures.

### ***O. Net Assets***

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

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

### ***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2002.

### ***Q. 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.

### ***R. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level within each fund and function.

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

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

### **Note 3 - Change in Accounting Principle and Restatement of Fund Balance**

***Changes in Accounting Principles*** For fiscal year 2002, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus" GASB Statement No. 38, "Certain Financial Statement Note Disclosures" and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statement No. 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Fiduciary funds are reported by type.

On the government-wide financial statements, the beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2001, caused by the reclassification of funds based on the guidance provided in Statement No. 34 and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

**Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

**Restatement of Fund Balance** It was determined that funds previously reported as enterprise funds should be reclassified and reported as special revenue funds. The new standards for reporting fund obligations for compensated absences in Interpretation 6 also caused changes in previously reported fund balances. These restatements had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor</u>	<u>Totals</u>
Fund Balances, June 30, 2001	\$1,542,191	\$54,991	\$65,368	\$1,662,550
Fund Reclassification	0	0	(35,247)	(35,247)
Interfund Receivable/Payable	(2,400)	0	2,400	0
Interpretation 6:				
Compensated Absences Payable	<u>43,345</u>	<u>0</u>	<u>15,826</u>	<u>59,171</u>
Adjusted Fund Balance, June 30, 2001	<u>\$1,583,136</u>	<u>\$54,991</u>	<u>\$48,347</u>	1,686,474
GASB 34 Adjustments:				
Capital Assets				3,864,095
Compensated Absences				(1,330,502)
Long-Term (Deferred) Assets				<u>461,538</u>
Governmental Activities Net Assets, June 30, 2001				<u>\$4,681,605</u>

**Note 4 – Accountability and Compliance**

**A. Accountability**

Fund balances at June 30, 2002 included the following individuals fund deficits:

***Special Revenue Funds***

Educational Management Information Systems	\$25
Title VI	3,287
Food Service	16,302

***Capital Projects Fund***

Building	23,744
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The special revenue funds and the building capital projects fund deficits are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, rather than when accruals occur.

**B. Compliance**

The following funds had original appropriations in excess of estimated resources and carryover balances contrary to Section 5705.39, Revised Code: These were corrected by fiscal year end.

**Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<b><i>Special Revenue Funds</i></b>			
Athletics/District Managed	\$47,922	\$49,644	(\$1,722)
Food Service	245,069	259,314	(14,245)
<b><i>Capital Projects Fund</i></b>			
Permanent Improvement	540,049	559,334	(19,285)

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$125,916
Net Adjustment for Revenue Accruals	(703,463)
Unrecorded Cash	297
Net Adjustment for Expenditure Accruals	118,979
Advance Out	(200)
Adjustment for Encumbrances	<u>(276,440)</u>
Budget Basis	<u><u>(\$734,911)</u></u>

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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### **Note 6 - 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 deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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 deposited or invested in the following securities:

1. United States Treasury Notes, Bill, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above 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 marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);

**Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest 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 specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian

**Undeposited Cash** At year-end, the School District had \$400 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

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

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$6,752,706 and the bank balance was \$6,941,185. Of the bank balance:

1. \$432,786 was covered by federal depository insurance; and
2. \$6,508,399 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments** GASB Statement No. 3 requires the School District's investments are required to be 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. The School District invested in STAROhio during fiscal year 2002, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Market Value
	<u>          </u>	<u>          </u>	<u>          </u>
Repurchase Agreements	\$535,522	\$535,522	\$535,522
Federal National Mortgage Association Notes	2,938,873	2,938,873	2,938,873
STAROhio		6,837,319	6,837,319
Total	<u>\$3,474,395</u>	<u>\$10,311,714</u>	<u>\$10,311,714</u>

**Independence Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2002*

The classification of cash and cash equivalents, and investments on the fund financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$17,064,820	\$0
Investments which are part of the Cash Management Pool:		
Federal National Mortgage Association Notes	(2,938,873)	2,938,873
Repurchase Agreements	(535,522)	535,522
STAROhio	(6,837,319)	6,837,319
Cash on Hand	<u>(400)</u>	<u>0</u>
GASB Statement No. 3	<u>\$6,752,706</u>	<u>\$10,311,714</u>

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

## Independence Local School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$413,535,520	83.33%	\$430,253,880	84.01%
Public Utility Personal	24,740,020	4.99	18,013,390	3.52
Tangible Personal Property	57,941,478	11.68	63,851,343	12.49
Total	<u>\$496,217,018</u>	<u>100.00%</u>	<u>\$512,118,613</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$23.40		\$23.40	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits 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 semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Independence Local School District. The County Auditor periodically advances to the School District its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2003 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 are measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current fiscal year operations. The amount available to the School District as an advance at June 30, 2002 is recognized as revenue. At June 30, 2002, \$1,176,198 was available as an advance to the general fund and \$40,140 was available to the permanent improvement capital projects fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis, the revenue is deferred.

### Note 8 - Receivables

Receivables at June 30, 2002, consisted of taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. 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. All receivables are expected to be collected within one year.

**Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Title VI	\$5,298
Drug Free Schools	1,573
Title I	310
Class Size Reduction	<u>25</u>
Total	<u><u>\$7,206</u></u>

**Note 9 - Interfund Balances**

On the fund financial statements the general fund reported an interfund receivable at June 30, 2002 of \$200. The uniform school supplies special revenue fund had an interfund payable of the same amount. The loan was made to support programs and projects in the uniform school supplies special revenue fund.

**Note 10 - Interfund Transfers**

Transfers made during the year ended June 30, 2002 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$175,164
Permanent Improvement	109,929	
All other Governmental Funds	65,235	0
Total	<u><u>\$175,164</u></u>	<u><u>\$175,164</u></u>

These transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2002, was as follows:

	<u>Balance June 30, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
<b>Governmental Activities</b>				
<i>Nondepreciable Capital Assets</i>				
Land	<u>\$193,771</u>	<u>\$0</u>	<u>\$0</u>	<u>\$193,771</u>
<i>Depreciable Capital Assets</i>				
Land Improvements	181,600			181,600
Building and Improvements	5,112,066	95,206	0	5,207,272
Furniture and Equipment	2,043,963	322,401	23,400	2,342,964
Vehicles	<u>873,210</u>	<u>126,928</u>	<u>0</u>	<u>1,000,138</u>
<i>Total Capital Assets, being depreciated</i>	<u><u>\$8,210,839</u></u>	<u><u>\$544,535</u></u>	<u><u>\$23,400</u></u>	<u><u>\$8,731,974</u></u>

**Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

	Balance <u>June 30, 2001</u>	Additions	Deletions	Balance <u>June 30, 2002</u>
Less Accumulated Depreciation				
Land Improvements	(\$181,600)	\$0	\$0	(\$181,600)
Building and Improvements	(2,220,413)	(133,547)	0	(2,353,960)
Furniture and Equipment	(1,549,483)	(188,447)	(11,222)	(1,726,708)
Vehicles	<u>(589,019)</u>	<u>(71,193)</u>	<u>0</u>	<u>(660,212)</u>
<i>Total Accumulated Depreciation</i>	<u>(4,540,515)</u>	<u>(393,187)</u>	<u>(11,222)</u>	<u>(4,922,480)</u>
<i>Total Capital Assets, being depreciated, Net</i>	<u>3,670,324</u>	<u>151,348</u>	<u>12,178</u>	<u>3,809,494</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$3,864,095</u>	<u>\$151,348</u>	<u>\$12,178</u>	<u>\$4,003,265</u>

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

Instruction:	
Regular	\$214,904
Special	1,687
Support Services:	
Pupils	1,429
Instructional Staff	49,022
Board of Education	2,787
Administration	4,057
Fiscal	2,738
Business	13,403
Operation and Maintenance of Plant	11,516
Pupil Transportation	69,821
Operation of Non Instruction Services	9,738
Operation of Food Services	8,907
Extracurricular Activities	<u>3,178</u>
Total Depreciation Expense	<u>\$393,187</u>

**Note 12 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2002, the School District contracted with several companies for various types of insurance as follows:

**Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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Company	Type of Coverage	Coverage
Indiana Insurance Company	Property (\$1,000 deductible) Inland Marine (\$250 deductible)	\$23,850,000 1,755,000
Travelers Property Casualty	Boiler (\$1,000 deductible)	30,000,000
Ohio Casualty Insurance Company	Crime (\$1,000 deductible)	250,000
The Great American Insurance Company	General Liability: in aggregate (\$1,000 deductible) per occurrence (\$1,000 deductible)	5,000,000 1,000,000
Marsh USA, Inc.	Fleet Insurance, single limit (\$1,000 deductible)	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

***B. Workers' Compensation***

For fiscal year 2002, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP) an insurance purchasing pool (Note 19). 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 form 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 Gates McDonald & Company provide administrative, cost control and actuarial services to the GRP.

***C. Employee Health Benefits***

The School District participates in the Suburban Health Consortium, a shared risk pool (Note 19) to provide medical/surgical benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The School District's Board of Education pays the entire cost of a monthly premium. Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an exiting school district subsequent to the settlement of all expenses and claims.

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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### **Note 13 - Employee Benefits**

#### ***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service and hours worked. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Classified employees and administrators who earn vacation are paid for accumulated unused vacation time upon termination of employment. 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 thirty five percent of the total sick leave accumulated up to a maximum of 75 days for teachers and administrators and 68 days for classified employees.

#### ***B. Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Athem Life Insurance. The coverage varies with employees depending on negotiated agreements and benefit packages.

### **Note 14 - Defined Benefit Pension Plans**

#### ***A. School Employees Retirement System***

The School District contributes to the School Employees System of Ohio (SERS), a cost-sharing multiple employer defined pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$85,065, \$61,875, and \$74,213, respectively; which represents 100 percent for these years.

#### ***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$494,997, \$471,191, and \$270,016 respectively; which represents 100 percent for these years.

### ***C. Social Security System***

Effective July 1, 1991, employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/ State Teachers Retirement System of Ohio. As of June 30, 2002, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

### **Note 15 - Postemployment Benefits**

The School District provides comprehensive health care benefits 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. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$234,472 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. 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.

## Independence Local School District

Notes to the Basic Financial Statements  
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After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. 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 2002, the minimum pay has been established as \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2002 fiscal year equaled \$158,543.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

### Note 16 - Long Term Obligations

The changes in the School District's long-term obligations were during the year consist of the following:

	Principal Outstanding 06/30/01	Additions	Deletions	Principal Outstanding 06/30/02	Amounts Due in One Year
<b>Governmental Activities</b>					
Compensated Absences	<u>\$1,330,502</u>	<u>\$21,208</u>	<u>\$15,803</u>	<u>\$1,335,907</u>	<u>\$15,803</u>

Compensated absences will be paid from the general fund and the auxiliary services and food services special revenue funds.

### Note 17 - Notes Payable

The School District issued a \$15,000,000 bond anticipation note for the construction of a new high school at 2.5 percent during the fiscal year. The note was issued at a premium of \$13,099. This note is backed by the full faith and credit of the School District and will mature in one year. The note liability is reflected in the fund that received the proceeds.

### Note 18 - 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. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman, and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Educational Service Center serves as the fiscal agent of LNOCA. Each

## **Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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school district supports LNOCA based upon a per pupil charge dependent upon the software package used. Independence Local School District paid \$12,504 to LNOCA during fiscal year 2002. Financial information can be obtained by contacting the Treasurer of the fiscal agent, 5700 West Canal Road, Valley View, Ohio 44125.

***Cuyahoga Valley Career Center*** The Cuyahoga Valley Career Center (a joint vocational school district) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of representatives from each participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Cuyahoga Valley Career Center is not part of the School District and its operations are not included as part of the reporting entity. The School District did not make a contribution to Cuyahoga Valley Career Center during fiscal year 2002. Financial information can be obtained by contacting the Treasurer at the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville Ohio 44141.

***Ohio Schools' Council*** The Ohio Schools' Council (OSC) is a jointly governed organization among ninety-one 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 an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district limited to its representation on the Board. In fiscal year 2002, the School District paid \$800 to the Council. Financial information can be obtained by contacting Albert Vasek, Executive Secretary/Treasurer, Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program, which was implemented during fiscal year 1998 and the natural gas program which was implemented during fiscal year 2000.

The electric purchase 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.

The natural gas program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each November these estimates are compared to their actual usage for the year and any necessary adjustments are made.

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

**Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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**Note 19 – Public Entity Risk Pools**

***A. Risk Sharing Pool***

The Suburban Health Consortium is a shared health risk pool created pursuant to State statute for the purpose of administering health care benefits. The council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the participating school districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part at any time for their school district. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance of the terms of the contract.

***B. Insurance Purchasing Pool***

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

**Note 20 - Contingencies**

***A. 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, 2002.

***B. Litigation***

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

**Note 21 - Set asides**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continue to be set aside.

## Independence Local School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

	Textbook Instructional Materials Reserve	Capital Improvements Reserve	Budget Stabilization Reserve
Set-aside Reserve Balance as of June 30,2001	(\$336,401)	\$0	\$208,000
Current Year Set-aside Requirement	144,882	144,882	0
Qualifying Disbursements	(356,757)	(409,021)	0
Total	(\$211,875)	(\$264,139)	\$0
Set-aside Balance Carried Forward to Future Fiscal Years	(\$548,276)	\$0	\$208,000
Set-aside Reserve Balance as of June 30, 2002	\$0	\$0	\$208,000

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This amount may be used to reduce the set-aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. These negative balances are therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$208,000.

### Note 22 – State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

**Independence Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002*

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The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**Note 23 – Subsequent Event**

On August 6, 2002, the School District passed a 1.25 mill levy for five years for the purpose of various permanent improvements.

**Combining Statements and  
Individual Fund Schedules**

## ***Combining Statements-Nonmajor Funds***

### ***Nonmajor Special Revenue Funds***

The Special Revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purpose. Following is a description of the School District's nonmajor special revenue funds:

***Public School Support Fund*** - This fund accounts for school site sales revenue and expenditures for assemblies, and other activity costs.

***Other Grants Fund*** - This fund accounts for monies received to promote community involvement and to support activities between the school and community.

***Athletics/District Managed Fund*** - This fund accounts for gate receipts and other revenues from athletic events and costs (except supplemental coaching contracts) of the athletic program, including transportation.

***Auxiliary Services Fund*** - This fund accounts for State grant monies that provide services and materials to pupils attending non-public schools within the School District.

***Teacher Development Fund*** - This fund accounts for State monies used to provide seminars and workshops for staff development.

***Educational Management Information Systems Fund*** - This fund accounts for State monies which support the costs associated with the requirements of the management information system.

***Data Communications Fund*** - This fund accounts for State monies provided for Ohio Educational Computer Network connections.

***SchoolNet Professional Development Fund*** - This fund accounts for State monies to assist staff in gaining knowledge of technology.

***Safe School Helpline Fund*** - This fund accounts for State monies used to provide a secured environment for the students.

***Eisenhower Math and Science Fund*** - This fund accounts for State monies used to improve the skills of teachers and the quality of instruction in mathematics, science, and computer learning.

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

***Title VI Fund*** - This fund accounts for Federal monies which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

***Class Size Reduction Fund*** - This fund accounts for federal monies used to reduce class sizes in elementary schools.

(continued)

***Combining Statements-Nonmajor Funds (continued)***

***Nonmajor Special Revenue Fund***

***Drug Free Schools Fund*** - This fund accounts for Federal monies which support the implementation of programs for drug abuse education and prevention.

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

***Uniform School Supplies Fund*** - This fund accounts for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes of activities connected with the school

***Nonmajor Debt Service Fund***

***Bond Retirement Fund*** – This fund accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.

***Nonmajor Capital Projects Fund***

Capital projects funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary funds.

***SchoolNet Plus Fund*** - This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

***Interactive Video Distance Learning Fund*** – This fund accounts for State monies used to finance the interactive video distance learning project.

**Independence Local School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2002*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$87,923	\$0	\$10,837	\$98,760
Taxes Receivable	0	550,726	0	550,726
Intergovernmental Receivable	7,206	0	0	7,206
Inventory Held for Resale	3,482	0	0	3,482
Materials and Supplies Inventory	432	0	0	432
<i>Total Assets</i>	<u>\$99,043</u>	<u>\$550,726</u>	<u>\$10,837</u>	<u>\$660,606</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$903	\$0	\$0	\$903
Accrued Wages and Benefits	19,567	0	0	19,567
Interfund Payable	200	0	0	200
Intergovernmental Payable	11,224	0	0	11,224
Deferred Revenue	7,206	550,726	0	557,932
<i>Total Liabilities</i>	<u>39,100</u>	<u>550,726</u>	<u>0</u>	<u>589,826</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	21,534	0	4,300	25,834
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	38,409	0	0	38,409
Capital Projects Funds	0	0	6,537	6,537
<i>Total Fund Balances</i>	<u>59,943</u>	<u>0</u>	<u>10,837</u>	<u>70,780</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$99,043</u>	<u>\$550,726</u>	<u>\$10,837</u>	<u>\$660,606</u>

**Independence Local School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2002*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$317,892	\$8,700	\$326,592
Interest	1,251	0	1,251
Tuition and Fees	7,300	0	7,300
Extracurricular Activities	53,992	0	53,992
Contributions and Donations	8,529	0	8,529
Charges for Services	199,229	0	199,229
Miscellaneous	6,944	0	6,944
<i>Total Revenues</i>	<u>595,137</u>	<u>8,700</u>	<u>603,837</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	25,241	0	25,241
Special	34,092	0	34,092
Support Services:			
Pupils	2,224	0	2,224
Instructional Staff	12,270	0	12,270
Business	17,181	0	17,181
Central	5,025	0	5,025
Operation of Non-Instructional Services	199,682	0	199,682
Operation of Food Service	280,954	0	280,954
Extracurricular Activities	40,222	0	40,222
Capital Outlay	0	29,748	29,748
<i>Total Expenditures</i>	<u>616,891</u>	<u>29,748</u>	<u>646,639</u>
<i>Excess of Revenues Under Expenditures</i>	(21,754)	(21,048)	(42,802)
<b>Other Financing Sources</b>			
Transfers In	65,235	0	65,235
<i>Net Change in Fund Balances</i>	43,481	(21,048)	22,433
<i>Fund Balances Beginning of Year</i>	<u>16,462</u>	<u>31,885</u>	<u>48,347</u>
<i>Fund Balances End of Year</i>	<u><u>\$59,943</u></u>	<u><u>\$10,837</u></u>	<u><u>\$70,780</u></u>

**Independence Local School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2002*

	Public School Support	Other Grants	Athletics/ District Managed	Auxiliary Services
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$18,091	\$11,719	\$13,717	\$31,607
Intergovernmental Receivable	0	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$18,091</u>	<u>\$11,719</u>	<u>\$13,717</u>	<u>\$31,607</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$24	\$275	\$500	\$104
Accrued Wages and Benefits	0	0	0	5,851
Interfund Payable	0	0	0	0
Intergovernmental Payable	0	0	0	1,298
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>24</u>	<u>275</u>	<u>500</u>	<u>7,253</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	318	13	13,840	7,253
Unreserved, Undesignated (Deficit)	17,749	11,431	(623)	17,101
<i>Total Fund Balances (Deficit)</i>	<u>18,067</u>	<u>11,444</u>	<u>13,217</u>	<u>24,354</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$18,091</u>	<u>\$11,719</u>	<u>\$13,717</u>	<u>\$31,607</u>

<u>Educational Management Information Systems</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Safe School Helpline</u>	<u>Eisenhower Math and Science</u>
\$0	\$3,383	\$3,957	\$978	\$2,313
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$0</u>	<u>\$3,383</u>	<u>\$3,957</u>	<u>\$978</u>	<u>\$2,313</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
25	0	0	0	0
0	0	0	0	0
<u>25</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	110	0	0
(25)	3,383	3,847	978	2,313
<u>(25)</u>	<u>3,383</u>	<u>3,957</u>	<u>978</u>	<u>2,313</u>
<u>\$0</u>	<u>\$3,383</u>	<u>\$3,957</u>	<u>\$978</u>	<u>\$2,313</u>

(continued)

**Independence Local School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2002*

	Title I	Title VI	Class Size Reduction	Drug Free Schools Grant
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$49	\$39	\$1,510	\$458
Intergovernmental Receivable	310	5,298	25	1,573
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$359</u>	<u>\$5,337</u>	<u>\$1,535</u>	<u>\$2,031</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	2,685	0	0
Interfund Payable	0	200	0	0
Intergovernmental Payable	38	441	208	0
Deferred Revenue	310	5,298	25	1,573
<i>Total Liabilities</i>	<u>348</u>	<u>8,624</u>	<u>233</u>	<u>1,573</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	11	(3,287)	1,302	458
<i>Total Fund Balances (Deficit)</i>	<u>11</u>	<u>(3,287)</u>	<u>1,302</u>	<u>458</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$359</u>	<u>\$5,337</u>	<u>\$1,535</u>	<u>\$2,031</u>

<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$29	\$73	\$87,923
0	0	7,206
3,482	0	3,482
<u>432</u>	<u>0</u>	<u>432</u>
<u>\$3,943</u>	<u>\$73</u>	<u>\$99,043</u>
\$0	\$0	\$903
11,031	0	19,567
0	0	200
9,214	0	11,224
<u>0</u>	<u>0</u>	<u>7,206</u>
<u>20,245</u>	<u>0</u>	<u>39,100</u>
0	0	21,534
<u>(16,302)</u>	<u>73</u>	<u>38,409</u>
<u>(16,302)</u>	<u>73</u>	<u>59,943</u>
<u>\$3,943</u>	<u>\$73</u>	<u>\$99,043</u>

**Independence Local School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2002*

	Public School Support	Other Grants	Athletics/ District Managed	Auxiliary Services
<b>Revenues</b>				
Intergovernmental	\$0	\$9,070	\$0	\$223,300
Interest	0	0	244	1,007
Tuition and Fees	0	0	0	0
Extracurricular Activities	21,172	0	32,820	0
Contributions and Donations	0	0	8,529	0
Charges for Services	0	0	0	0
Miscellaneous	0	0	4,162	0
<i>Total Revenues</i>	<u>21,172</u>	<u>9,070</u>	<u>45,755</u>	<u>224,307</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	4,441	0	0
Special	0	2,550	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Business	17,181	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	0	199,682
Operation of Food Services	0	0	0	0
Extracurricular Activities	0	0	40,222	0
<i>Total Expenditures</i>	<u>17,181</u>	<u>6,991</u>	<u>40,222</u>	<u>199,682</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,991	2,079	5,533	24,625
<b>Other Financing Sources</b>				
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	3,991	2,079	5,533	24,625
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>14,076</u>	<u>9,365</u>	<u>7,684</u>	<u>(271)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$18,067</u></u>	<u><u>\$11,444</u></u>	<u><u>\$13,217</u></u>	<u><u>\$24,354</u></u>

<u>Teacher Development</u>	<u>Educational Management Information Systems</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Safe School Helpline</u>
\$0	\$5,000	\$10,500	\$3,142	\$978
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>5,000</u>	<u>10,500</u>	<u>3,142</u>	<u>978</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	1,098
190	0	9,180	2,185	0
0	0	0	0	0
0	5,025	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>190</u>	<u>5,025</u>	<u>9,180</u>	<u>2,185</u>	<u>1,098</u>
(190)	(25)	1,320	957	(120)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(190)	(25)	1,320	957	(120)
<u>190</u>	<u>0</u>	<u>2,063</u>	<u>3,000</u>	<u>1,098</u>
<u>\$0</u>	<u>(\$25)</u>	<u>\$3,383</u>	<u>\$3,957</u>	<u>\$978</u>

(continued)

**Independence Local School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Fiscal Year Ended June 30, 2002*

	Eisenhower Math and Science	Title I	Title VI	Class Size Reduction
<b>Revenues</b>				
Intergovernmental	\$2,791	\$13,059	\$2,164	\$11,541
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>2,791</u>	<u>13,059</u>	<u>2,164</u>	<u>11,541</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	2,472	0	0	0
Special	0	16,648	5,451	9,443
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Business	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Operation of Food Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>2,472</u>	<u>16,648</u>	<u>5,451</u>	<u>9,443</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	319	(3,589)	(3,287)	2,098
<b>Other Financing Sources</b>				
Transfers In	0	8,622	490	23
<i>Net Change in Fund Balances</i>	319	5,033	(2,797)	2,121
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>1,994</u>	<u>(5,022)</u>	<u>(490)</u>	<u>(819)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$2,313</u></u>	<u><u>\$11</u></u>	<u><u>(\$3,287)</u></u>	<u><u>\$1,302</u></u>

<u>Drug Free Schools</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$3,747	\$32,600	\$0	\$317,892
0	0	0	1,251
0	0	7,300	7,300
0	0	0	53,992
0	0	0	8,529
0	199,229	0	199,229
0	2,782	0	6,944
<u>3,747</u>	<u>234,611</u>	<u>7,300</u>	<u>595,137</u>
2,063	0	16,265	25,241
0	0	0	34,092
1,126	0	0	2,224
715	0	0	12,270
0	0	0	17,181
0	0	0	5,025
0	0	0	199,682
0	280,954	0	280,954
0	0	0	40,222
<u>3,904</u>	<u>280,954</u>	<u>16,265</u>	<u>616,891</u>
(157)	(46,343)	(8,965)	(21,754)
<u>0</u>	<u>47,100</u>	<u>9,000</u>	<u>65,235</u>
(157)	757	35	43,481
<u>615</u>	<u>(17,059)</u>	<u>38</u>	<u>16,462</u>
<u>\$458</u>	<u>(\$16,302)</u>	<u>\$73</u>	<u>\$59,943</u>

**Independence Local School District**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*June 30, 2002*

	SchoolNet Plus	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$19	\$10,818	\$10,837
<b>Liabilities</b>			
	\$0	\$0	\$0
<b>Fund Balances</b>			
Reserved for Encumbrances	0	4,300	4,300
Unreserved, Undesignated	19	6,518	6,537
<i>Total Fund Balances</i>	19	10,818	10,837
<i>Total Liabilities and Fund Balances</i>	\$19	\$10,818	\$10,837

**Independence Local School District**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*

*Nonmajor Capital Projects Funds*

*For the Fiscal Year Ended June 30, 2002*

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	SchoolNet Plus	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Intergovernmental	\$0	\$8,700	\$8,700
<b>Expenditures</b>			
Capital Outlay	25,481	4,267	29,748
<i>Net Change in Fund Balances</i>	(25,481)	4,433	(21,048)
<i>Fund Balances Beginning of Year</i>	25,500	6,385	31,885
<i>Fund Balances End of Year</i>	\$19	\$10,818	\$10,837

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**Independence Local School District**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Fiscal Year Ended June 30, 2002*

	Balance 06/30/01	Additions	Deductions	Balance 06/30/02
<b>District Agency</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$135	\$23,381	\$23,516	\$0
<b>Liabilities</b>				
Undistributed Monies	\$135	\$23,381	\$23,516	\$0
 <b>Student Managed Activities</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$70,085	\$227,870	\$208,557	\$89,398
<b>Liabilities</b>				
Undistributed Monies				
Due to Students	\$70,085	\$227,870	\$208,557	\$89,398
 <b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$70,220	\$479,121	\$440,630	\$89,398
<b>Liabilities</b>				
Undistributed Monies	\$135	\$23,381	\$23,516	\$0
Due to Students	70,085	227,870	208,557	89,398
<i>Total Liabilities</i>	\$70,220	\$251,251	\$232,073	\$89,398

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

**Independence Local School District**  
*Schedule Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Local Taxes	\$9,090,707	\$9,179,500	\$9,459,706	\$280,206
Intergovernmental	1,642,537	1,514,600	1,668,626	154,026
Interest	178,259	154,000	124,945	(29,055)
Tuition and Fees	4,952	25,000	36,721	11,721
Extracurricular Activities	19,807	0	0	0
Rentals	10,398	10,500	13,590	3,090
Miscellaneous	44,564	45,000	8,103	(36,897)
<i>Total Revenues</i>	10,991,224	10,928,600	11,311,691	383,091
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	4,120,000	4,143,000	4,142,130	870
Fringe Benefits	1,319,850	1,296,850	1,198,490	98,360
Purchased Services	46,884	47,284	40,350	6,934
Materials and Supplies	199,304	199,754	183,757	15,997
Capital Outlay - New	46,161	45,561	32,984	12,577
Other	1,450	1,450	999	451
Total Regular	5,733,649	5,733,899	5,598,710	135,189
Special:				
Salaries and Wages	66,000	77,100	76,795	305
Fringe Benefits	15,300	17,335	16,325	1,010
Purchased Services	839,275	817,275	813,580	3,695
Materials and Supplies	17,111	17,611	15,316	2,295
Capital Outlay - New	10,000	9,500	2,964	6,536
Total Special	947,686	938,821	924,980	13,841
Total Instruction	\$6,681,335	\$6,672,720	\$6,523,690	\$149,030

(continued)

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Support Services:				
Pupils:				
Salaries and Wages	\$319,900	\$322,100	\$322,030	\$70
Fringe Benefits	94,100	91,900	91,560	340
Purchased Services	140,178	197,828	188,362	9,466
Materials and Supplies	15,914	16,614	16,128	486
<b>Total Pupils</b>	<b>570,092</b>	<b>628,442</b>	<b>618,080</b>	<b>10,362</b>
Instructional Staff:				
Salaries and Wages	444,700	444,700	435,085	9,615
Fringe Benefits	168,020	168,020	155,553	12,467
Purchased Services	57,427	57,247	44,516	12,731
Materials and Supplies	45,853	48,338	43,699	4,639
Capital Outlay - New	50,000	50,100	50,082	18
Other	500	500	473	27
<b>Total Instructional Staff</b>	<b>766,500</b>	<b>768,905</b>	<b>729,408</b>	<b>39,497</b>
Board of Education:				
Salaries and Wages	10,000	12,200	12,080	120
Fringe Benefits	1,200	2,000	1,866	134
Purchased Services	111,163	121,163	117,840	3,323
Materials and Supplies	4,552	6,552	6,138	414
Other	9,500	9,500	4,242	5,258
<b>Total Board of Education</b>	<b>136,415</b>	<b>151,415</b>	<b>142,166</b>	<b>9,249</b>
Administration:				
Salaries and Wages	647,000	646,600	644,401	2,199
Fringe Benefits	257,250	254,515	237,804	16,711
Purchased Services	15,636	14,736	7,738	6,998
Materials and Supplies	14,281	14,781	13,729	1,052
Other	16,115	16,115	8,918	7,197
<b>Total Administration</b>	<b>\$950,282</b>	<b>\$946,747</b>	<b>\$912,590</b>	<b>\$34,157</b>

(continued)

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fiscal:				
Salaries and Wages	\$174,600	\$174,600	\$174,084	\$516
Fringe Benefits	58,900	58,900	57,104	1,796
Purchased Services	3,105	9,605	9,388	217
Materials and Supplies	4,015	4,215	3,561	654
Capital Outlay - Replacement	4,500	3,500	3,479	21
Other	153,800	163,600	159,070	4,530
<b>Total Fiscal</b>	<b>398,920</b>	<b>414,420</b>	<b>406,686</b>	<b>7,734</b>
Business:				
Purchased Services	153,108	153,408	130,529	22,879
Materials and Supplies	17,373	17,873	17,615	258
<b>Total Business</b>	<b>170,481</b>	<b>171,281</b>	<b>148,144</b>	<b>23,137</b>
Operation and Maintenance of Plant:				
Salaries and Wages	445,800	447,800	447,384	416
Fringe Benefits	149,320	149,320	138,626	10,694
Purchased Services	369,336	475,336	417,187	58,149
Materials and Supplies	95,613	98,613	92,904	5,709
Capital Outlay - New	5,000	5,000	0	5,000
<b>Total Operation and Maintenance of Plant</b>	<b>1,065,069</b>	<b>1,176,069</b>	<b>1,096,101</b>	<b>79,968</b>
Pupil Transportation:				
Salaries and Wages	303,500	331,500	330,868	632
Fringe Benefits	78,457	83,957	83,874	83
Purchased Services	123,570	93,370	86,169	7,201
Materials and Supplies	77,558	75,662	67,401	8,261
Capital Outlay - Replacement	15,000	15,096	15,096	0
Other	15,000	0	0	0
<b>Total Pupil Transportation</b>	<b>613,085</b>	<b>599,585</b>	<b>583,408</b>	<b>16,177</b>
<b>Total Support Services</b>	<b>\$4,670,844</b>	<b>\$4,856,864</b>	<b>\$4,636,583</b>	<b>\$220,281</b>

(continued)

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries and Wages	\$68,500	\$77,800	\$77,800	\$0
Fringe Benefits	10,500	10,500	8,328	2,172
Other	2,000	3,400	3,155	245
Total Academic Oriented Activities	<u>81,000</u>	<u>91,700</u>	<u>89,283</u>	<u>2,417</u>
Sports Oriented Activities:				
Salaries and Wages	236,900	259,200	259,131	69
Fringe Benefits	39,400	37,100	36,700	400
Purchased Services	20,000	22,500	22,064	436
Materials and Supplies	1,000	100	95	5
Total Sport Oriented Activities	<u>297,300</u>	<u>318,900</u>	<u>317,990</u>	<u>910</u>
Total Extracurricular Activities	<u>378,300</u>	<u>410,600</u>	<u>407,273</u>	<u>3,327</u>
Capital Outlay:				
Site Improvement:				
Capital Outlay - New	95,000	208,000	208,000	0
Building Improvement:				
Capital Outlay - New	210,206	202,206	95,692	106,514
Total Capital Outlay	<u>305,206</u>	<u>410,206</u>	<u>303,692</u>	<u>106,514</u>
<i>Total Expenditures</i>	<u>12,035,685</u>	<u>12,350,390</u>	<u>11,871,238</u>	<u>479,152</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,044,461)</u>	<u>(1,421,790)</u>	<u>(559,547)</u>	<u>862,243</u>
<b>Other Financing Uses</b>				
Advances Out	0	0	(200)	(200)
Transfers Out	(184,926)	(180,626)	(175,164)	5,462
<i>Total Other Financing Uses</i>	<u>(184,926)</u>	<u>(180,626)</u>	<u>(175,364)</u>	<u>5,262</u>
<i>Net Change in Fund Balance</i>	(1,229,387)	(1,602,416)	(734,911)	867,505
<i>Fund Balance Beginning of Year</i>	2,037,263	2,037,263	2,037,263	0
Prior Year Encumbrances Appropriated	<u>160,271</u>	<u>160,271</u>	<u>160,271</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$968,147</u>	<u>\$595,118</u>	<u>\$1,462,623</u>	<u>\$867,505</u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Building Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay:				
Architect/Engineering:				
Purchased Services	500,000	500,000	19,790	480,210
<i>Excess of Revenues Under Expenditures</i>	(500,000)	(500,000)	(19,790)	480,210
<b>Other Financing Sources</b>				
Proceeds of Notes	15,000,000	15,000,000	15,000,000	0
<i>Net Change in Fund Balance</i>	14,500,000	14,500,000	14,980,210	480,210
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$14,500,000</u>	<u>\$14,500,000</u>	<u>\$14,980,210</u>	<u>\$480,210</u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Local Taxes	\$363,747	\$353,500	\$369,393	\$15,893
Intergovernmental	32,400	32,400	32,271	(129)
Interest	10,000	0	2,152	2,152
<b>Total Revenues</b>	406,147	385,900	403,816	17,916
<b>Expenditures</b>				
Current:				
Instruction:				
Materials and Supplies	20,000	20,000	17,405	2,595
Capital Outlay - New	113,699	114,204	112,186	2,018
Capital Outlay - Replacement	7,200	6,940	6,933	7
Total Instruction	140,899	141,144	136,524	4,620
Support Services:				
Instructional Staff:				
Capital Outlay - New	10,500	12,010	12,010	0
Administration:				
Capital Outlay - Replacement	260	260	258	2
Operation and Maintenance:				
Purchased Services	75,930	73,430	73,382	48
Capital Outlay - New	7,679	19,517	18,962	555
Capital Outlay - Replacement	62,000	78,362	78,362	0
Total Operation and Maintenance	145,609	171,309	170,706	603
Public Transportation:				
Capital Outlay - New	85,652	93,652	78,516	15,136
Total Support Services	\$242,021	\$277,231	\$261,490	\$15,741

(continued)

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund (continued)*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Capital Outlay:				
Architecture and Engineering Services:				
Purchased Services	\$7,590	\$7,590	\$7,565	\$25
Building Improvement Services				
Capital Outlay - New	168,824	167,624	153,349	14,275
Total Capital Outlay	<u>176,414</u>	<u>175,214</u>	<u>160,914</u>	<u>14,300</u>
<i>Total Expenditures</i>	<u>559,334</u>	<u>593,589</u>	<u>558,928</u>	<u>34,661</u>
<i>Excess of Revenues Under Expenditures</i>	(153,187)	(207,689)	(155,112)	52,577
<b>Other Financing Sources</b>				
Transfers In	<u>0</u>	<u>124,300</u>	<u>109,929</u>	<u>(14,371)</u>
<i>Net Change in Fund Balance</i>	(153,187)	(83,389)	(45,183)	38,206
<i>Fund Balance Beginning of Year</i>	(25,942)	(25,942)	(25,942)	0
Prior Year Encumbrances Appropriated	<u>159,844</u>	<u>159,844</u>	<u>159,844</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$19,285)</u></u>	<u><u>\$50,513</u></u>	<u><u>\$88,719</u></u>	<u><u>\$38,206</u></u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Extracurricular Activities	\$17,000	\$20,000	\$21,172	\$1,172
<b>Expenditures</b>				
Current:				
Support Services:				
Business:				
Other	29,780	25,530	17,303	8,227
<i>Net Change in Fund Balance</i>	(12,780)	(5,530)	3,869	9,399
<i>Fund Balance Beginning of Year</i>	13,100	13,100	13,100	0
Prior Year Encumbrances Appropriated	780	780	780	0
<i>Fund Balance (Deficit) End of Year</i>	\$1,100	\$8,350	\$17,749	\$9,399

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Other Grants Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$6,080	\$9,000	\$9,070	\$70
<b>Expenditures</b>				
Current:				
Instruction:				
Regular Instruction				
Purchased Services	500	3,775	3,774	1
Materials and Supplies	500	600	600	0
Capital Outlay - New	500	0	0	0
Other	500	0	0	0
Total Regular Instruction	2,000	4,375	4,374	1
Special Instruction				
Purchased Services	500	2,560	2,552	8
Materials and Supplies	500	0	0	0
Total Special Instruction	1,000	2,560	2,552	8
Total Instruction	3,000	6,935	6,926	9
Support Services:				
Instructional Staff:				
Materials and Supplies	100	90	78	12
Total Expenditures	3,100	7,025	7,004	21
Excess of Revenues Over Expenditures	2,980	1,975	2,066	91
<b>Other Financing Uses</b>				
Transfers Out	(400)	0	0	0
Net Change in Fund Balance	2,580	1,975	2,066	91
Fund Balance Beginning of Year	9,365	9,365	9,365	0
Fund Balance End of Year	\$11,945	\$11,340	\$11,431	\$91

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Athletics/District Managed Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$1,000	\$1,000	\$244	(\$756)
Tuition and Fees	800	800	0	(800)
Extracurricular Activities	26,200	28,000	32,820	4,820
Contributions and Donations	2,000	9,300	8,529	(771)
Miscellaneous	8,000	8,700	4,162	(4,538)
<i>Total Revenues</i>	38,000	47,800	45,755	(2,045)
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Sports Oriented Activities:				
Purchased Services	16,333	15,083	14,205	878
Materials and Supplies	30,337	34,937	33,687	1,250
Capital Outlay - New	2,974	7,424	7,408	16
<i>Total Expenditures</i>	49,644	57,444	55,300	2,144
<i>Net Change in Fund Balance</i>	(11,644)	(9,644)	(9,545)	99
<i>Fund Balance Beginning of Year</i>	2,278	2,278	2,278	0
Prior Year Encumbrances Appropriated	7,644	7,644	7,644	0
<i>Fund Balance (Deficit) End of Year</i>	(\$1,722)	\$278	\$377	\$99

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auxiliary Services Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$211,027	\$223,300	\$223,300	\$0
Interest	2,500	700	1,007	307
<i>Total Revenues</i>	<u>213,527</u>	<u>224,000</u>	<u>224,307</u>	<u>307</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	35,700	36,700	36,111	589
Fringe Benefits	5,800	6,300	5,952	348
Purchased Services	72,397	83,397	81,939	1,458
Materials and Supplies	88,526	105,876	84,357	21,519
Other	8,000	0	0	0
<i>Total Expenditures</i>	<u>210,423</u>	<u>232,273</u>	<u>208,359</u>	<u>23,914</u>
<i>Net Change in Fund Balance</i>	3,104	(8,273)	15,948	24,221
<i>Fund Balance Beginning of Year</i>	3,379	3,379	3,379	0
Prior Year Encumbrances Appropriated	4,923	4,923	4,923	0
<i>Fund Balance End of Year</i>	<u>\$11,406</u>	<u>\$29</u>	<u>\$24,250</u>	<u>\$24,221</u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Teacher Development Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	0	17	17	0
Purchased Services	<u>590</u>	<u>573</u>	<u>573</u>	<u>0</u>
<i>Total Expenditures</i>	<u>590</u>	<u>590</u>	<u>590</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(590)	(590)	(590)	0
<i>Fund Balance Beginning of Year</i>	188	188	188	0
Prior Year Encumbrances Appropriated	<u>402</u>	<u>402</u>	<u>402</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Educational Management Information Systems Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Salaries and Wages	4,400	4,400	4,400	0
Fringe Benefits	600	600	600	0
<i>Total Expenditures</i>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Data Communications Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$10,500	\$10,500	\$10,500	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	7,312	16,500	13,117	3,383
<i>Net Change in Fund Balance</i>	3,188	(6,000)	(2,617)	3,383
<i>Fund Balance Beginning of Year</i>	6,000	6,000	6,000	0
<i>Fund Balance (Deficit) End of Year</i>	\$9,188	\$0	\$3,383	\$3,383

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*School Net Professional Development*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$3,142	\$3,142	\$3,142	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	3,600	3,600	2,895	705
<i>Net Change in Fund Balance</i>	(458)	(458)	247	705
<i>Fund Balance Beginning of Year</i>	3,000	3,000	3,000	0
Prior Year Encumbrances Appropriated	600	600	600	0
<i>Fund Balance End of Year</i>	\$3,142	\$3,142	\$3,847	\$705

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Safe Schools Helpline Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$978	\$978	\$978	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Purchased Services	1,098	1,098	1,098	0
<i>Net Change in Fund Balance</i>	(120)	(120)	(120)	0
<i>Fund Balance Beginning of Year</i>	1,098	1,098	1,098	0
<i>Fund Balance End of Year</i>	<u>\$978</u>	<u>\$978</u>	<u>\$978</u>	<u>\$0</u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Eisenhower Math and Science Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$3,349	\$3,349	\$2,791	(\$558)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	3,753	3,753	1,882	1,871
Materials and Supplies	1,745	1,745	995	750
<i>Total Expenditures</i>	5,498	5,498	2,877	2,621
<i>Net Change in Fund Balance</i>	(2,149)	(2,149)	(86)	2,063
<i>Fund Balance Beginning of Year</i>	1,994	1,994	1,994	0
Prior Year Encumbrances Appropriated	405	405	405	0
<i>Fund Balance End of Year</i>	\$250	\$250	\$2,313	\$2,063

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title I Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$41,097	\$41,097	\$13,059	(\$28,038)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	39,549	39,549	18,758	20,791
Fringe Benefits	6,089	6,595	2,899	3,696
<i>Total Expenditures</i>	<u>45,638</u>	<u>46,144</u>	<u>21,657</u>	<u>24,487</u>
<i>Excess of Revenues Under Expenditures</i>	(4,541)	(5,047)	(8,598)	(3,551)
<b>Other Financing Sources</b>				
Transfers In	4,516	5,022	8,622	3,600
<i>Net Change in Fund Balance</i>	(25)	(25)	24	49
<i>Fund Balance Beginning of Year</i>	<u>25</u>	<u>25</u>	<u>25</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$49</u>	<u>\$49</u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$7,462	\$7,566	\$2,164	(\$5,402)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	7,117	7,117	4,713	2,404
Fringe Benefits	1,155	1,259	728	531
Total Instruction	8,272	8,376	5,441	2,935
Operation of Non-Instructional Services:				
Community Services:				
Capital Outlay - New	2,202	2,202	0	2,202
<i>Total Expenditures</i>	10,474	10,578	5,441	5,137
<i>Excess of Revenues Under Expenditures</i>	(3,012)	(3,012)	(3,277)	(265)
<b>Other Financing Sources</b>				
Advances In	0	0	200	200
Transfers In	386	386	490	104
<i>Total Other Financing Sources (Uses)</i>	386	386	690	304
<i>Net Change in Fund Balance</i>	(2,626)	(2,626)	(2,587)	39
<i>Fund Balance Beginning of Year</i>	2,626	2,626	2,626	0
<i>Fund Balance (Deficit) End of Year</i>	\$0	\$0	\$39	\$39

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Class Size Reduction Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$10,808	\$11,604	\$11,541	(\$63)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	8,528	8,528	7,359	1,169
Fringe Benefits	1,343	1,380	1,142	238
Materials and Supplies	264	264	256	8
Capital Outlay - New	1,698	1,698	1,578	120
<i>Total Expenditures</i>	<u>11,833</u>	<u>11,870</u>	<u>10,335</u>	<u>1,535</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,025)	(266)	1,206	1,472
<b>Other Financing Sources</b>				
Transfers In	792	23	23	0
<i>Net Change in Fund Balance</i>	(233)	(243)	1,229	1,472
<i>Fund Balance Beginning of Year</i>	<u>281</u>	<u>281</u>	<u>281</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$48</u>	<u>\$38</u>	<u>\$1,510</u>	<u>\$1,472</u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Drug Free Schools Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,320	\$5,320	\$3,747	(\$1,573)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular Instruction				
Materials and Supplies	3,420	3,420	2,063	1,357
Support Services:				
Pupils:				
Materials and Supplies	1,150	1,150	1,126	24
Instructional Staff:				
Salaries and Wages	1,365	1,365	715	650
Total Support Services	2,515	2,515	1,841	650
<i>Total Expenditures</i>	5,935	5,935	3,904	2,031
<i>Net Change in Fund Balance</i>	(615)	(615)	(157)	458
<i>Fund Balance (Deficit) Beginning of Year</i>	(1,329)	(1,329)	(1,329)	0
Prior Year Encumbrances Appropriated	1,944	1,944	1,944	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$458	\$458

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$17,487	\$18,500	\$17,722	(\$778)
Charges for Services	227,513	196,000	199,229	3,229
Miscellaneous	0	0	2,782	2,782
<b>Total Revenues</b>	245,000	214,500	219,733	5,233
<b>Expenditures</b>				
Current:				
Food Service Operations:				
Salaries and Wages	113,400	116,400	115,455	945
Fringe Benefits	30,800	29,800	28,149	1,651
Purchased Services	4,674	4,674	4,456	218
Materials and Supplies	110,440	120,040	118,813	1,227
<b>Total Expenditures</b>	259,314	270,914	266,873	4,041
<i>Excess of Revenues Under Expenditures</i>	(14,314)	(56,414)	(47,140)	9,274
<b>Other Financing Sources</b>				
Transfers In	0	56,350	47,100	(9,250)
<i>Net Change in Fund Balance</i>	(14,314)	(64)	(40)	24
<i>Fund Balance (Deficit) Beginning of Year</i>	(1,045)	(1,045)	(1,045)	0
Prior Year Encumbrances Appropriated	1,114	1,114	1,114	0
<i>Fund Balance (Deficit) End of Year</i>	(\$14,245)	\$5	\$29	\$24

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Uniform School Supplies Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Tuition and Fees	\$5,500	\$8,500	\$7,300	(\$1,200)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular				
Materials and Supplies	14,000	17,000	16,265	735
<i>Excess of Revenues Under Expenditures</i>	(8,500)	(8,500)	(8,965)	(465)
<b>Other Financing Sources (Uses)</b>				
Transfers In	9,000	9,000	9,000	0
Transfers Out	(400)	(400)	0	400
Total Other Financing Sources (Uses)	8,600	8,600	9,000	400
<i>Net Change in Fund Balance</i>	100	100	35	(65)
<i>Fund Balance Beginning of Year</i>	38	38	38	0
<i>Fund Balance End of Year</i>	\$138	\$138	\$73	(\$65)

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Under Expenditures</i>	0	0	0	0
<b>Other Financing Sources</b>				
Note Premium	0	0	13,099	13,099
<i>Net Change in Fund Balance</i>	0	0	13,099	13,099
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$13,099</u>	<u>\$13,099</u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*SchoolNet Plus Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$12,000	\$12,000	\$0	(\$12,000)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Capital Outlay - New	<u>33,041</u>	<u>33,041</u>	<u>25,481</u>	<u>7,560</u>
<i>Excess of Revenues</i>				
<i>Net Change in Fund Balance</i>	(21,041)	(21,041)	(25,481)	(4,440)
<i>Fund Balance (Deficit) Beginning of Year</i>	(41)	(41)	(41)	0
Prior Year Encumbrances Appropriated	<u>25,541</u>	<u>25,541</u>	<u>25,541</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,459</u></u>	<u><u>\$4,459</u></u>	<u><u>\$19</u></u>	<u><u>(\$4,440)</u></u>

**Independence Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Interactive Video Distance Learning Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$10,463	\$10,463	\$8,700	(\$1,763)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	2,940	2,940	1,125	1,815
Purchased Services	13,983	11,984	5,793	6,191
Materials and Supplies	300	2,299	2,024	275
Capital Outlay - New	0	0	0	0
<i>Total Expenditures</i>	<u>17,223</u>	<u>17,223</u>	<u>8,942</u>	<u>8,281</u>
<i>Net Change in Fund Balance</i>	(6,760)	(6,760)	(242)	6,518
<i>Fund Balance Beginning of Year</i>	<u>6,760</u>	<u>6,760</u>	<u>6,760</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$6,518</u>	<u>\$6,518</u>

**Independence Local School District**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Scholarship Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$371	\$371	\$209	(\$162)
<b>Expenses</b>				
Current:				
Instruction:				
Regular:				
Other	700	700	400	300
<i>Excess of Revenues Under Expenses</i>	(329)	(329)	(191)	138
<i>Fund Equity Beginning of Year</i>	8,329	8,329	8,329	0
<i>Fund Equity End of Year</i>	<u>\$8,000</u>	<u>\$8,000</u>	<u>\$8,138</u>	<u>\$138</u>

## **Statistical Section**

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the School District.

**Independence Local School District**

*General Fund*

*Revenues by Source and Expenditures by Function (1)*

*Last Ten Fiscal Years (2)*

	2002	2001	2000	1999
<b>Revenues</b>				
Property and Other Local Taxes	\$10,148,741	\$8,989,914	\$7,315,897	\$8,569,210
Intergovernmental	1,668,626	1,463,997	1,501,468	1,397,890
Interest	142,413	202,608	213,126	78,731
Tuition and Fees	33,612	10,349	4,540	4,440
Rentals	13,362	19,483	13,000	11,815
Miscellaneous	8,103	63,915	35,256	51,845
<i>Total</i>	<u>\$12,014,857</u>	<u>\$10,750,266</u>	<u>\$9,083,287</u>	<u>\$10,113,931</u>
<b>Expenditures</b>				
Current:				
Instruction				
Regular	\$5,856,193	\$4,930,720	\$4,463,196	\$4,253,972
Special	900,999	1,025,298	1,066,208	729,114
Support Services:				
Pupils	614,838	513,435	484,823	452,600
Instructional Staff	699,810	636,792	534,275	510,152
Board of Education	128,289	108,542	126,442	121,747
Administration	873,173	738,382	703,042	689,902
Fiscal	385,785	366,007	353,711	327,074
Business	143,652	141,525	151,652	130,973
Operation and				
Maintenance of Plant	1,046,395	1,084,988	870,150	900,720
Pupil Transportation	561,567	584,159	574,462	499,391
Extracurricular Activities	408,284	360,718	313,542	308,840
Capital Outlay	94,792	48,370	5,513	57,104
<i>Total</i>	<u>\$11,713,777</u>	<u>\$10,538,936</u>	<u>\$9,647,016</u>	<u>\$8,981,589</u>

Source: School District Financial Records

(1) Information is based on modified accrual. Information for full accrual for governmental activities will be presented when there are enough years of information to make comparisons.

(2) 1996 through 2002 reported on a Modified Accrual Basis; All others on Cash Basis.

Instruction expenditures function is shown in total for years 2001 through 1993

1998	1997	1996	1995	1994	1993
\$7,488,759	\$6,964,001	\$7,061,834	\$6,508,189	\$6,152,980	\$6,233,136
1,104,237	1,082,240	1,063,857	753,774	737,035	750,533
78,243	55,823	70,627	85,519	59,757	66,478
0	0	0	147	190	145
11,503	2,465	2,605	2,270	2,481	1,483
111,225	10,546	33,675	78,873	30,124	24,825
<u>\$8,793,967</u>	<u>\$8,115,075</u>	<u>\$8,232,598</u>	<u>\$7,428,772</u>	<u>\$6,982,567</u>	<u>\$7,076,600</u>

\$4,116,652	\$4,006,873	\$4,399,833	\$3,757,374	\$3,385,996	\$3,509,594
533,341	431,260	482,383	384,553	332,294	300,372
411,850	409,868	428,593	309,920	256,106	305,875
521,529	508,684	529,084	411,107	332,541	291,145
174,972	170,053	157,225	192,140	150,109	122,096
660,734	657,805	718,391	635,331	669,726	743,290
302,610	293,054	292,982	271,419	276,408	317,841
136,208	131,479	125,953	100,381	67,795	66,949
838,722	786,629	897,377	873,737	833,340	857,826
496,752	444,278	479,663	408,737	355,710	384,135
290,905	332,302	318,633	291,721	256,340	211,661
16,529	0	0	0	1,300	10,230
<u>\$8,500,804</u>	<u>\$8,172,285</u>	<u>\$8,830,117</u>	<u>\$7,636,420</u>	<u>\$6,917,665</u>	<u>\$7,121,014</u>

**Independence Local School District**  
*Property Tax Levies and Collections*  
*Real and Tangible Personal Property (1)*  
*Last Ten Years*

Year (2)	Current Levy	Delinquent Levy	Total Levy	Current Collections
2001	\$10,732,608	\$593,173	\$11,325,781	\$10,344,450
2000	10,659,775	494,673	11,154,448	9,722,010
1999	9,211,180	479,580	9,690,760	9,027,952
1998	9,049,007	758,735	9,807,742	8,568,423
1997	8,489,440	829,183	9,318,623	8,080,313
1996	7,982,477	683,606	8,666,083	6,564,622
1995	7,891,816	464,093	8,355,909	5,804,547
1994	7,965,622	455,675	8,421,297	7,352,707
1993	7,406,745	413,453	7,820,198	6,915,367
1992	7,192,442	444,678	7,637,120	6,924,668

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through State and reported as Intergovernmental Revenue.
- (2) Represents the collection year. The 2002 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

Percent of Current Levy Collected	Delinquent Collection	Total Collection Taxes (4)	Total Collection as a Percent of Current Levy
96.38%	\$440,324	\$10,784,774	100.49%
91.20	394,186	10,116,196	94.90
98.01	578,633	9,606,585	104.00
94.69	421,079	8,989,502	99.34
95.18	321,788	8,402,101	98.97
82.24	217,453	6,782,075	84.96
73.55	135,181	5,939,728	75.26
92.31	124,674	7,477,381	93.87
93.37	103,048	7,018,415	94.73
96.28	226,714	7,151,382	99.43

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

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2002	\$430,253,880	\$1,229,296,800	\$18,013,390	\$20,469,761
2001	413,535,520	1,181,530,057	24,740,020	28,113,659
2000	354,627,200	1,013,220,571	26,070,840	29,625,955
1999	345,177,050	986,220,143	30,688,820	34,873,659
1998	329,554,390	941,583,971	26,540,300	30,159,432
1997	299,600,680	856,001,943	27,091,360	30,785,636
1996	292,267,440	835,049,829	27,574,380	31,334,523
1995	288,916,210	825,474,886	37,924,080	43,095,545
1994	265,904,260	759,726,457	34,446,580	39,143,841
1993	262,575,170	750,214,771	26,248,390	29,827,716

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

- (1) This amount is calculated based on the following percentages:  
 Real estate is assessed at 25 percent of actual value.  
 Public utility personal is assessed at 88 percent of actual value.  
 Tangible personal property is assessed at 25 percent of actual value for 2002.

Tangible Personal Property		Total	
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
\$63,851,343	\$255,405,372	\$512,118,613	\$1,505,171,933
57,941,478	231,765,912	496,217,018	1,441,409,628
53,400,026	213,600,104	434,098,066	1,256,446,630
49,644,275	198,577,100	425,510,145	1,219,670,902
49,559,054	198,236,216	405,653,744	1,169,979,619
47,041,383	188,165,532	373,733,423	1,074,953,111
46,563,410	186,253,640	366,405,230	1,052,637,991
45,279,552	181,118,208	372,119,842	1,049,688,639
46,124,076	184,496,304	346,474,916	983,366,602
44,297,092	177,188,368	333,120,652	957,230,855

**Independence Local School District**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Ten Years*

Year	School Levy	County Levy	Library Levy	City Levy	Total Levy	Debt Service Included in Total Levy		
						County	City	Total
2002	\$23.40	\$16.20	\$1.40	\$3.20	\$44.20	\$1.00	\$0.86	\$1.86
2001	23.40	16.20	1.40	3.30	44.30	1.10	0.79	1.89
2000	23.40	15.30	1.40	3.50	43.60	1.30	0.85	2.15
1999	23.40	15.30	1.40	3.60	43.70	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

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

**Independence Local School District**

*General Obligation Bonded Debt*

*June 30, 2002*

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The School District does not have any general obligation bonded debt, and has not had any for the last ten years. Therefore no general bonded debt to assessed values and net bonded debt per capita and no ratio of annual debt service for general bonded debt to general fund expenditures are presented in the School Districts' statistical tables.

**Independence Local School District**  
*Computation of Legal Debt Margin*  
*June 30, 2002*

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<b>Assessed Valuation</b>	<u><u>\$512,118,613</u></u>
Debt Limit - 9% of Assessed Value (1)	\$46,090,675
Amount of Debt Applicable to Debt Limit Bond Anticipation Note	<u>15,000,000</u>
Overall Debt Margin	<u><u>\$31,090,675</u></u>
Debt Limit - 0.1% of Assessed Value (1)	\$512,119
Amount of Debt Applicable	<u>0</u>
All Other Unvoted Debt Margin	<u><u>\$512,119</u></u>

Source: Cuyahoga County Auditor and School 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 Overlapping General Obligation Bonded Debt*  
*December 31, 2001*

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Independence City	\$3,000,000	100.00%	\$3,000,000
Cuyahoga County	216,544,636	1.41	3,053,279
Regional Transit Authority	<u>123,915,000</u>	1.30	<u>1,610,895</u>
Total	<u><u>\$343,459,636</u></u>		<u><u>\$7,664,174</u></u>

Source: Cuyahoga County Auditor and City of Independence-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 2002 collection year.

## Independence Local School District

### *Demographic Statistics*

#### *Last Ten Years*

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<u>Year</u>	<u>Cuyahoga County Population(1)</u>	<u>Independence City Population(1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>
2002	1,393,978	7,100	1,069	4.6%
2001	1,380,421	7,100	1,002	4.5
2000	1,386,096	6,800	997	4.5
1999	1,386,096	6,800	987	4.6
1998	1,397,694	6,800	948	4.4
1997	1,398,169	6,800	925	5.8
1996	1,403,217	6,800	923	5.2
1995	1,403,239	6,800	889	4.8
1994	1,414,141	6,800	877	5.8
1993	1,411,209	6,800	858	6.8

Sources: (1) U.S. Census of Population, 2000 Federal Census, 1990 Federal Census

(2) Represents Cuyahoga County

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

Year	Property Value (Real Estate Only)	Financial Institution Deposits (000's) Banks	Value of Building Permits Issued
2001	\$413,535,520	\$88,346,368	\$25,798,096
2000	354,627,200	61,942,764	20,967,763
1999	345,177,050	57,816,942	49,985,220
1998	329,554,390	60,846,022	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	22,458,573	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

Sources: City of Independence Building Department reports  
and Federal Reserve Bank of Cleveland

**Independence Local School District**

*Principal Taxpayers*

*Real Estate Tax*

*December 31, 2001*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Property Assessed Value</u>
Duke Realty Limited Partnership	\$38,707,500	9.00%
Summit Office Park Limited Partnership	18,811,050	4.37
The Cleveland Clinic	17,169,990	3.99
Rockside-77 Properties Limited	11,151,880	2.59
Jagi Cleveland-Independence, LLC	6,351,040	1.48
H-Cleveland, LLC	6,448,650	1.50
6055 Properties	5,534,590	1.29
Minoff Industrial Park Company	4,935,250	1.15
Hub Valley Realty	4,541,220	1.06
6200 Oak Tree Blvd LLC	<u>4,025,000</u>	<u>0.94</u>
Total	<u>\$117,676,170</u>	<u>27.37%</u>
Total Real Estate Valuation	<u>\$430,253,880</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for Calendar Year 2002

**Independence Local School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*December 31, 2001*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Property Assessed Value</u>
L.D. Kichler Company	\$3,087,220	4.84%
Avtron Manufacturing Incorporated	2,368,580	3.71
AGA Gas Incorporated	2,224,800	3.84
Ferro Corporation	2,125,480	3.33
Alltell Corporation	2,090,380	3.27
Snow Manufacturing Company	1,738,840	2.72
United Rentals	1,603,660	2.51
Independence Excavating Incorporated	1,493,140	2.34
Getters Corporation of America	1,428,490	2.24
Efficient Die and Mold Incorporated	<u>1,408,320</u>	<u>2.21</u>
Total	<u>\$19,568,910</u>	<u>31.01%</u>
Total Tangible Assessed Valuation	<u>\$63,851,343</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for Calendar Year 2002

**Independence Local School District**

*Principal Taxpayers*

*Public Utilities Tax*

*December 31, 2001*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$7,863,100	43.65%
Ohio Bell Telephone Company	3,957,410	21.97
American Transmission System	2,626,770	14.58
East Ohio Gas	1,173,200	6.51
New Par	782,130	4.34
Sprintcom Incorporated	326,990	1.82
Alltel Ohio Limited Partnership	269,290	1.49
Sprint Communications Incorporated	219,390	1.22
MCI Telecommunications Corporation	175,710	0.98
Williams Network	126,660	0.70
Total	<u>\$17,218,280</u>	<u>97.26%</u>
Total District Public Utility Assessed Value	<u>\$18,013,390</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for Calendar Year 2002

**Independence Local School District**

*Cost Per Pupil*

*Last Ten Fiscal Years*

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<u>Year</u>	<u>General Fund Expenditures (1)</u>	<u>Average Daily Student Enrollment</u>	<u>Cost Per Pupil</u>
2002	\$11,713,777	1,069	\$10,958
2001	10,538,936	1,002	10,518
2000	9,647,016	997	9,676
1999	8,981,589	987	9,100
1998	8,500,804	948	8,967
1997	8,172,285	925	8,835
1996	8,830,117	923	9,567
1995	7,636,420	889	8,590
1994	6,917,665	877	7,888
1993	7,121,014	858	8,300

Source: District Financial Records

(1) Fiscal Years 1996 - 2002 are reported on a GAAP basis, all other years are reported on the cash basis.

**Independence Local School District**

*Teacher Education and Experience*

*June 30, 2002*

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percent of Total</u>
Bachelor's Degree	14	16.28%
Bachelor's Degree + 12 Hours	6	6.98
Bachelor's Degree + 24 Hours	2	2.33
Master's Degree	51	59.30
Master's Degree + 18 Hours	9	10.47
Master's Degree + 36 Hours	1	1.16
Ph. D.	3	3.48
Total	<u>86</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percent of Total</u>
0 -5	15	17.44%
6 -10	18	20.93
11 - 15	22	25.58
16 - 20	8	9.30
21 -25	13	15.11
26 and Over	10	11.64
Total	<u>86</u>	<u>100.00%</u>

Source: School District Records



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 26, 2002**