

**INDEPENDENCE LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

INDEPENDENCE LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report on Compliance and on Internal Control Required by Government Auditing Standards	1

This page intentionally left blank.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

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

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

We have audited the financial statements of the Independence Local School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 14, 2001. 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 a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 14, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 14, 2001.

Independence Local School District
Cuyahoga County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 14, 2001

Comprehensive Annual Financial Report
of the
INDEPENDENCE LOCAL SCHOOL DISTRICT
for the
Fiscal Year Ended June 30, 2001

Prepared by the Treasurer's Office

Allen D. Sluka
Treasurer

7733 Stone Road
Independence, Ohio 44131

Independence Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001

Table of Contents

I. Introductory Section

Letter of Transmittal	i
Board of Education and Appointed Officials	ix
Organizational Chart	x
Certificate of Achievement for Excellence in Financial Reporting	xi

II. Financial Section

Report of Independent Accountants	1
General Purpose Financial Statements (Combined Statements-Overview)	
Combined Balance Sheet – All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes In Fund Balances – All Governmental Fund Types	6
Combined Statement of Revenues, Expenditures and Changes In Fund Balances – Budget and Actual (Budget Basis) – All Governmental Fund Types	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Equity – Proprietary Fund Type and Nonexpendable Trust Fund	10
Combined Statement of Cash Flows – Proprietary Fund Type And Nonexpendable Trust Fund	11
Combined Statement of Revenues, Expenses and Changes in Fund Equity – Budget and Actual (Budget Basis) – Proprietary Fund Type	12
Notes to the General Purpose Financial Statements	13

Table of Contents (continued)

Combining, Individual Fund and Account Group Statements and Schedules

Governmental Funds:

General Fund:

Description of Fund	37
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis)	38

Special Revenue Funds:

Description of Funds	42
Combining Balance Sheet	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	46
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis)	
Public School Support	48
Other Grants	49
District Managed Activities	50
Auxiliary Services	51
Teacher Development	52
Education Management Information System(EMIS)	53
Data Communications	54
SchoolNet Professional Development	55
Safe Schools Helpline	56
Title II Eisenhower	57
Title I	58
Title VI	59
Title VI-R	60
Title IV Drug Free	61
Telecommunications Act	62
Technology Literacy Challenge	63
All Special Revenue Funds	64

Capital Projects Funds:

Description of Funds	67
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis)	
Permanent Improvement	70
SchoolNet Plus	72
Interactive Video Distance Learning	73
All Capital Projects Funds	74

Table of Contents (continued)

Combining, Individual Fund and Account Group Statements and Schedules (continued)

Proprietary Funds:

Enterprise Funds:

Description of Funds	76
Combining Balance Sheet	77
Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Equity	78
Combining Statement of Cash Flows	79
Schedule of Revenues, Expenses and Changes in Fund Equity – Budget and Actual (Budget Basis)	
Food Service	80
Uniform School Supplies	81
All Enterprise Funds	82

Fiduciary Funds:

Trust and Agency Funds:

Description of Funds	83
Combining Balance Sheet	84
Combining Statement of Changes in Assets and Liabilities	85

General Fixed Assets Account Group:

Description of Account Group	86
Schedule of General Fixed Assets By Source	87
Schedule of General Fixed Assets By Function and Type	88
Schedule of Changes in General Fixed Assets By Function	89

Table of Contents (continued)

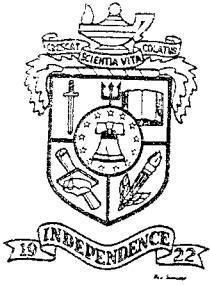
III. Statistical Section

General Fund Expenditures and Other Financing Uses By Function – Last Ten Fiscal Years	S1
General Fund Revenues and Other Financing Sources By Source – Last Ten Fiscal Years	S2
Property Tax Levies and Collections Real and Tangible Personal Property – Last Ten Calendar Years	S3
Assessed and Estimated Actual Value of Taxable Property – Last Ten Calendar Years	S4
Property Tax Rates – Direct and Overlapping Governments Per \$1,000 of Assessed Valuations – Last Ten Calendar Years	S5
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	S6
Computation of Legal Debt Margin	S7
Computation of Direct and Overlapping General Obligation Bonded Debt	S8
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Fund Expenditures – Last Ten Fiscal Years	S9
Demographic Statistics – Last Ten Calendar Years	S10
Property Value, Financial Institution Deposits and Building Permits – Last Ten Calendar Years	S11
Principal Taxpayers	
Real Estate Property Tax	S12
Tangible Personal Property Tax	S13
Public Utilities Tangible Property Tax	S14
Per Pupil Cost – Last Ten Fiscal Years	S15
Certificated Staff Education and Experience	S16

This Page is Intentionally Left Blank.

Introductory Section

This Page is Intentionally Left Blank.



INDEPENDENCE LOCAL SCHOOLS

EDUCATIONAL ADMINISTRATIVE CENTER • 7733 STONE ROAD
INDEPENDENCE, OHIO 44131 • FAX# (216) 642-3482

December 14, 2001

David J. Laurenzi
Superintendent
(216) 642-5850

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

Allen D. Siuka
Treasurer
(216) 642-5854

Richard T. McDermott
Director of
Curriculum
& Instruction
(216) 642-5852

Richard J. Wherley
Technology
Coordinator
(216) 642-5884

Al Yano
Service Manager
(216) 642-5853

We are pleased to submit to you the fourth 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, 2001. This CAFR includes an opinion from the Auditor of the State of Ohio and conforms to generally accepted accounting principles as applicable to government entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District. This report will provide taxpayers of the Independence Local School District with comprehensive financial data in a format that will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Independence Public Library, major taxpayers, financial rating services, and other interested parties.

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

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

The School District

Independence Local School District is located eight miles south of Cleveland, Ohio, where Interstate 77 intersects with Interstate 480 in the midst of a rapidly expanding community. The first school in Independence started in 1826. During 1839-40, 53 students were enrolled in the schools. By 1850, there were 11 schools in Independence with an enrollment of 611 students. At that time, the Independence Township covered an area of 36 square miles. Time has eroded those 36 square miles to the present 9.45 square miles that comprise the School District today. The present Middle School opened in September 1923 for grade 1-12 with the first graduating class in 1926. The 1950's and 1960's saw rapid growth of school population and the School District opened the current Primary School in 1956. In September of 1961, the present High School opened with a capacity of 600 students. In 1964, additions to the High School, Middle School and alterations to the Primary School were completed. The District completed a new addition to its Primary School in 2001. This addition consisted of new classroom spaces. These three buildings make up the current School District.

Independence Local School District is one of the 612 school districts in the State of Ohio and one of the 33 school districts in Cuyahoga County. The District provides education to 1,002 students in grades K-12, and preschool education to eight handicapped/non-handicapped students.

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

Reporting Entity

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

Economic Condition and Outlook

Independence is a unique development opportunity offering the best location and property demographics in all of Northeast Ohio. The 3-mile Rockside Road Corridor has more than 4 million sq. ft. of office space, 70% of which is Class A. In addition, Independence has the lowest Real Estate Tax Rate of any city in the County and more than 50% of the largest suburban commercial properties in Cleveland call Independence home. Furthermore, more than half of the 1,300 businesses in Independence 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. During 2001, Independence welcomed the following corporations: Microsoft, which expanded its Great Lakes District, Tech Skills, a national training organization, and Sear-Brown, a large architectural and engineering firm headquartered in Rochester, New York.

Independence 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 is just 10 miles north, and Akron is just 30 miles south.

Of the District's General Fund operations, 62% of the General Fund revenue is received from real estate taxes on residential, commercial, and industrial properties and another 21% are received from tangible personal property taxpayers. Approximately 14% are received from various forms of State aid, with the balance representing interest earnings and other miscellaneous revenues.

In July 1994, the Perry County Common Pleas Court of Ohio declared that the State Ohio's system of funding elementary and secondary public schools was unconstitutional. The State of Ohio appealed the decision, which was overturned in a split opinion by the 5th District Court of Appeals. The case was then appealed to the Ohio Supreme Court with the decision being upheld. The legislature was then ordered by the Court to devise a new structure to fund public education in the state by March 1998. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and in a decision issued in February 1999, determined that they are not a sufficiently responsive to the constitutional issues previously raised. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. The Court concluded, "the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant[ing] further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

Major Initiatives

The District has created a Continuous Improvement Plan (CIP). Components of the plan include 12 separate requirements as mandated by the legislature of the State of Ohio. The CIP is designed to narrow the district's focus from potentially many unmet indicators to a few reasonable, key strategies that are likely to make the greatest difference in students' achievement.

The District's CIP contained three goals. Goal 1 is to 'Continue to improve our curricular program to ensure that each student successfully enters and functions within our global society.' Goal 2 is to 'Continue to evaluate all facilities for improvements or replacement needs and to maintain a healthy and safe environment.' Lastly, Goal 3 is to 'Develop/maintain a short-term financial plan, which establishes the funding levels for current programs, based on available resources and develop/review/update on an ongoing basis a financial forecast that ensures the long-term stability of future funding levels.'

For each of the goals, objectives were established and an action plan was developed. For each action plan, activities/strategies, evaluation, responsibilities and timelines were determined as a measurement component for that plan. This Continuous Improvement Plan was reviewed by the CIP advisory committee and adopted by the Board of Education.

In addition, the District continues to follow its mission statement "Building on the educational foundation started at home and incorporating the ongoing partnership among home, school and community, the mission of the Independence Public Schools is to provide the resources, safe learning climate, professional guidance and comprehensive instruction program which will enable all students to achieve success according to their ability, to enrich and influence their future lives, and be positive, contributing members of society."

Financial Information

Internal Accounting and Budgetary Control

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

In developing the District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are 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 District utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

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

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

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

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

As an additional safeguard, 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 District are fully described in Note 2 of the General Purpose Financial Statements. Additional information on the District's budgetary accounting can also be found in Note 2.

General Government Functions

The following schedule presents a summary of all general fund revenues for the fiscal years ended June 30, 2000 and 2001, and the amount and percentage of increases and decreases in relation to the prior year revenues.

<u>Revenues</u>	<u>2000 Amount</u>	<u>2001 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Taxes	\$ 7,315,897	\$ 8,989,914	83.63%	\$ 1,674,017	22.9%
Tuition	4,540	10,349	.10	5,809	127.9
Intergovernmental	1,501,468	1,463,997	13.62	(37,471)	(2.5)
Earnings on Investments	213,126	202,608	1.88	(10,518)	(4.9)
Classroom Materials/Fees	13,000	19,483	.18	6,483	49.9
Miscellaneous	<u>35,256</u>	<u>63,915</u>	.59	<u>28,659</u>	81.3
Total Revenues	\$ <u>9,083,287</u>	\$ <u>10,750,266</u>	100.00%	\$ <u>1,666,979</u>	18.3%

Taxes – represents the largest revenue that constitutes 84% of total revenues in 2001. The increase in taxes is from new construction and triennial revaluation update of property values.

Tuition - this increase was from adding numerous summer school programs.

Intergovernmental – this decrease was from a change in the State of Ohio’s funding for special education.

Earnings on Investments -the decrease was from lower interest rates and less principal amounts to invest.

Classroom Materials/Fees - the district increased fee amounts

Miscellaneous – this increase was caused by an increase in rental of school facilities.

The following schedule presents a summary of all general fund expenditures for the fiscal years ended June 30, 2000 and 2001, and the amount and percentage for increases and decreases in relation to the prior year expenditures:

<u>Expenditures</u>	<u>2000 Amount</u>	<u>2001 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Current:					
Instruction	\$ 5,529,404	\$ 5,956,018	56.51%	\$ 426,614	7.72%
Support Services:					
Pupils	484,823	513,435	4.87	28,612	5.90
Instructional Staff	534,275	636,792	6.04	102,517	19.19
Board of Education	126,442	108,542	1.03	(17,900)	(14.16)
Administration	703,042	738,382	7.01	35,340	5.03
Fiscal Services	353,711	366,007	3.47	12,296	3.48
Business	151,652	141,525	1.34	(10,127)	(6.68)
Operation & Maintenance					
of Plant	870,150	1,084,988	10.30	214,838	24.69
Pupil Transportation	574,462	584,158	5.55	9,696	1.69
Extracurricular Activities	313,542	360,718	3.42	47,176	15.05
Capital Outlay	<u>5,513</u>	<u>48,370</u>	.46	<u>42,857</u>	777.38
Total Expenditures	\$ <u>9,647,016</u>	\$ <u>10,538,935</u>	100.00%	\$ <u>891,919</u>	9.25%

Instruction – the increase in instruction costs is the result of increased enrollment, general wage increases, health care cost increases and special education purchased services.

Support Services

Pupils – the increase is due to increases in general wages, health care costs and pupil purchase service costs.

Instructional Staff – the increase is due to increases in general wages, health care and tutor costs.

Board of Education – the decrease is due to less legal and consultant fees incurred.

Administration – the increase is due to increases in general wages and health care costs.

Business – the decrease is the result of lower outside printing needs.

Operation and Maintenance of Plant – the increase is the result of increases in utility costs (water, gas, electric), and aging building maintenance demands.

Extracurricular Activities – the increase is from adding coaches/advisors, supplemental wage increases and referee costs.

Capital Outlay – the increase is from special education and office equipment needs along with the installation of a new district wide phone system.

General Fund Balance

The fund balance of the General Fund decreased from prior year \$2,831,429 to \$1,542,191 due to construction of an addition to our primary school.

Special Revenue Funds

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

Capital Projects Funds

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

Enterprise Funds

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

Fiduciary Funds

The District carries two agency funds, which were created by unused assets that are held by the District in a trustee capacity and a Non-Expendable Biology Society Scholarship Trust Fund.

Cash Management

The Board has a cash management program, which consists of expediting the receipt of revenues and prudently depositing cash, as well as investing available cash balances. Both budgetary and payroll warrants are covered on a “just in time” basis through special clearing accounts set up by the depository. Cash not currently needed to cover warrants is maintained in the District’s investment accounts. The total amount of the governmental fund’s interest earned was \$217,817 for the year ending June 30, 2001, with \$202,608 being credited directly to the General Fund.

Protection of the District’s deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. During fiscal year 2001, the District invested primarily in Ohio’s State Treasury Asset Reserve (STAR Ohio).

Risk Management

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

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

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

Independent Audit

State statute requires the District to be audited annually by an independent auditor. An annual audit serves to maintain and strengthen the District’s accounting and budgetary controls. Independent auditor Jim Petro, Auditor of State, was selected to render an opinion on the District’s financial statements as of and for the year ended June 30, 2001. 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

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, 2000. This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

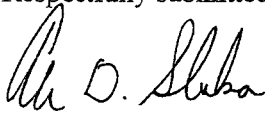
The publication of this report significantly increases the accountability of the District to the taxpayers. This accomplishment would not have been possible without the support of the School Treasurer's Office and various administrators and employees of the District. Assistance of the County Auditor's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

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

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

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

Respectfully submitted,



Allen D. Sluka
Treasurer



David J. Laurenzi
Superintendent of Schools

Independence Local School District

*Board of Education and Appointed Officials
June 30, 2001*

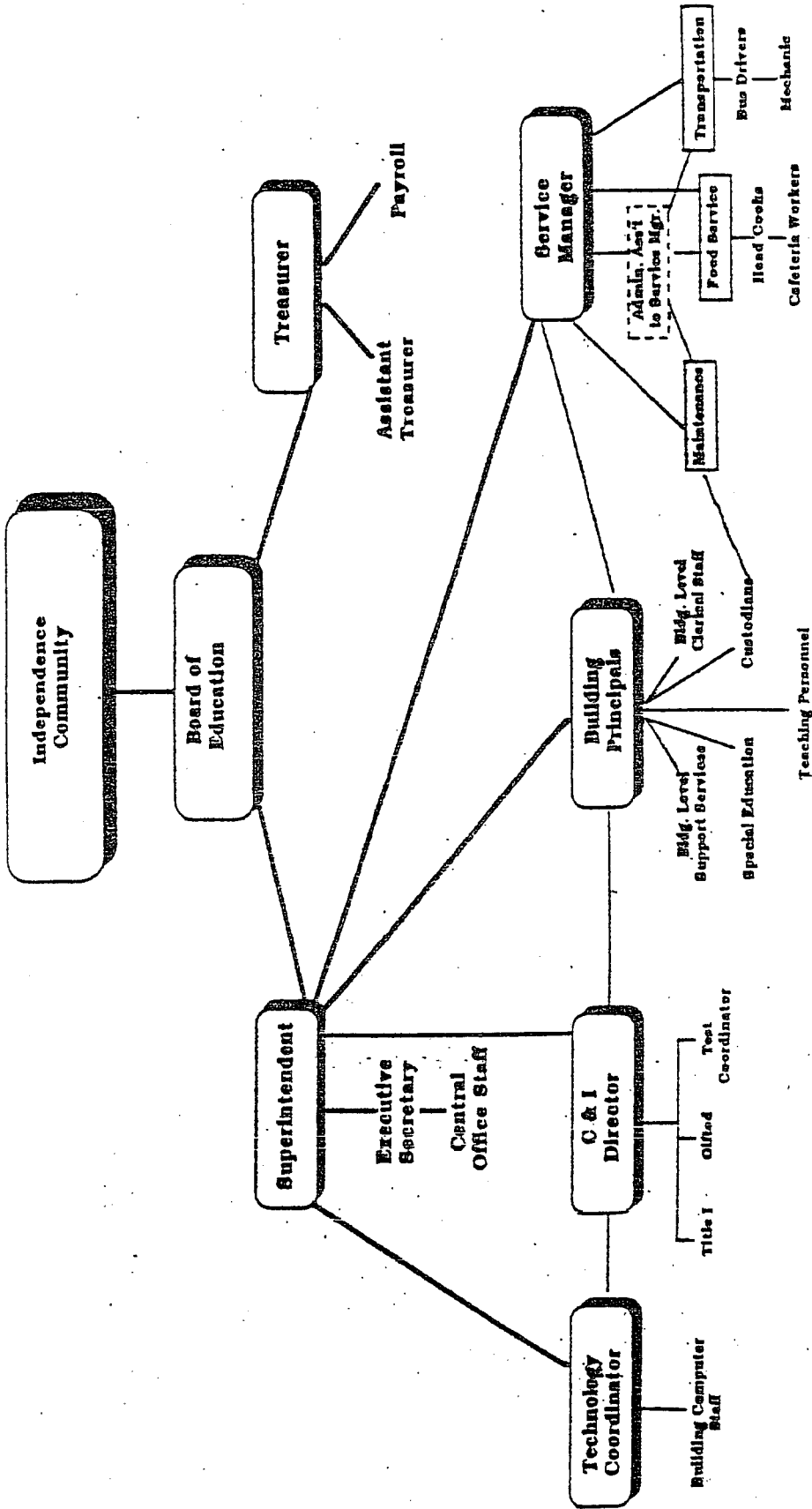
Board of Education

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

Appointed Officials

David J. Laurenzi	Superintendent
Allen D. Sluka	Treasurer
Richard T. McDermott	Director of Curriculum and Instruction
Cary D. Willgren	High School Principal
Edward A. 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, 2000

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.



Imelda Arave
President

Jeffrey L. Esser
Executive Director

This Page is Intentionally Left Blank.

Financial Section

This Page is Intentionally Left Blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general-purpose financial statements of the Independence Local School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Independence Local School District, Cuyahoga County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2001 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.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

December 14, 2001

General Purpose Financial Statements

Independence Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Assets:			
Cash and Cash Equivalents	\$ 1,989,534	\$ 56,077	\$ 166,162
Receivables			
Taxes	9,809,910	-	382,323
Accounts	14,089	214	-
Interfund Receivable	2,400	-	-
Prepaid Items	13,208	-	-
Inventories	7,657	-	-
Restricted Cash and Cash Equivalents	208,000	-	-
Fixed Assets (Net, where applicable of Accumulated Depreciation)	-	-	-
Other Debits:			
Amount to be provided	-	-	-
Total Assets and Other Debits	\$ 12,044,798	\$ 56,291	\$ 548,485
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts Payable	73,713	8,685	95,911
Accrued Wages/Benefits Payable	1,040,394	14,123	-
Compensated Absences Payable	65,753	-	-
Contracts Payable	-	-	-
Due to Students	-	-	-
Interfund Payable	-	-	-
Deferred Revenue	9,322,747	-	365,698
Undistributed Monies	-	-	-
Total Liabilities	<u>10,502,607</u>	<u>22,808</u>	<u>461,609</u>
Fund Equity and Other Credits:			
Investments in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings (deficit):			
Unreserved	-	-	-
Fund Balances (deficit)			
Reserved for Taxes	487,163	-	16,625
Reserved for Encumbrances	89,862	7,409	95,868
Reserved for Inventory	7,657	-	-
Reserved for Budget Stabilization	208,000	-	-
Reserved for Scholarship	-	-	-
Unreserved, Undesignated	749,509	26,074	(25,617)
Total Fund Equity (deficit) and Other Credits	<u>1,542,191</u>	<u>33,483</u>	<u>86,876</u>
Total Liabilities, Fund Equity (deficit), and Other Credits	\$ 12,044,798	\$ 56,291	\$ 548,485

See Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long- Term Obligations	
Enterprise	Trust and Agency			
\$ 107	\$ 78,549	\$ -	\$ -	\$ 2,290,429
-	-	-	-	10,192,233
-	-	-	-	14,303
-	-	-	-	2,400
-	-	-	-	13,208
2,813	-	-	-	10,470
-	-	-	-	208,000
53,868	-	9,024,279	-	9,078,147
-	-	-	1,318,583	1,318,583
\$ 56,788	\$ 78,549	\$ 9,024,279	\$ 1,318,583	\$ 23,127,773
1,106	1,522	-	-	180,937
18,835	-	-	-	1,073,352
15,826	-	-	1,318,583	1,400,162
-	-	-	-	-
-	68,563	-	-	68,563
2,400	-	-	-	2,400
2,024	-	-	-	9,690,469
-	135	-	-	135
40,191	70,220	-	1,318,583	12,416,018
-	-	9,024,279	-	9,024,279
53,868	-	-	-	53,868
(37,271)	8,000	-	-	(29,271)
-	-	-	-	503,788
-	-	-	-	193,139
-	-	-	-	7,657
-	-	-	-	208,000
-	329	-	-	329
-	-	-	-	749,966
16,597	8,329	9,024,279	-	10,711,755
\$ 56,788	\$ 78,549	\$ 9,024,279	\$ 1,318,583	\$ 23,127,773

Independence Local School District
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances-All Governmental Fund Types*
Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Revenues:				
Taxes	\$ 8,989,914	\$ -	\$ 364,137	\$ 9,354,051
Tuition	10,349	-	-	10,349
Intergovernmental	1,463,997	289,345	64,572	1,817,914
Earnings on Investments	202,608	5,166	10,043	217,817
Extracurricular Activities	-	27,218	-	27,218
Classroom Materials / Fees	19,483	1,738	-	21,221
Miscellaneous	63,915	24,336	-	88,251
Total Revenues	10,750,266	347,803	438,752	11,536,821
Expenditures:				
Current:				
Instruction				
Regular	4,930,720	4,007	107,540	5,042,267
Special	629,308	60,283	-	689,591
Other	395,990	-	-	395,990
Support Services				
Pupils	513,435	1,196	-	514,631
Instructional Staff	636,792	72,462	875	710,129
Board of Education	108,542	-	-	108,542
Administration	738,382	-	-	738,382
Fiscal	366,007	-	-	366,007
Business	141,525	14,373	-	155,898
Operation and Maintenance of Plant	1,084,988	7,298	76,416	1,168,702
Pupil Transportation	584,158	-	-	584,158
Facilities Acquisition and Construction	-	-	20,690	20,690
Central	-	5,000	-	5,000
Operation of Non-Instructional Services	-	216,454	-	216,454
Extracurricular Activities	360,718	53,303	-	414,021
Capital Outlay	48,370	-	1,682,814	1,731,184
Total Expenditures	10,538,935	434,376	1,888,335	12,861,646
Excess of Revenues Over (Under) Expenditures	211,331	(86,573)	(1,449,583)	(1,324,825)
Other Financing Sources (Uses):				
Operating Transfers In	-	3,166	1,463,360	1,466,526
Operating Transfers Out	(1,503,226)	(401)	-	(1,503,627)
Total Other Financing Sources (Uses)	(1,503,226)	2,765	1,463,360	(37,101)

Independence Local School District
*Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances-All Governmental Fund Types*
Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	(1,291,895)	(83,808)	13,777	(1,361,926)
Fund Balance (Deficit) at Beginning of Year	2,831,429	117,291	73,099	3,021,819
Increase/(Decrease) in Reserve for Inventory	2,657	-	-	2,658
Fund Balances at End of Year	<u>\$ 1,542,191</u>	<u>\$ 33,483</u>	<u>\$ 86,876</u>	<u>\$ 1,662,550</u>

See Notes to the General Purpose Financial Statements

Independence Local School District
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances-Budget and Actual(Budget Basis)
All Governmental Fund Types
Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 8,334,000	\$ 8,831,662	\$ 497,662	\$ -	\$ -	\$ -
Tuition	5,000	5,835	835	-	-	-
Intergovernmental	1,550,000	1,463,995	(86,005)	290,658	289,345	(1,313)
Earnings on Investments	200,000	202,608	2,608	5,500	5,166	(334)
Extracurricular Activities	-	-	-	31,500	27,218	(4,282)
Donations and Gifts	-	-	-	15,000	424	(14,576)
Classroom Materials / Fees	18,000	19,483	1,483	2,000	1,738	(262)
Miscellaneous	45,000	58,616	13,616	40,000	23,697	(16,303)
Total Revenues	10,152,000	10,582,199	430,199	384,658	347,588	(37,070)
Expenditures:						
Current:						
Instruction						
Regular	4,995,084	4,900,383	94,701	11,299	5,939	5,360
Special	663,510	636,932	26,578	69,300	59,700	9,600
Other	433,854	433,314	540	-	-	-
Support Services						
Pupils	530,206	514,721	15,485	1,128	1,090	38
Instructional Staff	660,621	635,141	25,480	83,649	81,398	2,251
Board of Education	140,650	104,146	36,504	-	-	-
Administration	766,826	748,033	18,793	-	-	-
Fiscal	375,470	374,186	1,284	-	-	-
Business	178,029	153,836	24,193	25,143	15,133	10,010
Operation and Maintenance of Plant	1,130,197	1,109,225	20,972	7,298	7,298	-
Pupil Transportation	628,143	604,808	23,335	-	-	-
Central	-	-	-	5,000	5,000	-
Operation of Non-Instructional Services	-	-	-	224,216	220,732	3,484
Extracurricular Activities	365,550	360,629	4,921	64,506	58,708	5,798
Facilities Acquisition and Construction	-	-	-	-	-	-
Capital Outlay	28,200	28,149	51	-	-	-
Total Expenditures	10,896,340	10,603,503	292,837	491,539	454,998	36,541
Excess of Revenues Over (Under) Expenditures	(744,340)	(21,304)	723,036	(106,881)	(107,410)	(529)
Other Financing Sources (Uses):						
Other Financing Sources	5,000	6,153	1,153	-	-	-
Other Financing Uses	(10,000)	(13)	9,987	(106)	(106)	-
Advances Out	(5,000)	(400)	4,600	-	-	-
Operating Transfers In	-	-	-	11,229	3,166	(8,063)
Operating Transfers Out	(1,610,000)	(1,503,226)	106,774	(400)	(400)	-
Total Other Financing Sources (Uses)	(1,620,000)	(1,497,486)	122,514	10,723	2,660	(8,063)
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	(2,364,340)	(1,518,790)	845,550	(96,158)	(104,750)	(8,592)
Fund Balances (Deficit) at Beginning of Year	3,452,477	3,452,477	-	118,263	118,263	-
Prior Year Encumbrances Appropriated	103,576	103,576	-	24,555	24,555	-
Fund Balances (Deficit) at End of Year	\$ 1,191,713	\$ 2,037,263	\$ 845,550	\$ 46,660	\$ 38,068	\$ (8,592)

See Notes to the General Purpose Financial Statements

Capital Project Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 352,700	\$ 360,149	\$ 7,449	\$ 8,686,700	\$ 9,191,811	\$ 505,111
-	-	-	5,000	5,835	835
83,813	64,556	(19,257)	1,924,471	1,817,896	(106,575)
7,000	10,043	3,043	212,500	217,817	5,317
-	-	-	31,500	27,218	(4,282)
-	-	-	15,000	424	(14,576)
-	-	-	20,000	21,221	1,221
-	-	-	85,000	82,313	(2,687)
<u>443,513</u>	<u>434,748</u>	<u>(8,765)</u>	<u>10,980,171</u>	<u>11,364,535</u>	<u>384,364</u>
109,174	107,553	1,621	5,115,557	5,013,875	101,682
-	-	-	732,810	696,632	36,178
-	-	-	433,854	433,314	540
-	-	-	531,334	515,811	15,523
17,723	500	17,223	761,993	717,039	44,954
-	-	-	140,650	104,146	36,504
-	-	-	766,826	748,033	18,793
-	-	-	375,470	374,186	1,284
-	-	-	203,172	168,969	34,203
82,272	82,232	40	1,219,767	1,198,755	21,012
-	-	-	628,143	604,808	23,335
-	-	-	5,000	5,000	-
-	-	-	224,216	220,732	3,484
-	-	-	430,056	419,337	10,719
31,604	24,309	7,295	31,604	24,309	7,295
<u>1,961,425</u>	<u>1,904,796</u>	<u>56,629</u>	<u>1,989,625</u>	<u>1,932,945</u>	<u>56,680</u>
<u>2,202,198</u>	<u>2,119,390</u>	<u>82,808</u>	<u>13,590,077</u>	<u>13,177,891</u>	<u>412,186</u>
(1,758,685)	(1,684,642)	74,043	(2,609,906)	(1,813,356)	796,550
-	-	-	5,000	6,153	1,153
-	-	-	(10,106)	(119)	9,987
-	-	-	(5,000)	(400)	4,600
1,700,000	1,463,360	(236,640)	1,711,229	1,466,526	(244,703)
-	-	-	(1,610,400)	(1,503,626)	106,774
<u>1,700,000</u>	<u>1,463,360</u>	<u>(236,640)</u>	<u>90,723</u>	<u>(31,466)</u>	<u>(122,189)</u>
(58,685)	(221,282)	(162,597)	(2,519,183)	(1,844,822)	674,361
(1,255,592)	(1,255,592)	-	2,315,148	2,315,148	-
1,457,651	1,457,651	-	1,585,782	1,585,782	-
<u>\$ 143,374</u>	<u>\$ (19,223)</u>	<u>\$ (162,597)</u>	<u>\$ 1,381,747</u>	<u>\$ 2,056,108</u>	<u>\$ 674,361</u>

Independence Local School District
*Combined Statement of Revenues, Expenses and
Changes in Retained Earnings/Fund Equity - Proprietary Fund Type
and Nonexpendable Trust Fund
Fiscal Year Ended June 30, 2001*

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total Reporting Entity</u>
	Enterprise	Nonexpendable Trust	Memorandum Only
Operating Revenues:			
Sales	\$ 205,095	\$ -	\$ 205,095
Interest	-	329	329
Total Operating Revenues	<u>205,095</u>	<u>329</u>	<u>205,424</u>
Operating Expenses:			
Salaries	105,868	-	105,868
Fringe Benefits	28,298	-	28,298
Purchased Services	4,318	-	4,318
Materials and Supplies	122,359	-	122,359
Cost of Sales	10,843	-	10,843
Total Operating Expenses	<u>271,686</u>	<u>-</u>	<u>271,686</u>
Operating Income (Loss)	(66,591)	329	(66,262)
Non-Operating Revenues (Expenses)			
Operating Grants	17,634	-	17,634
Government Donated Commodities	10,843	-	10,843
Other Miscellaneous	64	-	64
Total Non-Operating Revenues (Expenses)	<u>28,541</u>	<u>-</u>	<u>28,541</u>
Transfers from Other Funds	36,700	8,000	44,700
Net Income (Loss)	(1,350)	8,329	6,979
Retained Earning (Deficit) at Beginning of Year	<u>(35,921)</u>	<u>-</u>	<u>(35,921)</u>
Retained Earnings (Deficit) at End of Year	(37,271)	8,329	(28,942)
Contributed Capital Beginning of Year	51,859	-	51,859
Contributions During Year from: Permanent Improvement Fund	13,100	-	13,100
Depreciation on Fixed Assets Acquired by Contributed Capital	(11,091)	-	(11,091)
Contributed Capital at End of Year	<u>53,868</u>	<u>-</u>	<u>53,868</u>
Total Fund Equity (Deficit) at End of Year	<u>\$ 16,597</u>	<u>\$ 8,329</u>	<u>\$ 24,926</u>

See Notes to General Purpose Financial Statements

Independence Local School District
Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total Reporting Entity
	Enterprise	Nonexpendable Trust	Memorandum Only
Increase (Decrease) in Cash and Cash Equivalents			
Cash flows from operating activities			
Cash received from sales	\$ 205,095	\$ -	\$ 205,095
Other cash received	-	329	329
Cash paid to employees	(140,027)	-	(140,027)
Cash paid to suppliers	(125,280)	-	(125,280)
Net cash provided by operating activities	<u>(60,212)</u>	<u>329</u>	<u>(59,883)</u>
Cash flows from noncapital financing activities			
Transfer In from other funds	36,700	8,000	44,700
Subsidy from federal government	17,698	-	17,698
Advance In from General Fund	400	-	400
Net cash provided by noncapital activities	<u>54,798</u>	<u>8,000</u>	<u>62,798</u>
Net increase (decrease) in cash and cash equivalents	(5,414)	8,329	2,915
Cash and cash equivalents, July 1	<u>5,521</u>	<u>-</u>	<u>5,521</u>
Cash and cash equivalents, June 30	<u>\$ 107</u>	<u>\$ 8,329</u>	<u>\$ 8,436</u>
Reconciliation of Operating (Loss) to Net Cash Provided for Operating Activities			
Operating income (loss)	<u>\$ (66,591)</u>	<u>\$ 329</u>	<u>\$ (66,262)</u>
Adjustments to reconcile operating income to net cash provided by operating activities			
Government Donated Commodities Used	10,843	-	10,843
Decrease in inventories	291	-	291
(Decrease) in accounts payable	1,106	-	1,106
(Decrease) in accrued wages/benefits payable	(228)	-	(228)
Increase in compensated absences payable	(5,633)	-	(5,633)
Total adjustments	<u>6,379</u>	<u>-</u>	<u>6,379</u>
Net cash provided by operating activities	<u>\$ (60,212)</u>	<u>\$ 329</u>	<u>\$ (59,883)</u>
Noncash Investing, Capital and Financing Activities			
Government Donated Commodities Received	\$ 9,687	\$ -	\$ 9,687

See Notes to the General Purpose Financial Statements

Independence Local School District
Combined Statement of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - Proprietary Fund Type
Fiscal Year Ended June 30, 2001

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Food Services	\$ 179,500	\$ 191,568	\$ 12,068
Classroom Materials and Fees	15,000	13,528	(1,472)
Miscellaneous	-	64	64
	<u>194,500</u>	<u>205,160</u>	<u>10,660</u>
Total Operating Revenues			
Operating Expenses:			
Salaries and Wages	111,700	110,919	781
Fringe Benefits	32,200	29,108	3,092
Purchased Services	5,300	4,993	307
Materials and Supplies	124,400	121,402	2,998
	<u>273,600</u>	<u>266,422</u>	<u>7,178</u>
Total Operating Expenses			
(Deficiency) of Operating Revenues Over (Under) Operating Expenses	(79,100)	(61,262)	17,838
Non-Operating Revenues			
Federal and State Grants	16,500	17,634	1,134
	<u>16,500</u>	<u>17,634</u>	<u>1,134</u>
Total Non-Operating Revenues			
(Deficiency) of Revenues Over (Under) Expenses	(62,600)	(43,628)	18,972
Other Financing Sources (Uses):			
Operating Transfers In	58,000	36,700	(21,300)
Advances In	-	400	400
	<u>58,000</u>	<u>37,100</u>	<u>(20,900)</u>
Total Other Financing Sources (Uses):			
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	(4,600)	(6,528)	(1,928)
Fund Equity at Beginning of Year	5,521	5,521	-
Fund Equity at End of Year	<u>\$ 921</u>	<u>\$ (1,007)</u>	<u>\$ (1,928)</u>

See Notes to the General Purpose Financial Statements

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 75 non certified, and 85 certificated full time teaching personnel who provide services to 1,002 students and other community members.

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

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

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

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Proprietary Fund Type

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

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The School District has a nonexpendable trust fund. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

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

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

B. Measurement Focus and Basis of Accounting

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

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

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

C. Budgetary Process

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

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

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2001.

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

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

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

D. Cash and Cash Equivalents

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

During fiscal year 2001, investments were limited to STAROhio and overnight repurchase agreements.

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2001.

Under existing Ohio statutes, the Board of Education may, by resolution, identify the funds to receive an allocation of interest earnings. During fiscal year 2001, the general fund, permanent improvement funds, certain special revenue funds, and agency funds received interest allocations. Interest revenue reported on the general purpose financial statements totaled \$217,817.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. During fiscal year 2001, all investments of the School District and of the fiscal agents had a maturity of three months or less.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

E. Inventory

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

F. Fixed Assets and Depreciation

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

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

G. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program

School Bus Purchase Program

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Special Revenue Funds

- Teacher Development
- Education Management Information System
- Data Communications
- SchoolNet Professional Development
- Safe Schools Helpline

Capital Project Funds

- SchoolNet Plus
- Interactive Video Distance Learning

Non-Reimbursable Grants

Special Revenue Funds

- Auxiliary Services
- Title II Eisenhower
- Title I
- Title VI
- Title VI-R
- Title IV Drug Free
- Telecommunications Act
- Technology Literacy Challenge

Reimbursable Grants

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 7% of the School District's governmental fund revenues during the 2001 fiscal year.

H. Compensated Absences

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

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

I. Contributed Capital

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

J. Accrued Liabilities and Long-Term Obligations

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

K. Interfund Transactions

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

All other interfund transfers are reported as operating transfers.

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. As of June 30, 2001, the School District has set-aside \$208,000 in this reserve.

M. Estimates

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

N. Fund Balance Reserves

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

O. Total Columns on General Purpose Financial Statements

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

Note 3 – Changes in Accounting Principles

For fiscal year 2001, the School District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions” and GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Transactions.” The implementation of this statement did not result in any change in fund balances from prior year.

Note 4 - Accountability

Fund Deficits

Fund balances/retained earnings at June 30, 2001, included the following individual fund deficits:

	Deficit Fund Balance <u>Retained Earnings</u>
Auxiliary Services Special Revenue Fund	\$ 271
Title I Special Revenue Fund	5,022
Title VI Special Revenue Fund	490
Title VI-R Special Revenue Fund	819
Food Service Enterprise Fund	34,909
Uniform School Supplies Enterprise Fund	2,362

The deficit in the Auxiliary Services, Title I, Title VI and Title VI-R Special Revenue Funds are the result of timing differences in receiving state and federal funds for these grants and for adjustments of accrued liabilities.

The deficit in the Food Service and Uniform School Supplies Enterprise Funds are the result of accumulated losses due to accrued liabilities. The School District is analyzing each fund’s operations to determine appropriate steps to alleviate the deficit.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Note 5 - Budgetary Basis of Accounting

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

The major differences between the budget basis and GAAP basis are:

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

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

	Excess of Revenues and Other Financing Sources, Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$(1,291,896)	\$ (83,808)	\$ 13,777
Net Adjustments for Revenue Accrual	(161,913)	(215)	(4,004)
Net Adjustments for Expenditure Accruals	95,289	(2,725)	(45,670)
Adjustment for Encumbrances	<u>(160,270)</u>	<u>(18,002)</u>	<u>(185,385)</u>
Budget Basis	<u>\$(1,518,790)</u>	<u>\$(104,750)</u>	<u>\$ (221,282)</u>

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

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

	<u>Enterprise</u>
GAAP Basis	\$ (1,350)
Revenue Accruals	(10,443)
Expense Accruals	6,379
Adjustment for Encumbrances	<u>(1,114)</u>
Budget Basis	<u>\$ (6,528)</u>

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

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

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

Interim monies may be invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligations or security issued by the United States Treasury, or any other obligation guaranteed as to the principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or 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 securities shall be direct issuances of federal government agencies and instrumentalities;

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in the amount not to 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 specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

Deposits At year-end, the carrying amount of the School District's deposits were \$706,018 and the bank balance was \$1,150,847. Of the total bank balance:

1. \$150,847 was covered by federal depository insurance; and
2. \$1,000,000 was collateralized with securities held by the depository institution's trust department or agent in the school district's name.

Independence Local School District
Notes to the General Purpose Financial Statements
 June 30, 2001

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

	Category 3	Carrying Value	Fair Value
Sweep/Repurchase Agreement	\$ 238,429	\$ 238,429	\$ 238,429
Investment in State Treasurer's Investment Pool		1,553,782	1,553,782
Total Investments	\$ 238,429	\$1,792,211	\$1,792,211

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$ 2,498,429	\$ -
Investments which are part of a cash management pool	(1,553,782)	1,553,782
Sweep/Repurchase Agreement	(238,429)	238,429
Cash on Hand	(200)	0
GASB Statement 3	\$ 706,018	\$ 1,792,211

Note 7 - Property Taxes

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second - Half Collections		2001 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$ 354,627,200	81.70	\$ 413,535,520	83.30
Public Utility Personal	26,070,840	6.00	24,740,020	5.00
Tangible Personal Property	53,400,026	12.30	57,941,478	11.70
Total	<u>\$ 434,098,066</u>	<u>100.00</u>	<u>\$ 496,217,018</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 23.40		\$ 23.40	

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

The School District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$503,788 and is recognized as revenue. \$487,163 was available to the general fund and \$16,625 was available to the capital projects fund.

Note 8 - Receivables

Receivables at June 30, 2001, consisted of taxes, accounts (rent and miscellaneous), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Independence Local School District
Notes to the General Purpose Financial Statements
 June 30, 2001

Note 9 - Fixed Assets

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Land and Improvements	\$ 390,732	\$ -	\$ -	\$ 390,732
Buildings	3,076,069	2,044,280	-	5,120,349
Vehicles	752,568	142,346	69,330	825,584
Furniture and Equipment	2,505,058	182,556	-	2,687,614
Construction in Progress	497,058	-	497,058	-
Total General Fixed Assets	\$ 7,221,485	\$2,369,182	\$ 566,388	\$ 9,024,279

A summary of changes in the enterprise funds' fixed assets are as follows:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Furniture and Equipment	\$ 170,950	\$ 13,100	\$ 2,800	\$ 181,250
Accumulated Depreciation	(119,091)	(11,091)	(2,800)	(127,382)
Net Fixed Assets	\$ 51,859	\$ 2,009	\$ -	\$ 53,868

Note 10 - Risk Management

Property and Liability The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For Fiscal Year 2001, the School District contracted with Crum & Forster for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy. Crum & Forster Insurance covers the boiler and machinery with a \$1,000 deductible and a \$30,000,000 limit.

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Workers' Compensation For fiscal year 2001, the School District participated in the Ohio School Board Associations' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school district that can meet the GRP's selection criteria. The firm of GatesMcDonald provided administrative, cost control and actuarial services to the GRP.

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the Independence Local School District is required to contribute 14 percent. For fiscal year 2001, 4.2 of annual covered salary was used to fund pension obligations. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution rates are not determined actuarially but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's contributions to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$338,842, \$310,345, and \$297,366, respectively, which represents 100 percent for these years. The School District pays fund pension obligations when incurred.

B. State Teachers Retirement System

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Plan members are required to contribute 9.3 percent of their annual covered salary and the Independence Local School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$1,155,658, \$1,048,566 and \$1,033,850, respectively, which represents 100 percent for these years. The School District pays fund pension obligations when incurred.

C. Social Security System

Effective July 1, 1991, employees not otherwise covered by the School Employees Retirement System (SERS) or the State Teachers Retirement System of Ohio (STRS) have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2001, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

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

For the State Teachers Retirement System, all benefits recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from State Teachers Retirement System funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, 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 \$371,428 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 billion at June 30, 2000 (latest information available). For the year ended June 30, 2000, net health care costs by the State Teachers Retirement System were \$283,137,000 and STRS had 99,000 eligible benefit recipients.

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

For fiscal year 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll. 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 2001, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, equaled \$237,189 during the 2001 fiscal year.

The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care at June 30, 2000 (latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants who are currently receiving health care benefits.

Note 13 – Long-Term Obligations

A. Schedule of General Long-Term Obligations Account Group

The changes in the District's long-term obligations during the fiscal year ended June 30, 2001 consist of the following:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2001</u>
Compensated Absences	\$ 1,283,917	\$ 57,075	\$ 22,408	\$ 1,318,584

B. Compensated Absences

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

C. Legal Debt Margin

The School Districts does not carry any long-term debt. However, the School District's overall voted debt margin was \$44,659,532 with an unvoted debt margin of \$496,217.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Note 14 - Other Employee Benefits

Health Care Benefits

For the period July 1, 2000 through June 30, 2001, the School District elected to provide employee medical/surgical benefits through Medical Mutual of Ohio's Super Med Plus health care program. The School District paid \$452.05 for family coverage or \$165.48 for single coverage per month, which represents the entire premium required. The premium was paid by the fund that paid the salary for the employee.

The School District also provides the following health care benefits: dental care at a cost of \$64.35 per month per employee on a composite basis, prescription drug coverage at a cost of \$141.64 per month per employee on a composite basis and vision care at a cost of \$23.49 for family coverage, \$8.61 for single coverage each month per employee.

Note 15 - Jointly Governed Organizations

Lakeshore Northeast Ohio Computer Association The Lakeshore Northeast Ohio Computer Association(LNOCA) is a jointly governed computer service bureau owned and operated by eleven school districts. The primary function of LNOCA is to provide data services to the eleven school districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance, student tracking, pupil scheduling, attendance and grade reporting. The Board of Directors consists of the superintendents from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the board. The Cuyahoga County Educational Service Center serves as the fiscal agent of LNOCA. Each school district supports LNOCA based on a per pupil charge dependent upon the data services used. All revenues are generated from charges for services and State funding. Independence Local School District paid **\$11,886** to LNOCA during fiscal year 2000. Financial information can be obtained by contacting the Treasurer of the Fiscal Agent at LNOCA, 5700 West Canal Road, Valley View, Ohio 44125.

Ohio Schools Council The Ohio Schools Council (OSC), formerly the Greater Cleveland Schools Council, is a jointly governed organization among eighty-three School Districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. Each district supports the OSC by paying a one-time fee of \$500 and an annual participation fee. The OSC's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Albert Vasek, Executive Secretary/Treasurer, Ohio Schools Council at Rockside Square, Building 2, 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

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 School District also participates in the Council's prepaid natural gas program that was implemented during fiscal year 2000. This 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 month these estimated payments are compared to their actual usage 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.

Note 16 - 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.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 14, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, 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.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

Independence Local School District
Notes to the General Purpose Financial Statements
 June 30, 2001

Note 17 - Interfund Receivables/Payables

At June 30, 2001, the uniform school supplies enterprise fund had an inter-fund payable in the amount of \$2,400. The general fund had an inter-fund receivable of \$2,400.

Note 18 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

Litigation

The School District is not party to any legal proceedings.

Note 19 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$191,567	\$ 13,528	\$205,095
Operating Expenses	257,486	14,200	271,686
Operating Loss	(65,919)	(672)	(66,591)
Operating Grants	17,634	-	17,634
Donated Commodities	10,843	-	10,843
Operating Transfers In	36,700	-	36,700
Operating Transfers Out	-	-	-
Net Loss	(678)	(672)	(1,350)
Fixed Asset Additions	13,100	-	13,100
Total Assets	56,750	38	56,788
Net Working Capital	(17,977)	(2,362)	(20,339)
Total Equity	18,959	(2,362)	16,597
Encumbrances, June 30, 2001	1,114	-	1,114

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Note 20 - Changes in Contributed Capital

Changes in contributed capital in the enterprise funds for the fiscal year ended June 30, 2000, are summarized by source as follows:

	<u>Food Service</u>
Contributed Capital-July 1, 2000	\$ 51,859
Current Contributions:	
Other Funds	13,100
Donations	0
Total Contributions	13,100
Depreciation	(11,091)
Contributed Capital-June 30, 2001	<u>\$ 53,868</u>

Note 21 – House Bill 412 Set-Aside Requirements

The School District is required by State statute to annually set-aside in the General Fund a statutory formula amount of 3% of previous years operating revenues for the purchase of textbooks and other instructional materials and for acquisition and construction of capital improvements. Formula amounts not spent by year-end or offsets by similarly restricted resources received during the year must be held in a cash balance at year-end and carried forward to be used for the same purpose in future years.

The requirement for establishment of a budget reserve set-aside has been deleted from the law, along with the requirement to appropriate for this reserve. A school district may still establish reserve balance account consistent with Section 5705.13, Revised Code if it so chooses; however, the requirement is no longer mandatory. No decision had been made by the District on whether to eliminate the Budget Stabilization Fund.

Independence Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2000	\$ (91,301)	\$ -	\$ 208,000	\$ 116,699
Current Year Set-aside Requirement	245,400	245,400	-	490,800
Current Year Offsets	-	-	-	-
Qualifying Disbursements	(490,500)	(1,390,270)	-	(1,880,770)
Total	<u>\$ (336,401)</u>	<u>\$ (1,144,870)</u>	<u>\$ 208,000</u>	<u>\$ (1,273,271)</u>
Cash Balance Carried Forward to FY 2001	<u>\$ (336,401)</u>	<u>\$ -</u>	<u>\$ 208,000</u>	
Amount restricted for Budget Stabilization				<u>208,000</u>
Total Restricted Assets				<u>\$ 208,000</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, extra amounts may only be used to reduce the set-aside requirements of the Textbooks/Instructional Materials in future years.

General Fund

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

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - General Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$8,334,000	\$8,831,662	\$497,662
Tuition	5,000	5,835	835
Intergovernmental	1,550,000	1,463,995	(86,005)
Earnings on Investments	200,000	202,608	2,608
Classroom Materials and Fees	18,000	19,483	1,483
Miscellaneous	45,000	58,616	13,616
Total Revenues	10,152,000	10,582,199	430,199
Expenditures			
Current			
Instruction:			
Regular:			
Salaries and Wages	3,700,700	3,643,042	57,658
Fringe Benefits	1,082,850	1,053,786	29,064
Purchased Services	17,850	16,820	1,030
Materials and Supplies	157,184	157,129	55
Capital Outlay	35,100	28,256	6,844
Other	1,400	1,350	50
Total Regular Instruction	4,995,084	4,900,383	94,701
Special			
Salaries and Wages	129,500	128,349	1,151
Fringe Benefits	34,400	30,903	3,497
Purchased Services	479,200	459,877	19,323
Materials and Supplies	11,760	10,793	967
Capital Outlay	8,650	7,010	1,640
Total Special Instruction	663,510	636,932	26,578
Other:			
Purchased Services	433,854	433,314	540
Total Other	433,854	433,314	540
Total Instruction	6,092,448	5,970,629	121,819

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - General Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Supporting Services:			
Pupils:			
Salaries and Wages	298,200	294,230	3,970
Fringe Benefits	90,500	87,374	3,126
Purchased Services	125,113	119,012	6,101
Materials and Supplies	16,393	14,105	2,288
Total Pupils	530,206	514,721	15,485
Instructional Staff:			
Salaries and Wages	406,100	401,130	4,970
Fringe Benefits	154,770	145,594	9,176
Purchased Services	58,835	49,559	9,276
Materials and Supplies	39,942	38,207	1,735
Capital Outlay	474	319	155
Other	500	332	168
Total Instructional Staff	660,621	635,141	25,480
Board of Education:			
Salaries and Wages	10,000	7,680	2,320
Fringe Benefits	1,200	1,178	22
Purchased Services	115,450	83,024	32,426
Materials and Supplies	4,500	3,991	509
Other	9,500	8,273	1,227
Total Board of Education	140,650	104,146	36,504
Administration:			
Salaries and Wages	526,300	519,236	7,064
Fringe Benefits	201,750	194,284	7,466
Purchased Services	12,597	12,504	93
Materials and Supplies	12,994	12,148	846
Capital Outlay	985	985	-
Other	12,200	8,876	3,324
Total Administration	766,826	748,033	18,793

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - General Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Fiscal Services:			
Salaries and Wages	161,850	160,972	878
Fringe Benefits	58,000	57,825	175
Purchased Services	3,230	3,228	2
Materials and Supplies	4,390	4,288	102
Other	148,000	147,873	127
Total Fiscal Services	375,470	374,186	1,284
Business:			
Purchased Services	160,029	136,754	23,275
Materials and Supplies	18,000	17,082	918
Total Business	178,029	153,836	24,193
Operation and Maintenance of Plant:			
Salaries and Wages	441,000	440,265	735
Fringe Benefits	144,250	129,427	14,823
Purchased Services	442,804	439,882	2,922
Materials and Supplies	101,793	99,402	2,391
Capital Outlay	350	249	101
Total Operation and Maintenance of Plant	1,130,197	1,109,225	20,972
Pupil Transportation:			
Salaries and Wages	327,500	326,035	1,465
Fringe Benefits	85,070	81,199	3,871
Purchased Services	116,949	101,440	15,509
Materials and Supplies	82,412	80,363	2,049
Capital Outlay	16,212	15,771	441
Total Pupil Transportation	628,143	604,808	23,335
Total Supporting Services	4,410,142	4,244,096	166,046

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - General Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Extracurricular Activities			
Academic and Subject Oriented			
Salaries and Wages	67,000	66,818	182
Fringe Benefits	8,950	8,630	320
Other	1,500	1,489	11
Total Academic and Subject Oriented	<u>77,450</u>	<u>76,937</u>	<u>513</u>
Sports Oriented			
Salaries and Wages	232,000	230,804	1,196
Fringe Benefits	35,100	34,494	606
Purchased Services	17,400	17,372	28
Materials and Supplies	2,600	1,012	1,588
Capital Outlay	-	-	-
Other	1,000	10	990
Total Sports Oriented	<u>288,100</u>	<u>283,692</u>	<u>4,408</u>
Total Extracurricular Activities	<u>365,550</u>	<u>360,629</u>	<u>4,921</u>
Capital Outlay	<u>28,200</u>	<u>28,149</u>	<u>51</u>
Total Expenditures	<u>10,896,340</u>	<u>10,603,503</u>	<u>292,837</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(744,340)	(21,304)	723,036
Other Financing Sources (Uses)			
Refund Of Prior Year Expenditures	5,000	6,153	1,153
Refund Of Prior Year Receipts	-	(13)	(13)
Other Financing Uses	(10,000)	-	10,000
Advances Out	(5,000)	(400)	4,600
Operating Transfers Out	(1,610,000)	(1,503,226)	106,774
Total Other Financing Sources (Uses)	<u>(1,620,000)</u>	<u>(1,497,486)</u>	<u>122,514</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(2,364,340)	(1,518,790)	845,550
Fund Balance - Beginning of Year	3,452,477	3,452,477	-
Prior Year Encumbrances Appropriated	<u>103,576</u>	<u>103,576</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,191,713</u>	<u>\$ 2,037,263</u>	<u>\$ 845,550</u>

Special Revenue Funds

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

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

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

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

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

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

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

The **SchoolNet Professional Development Fund** accounts for state funds provided for supporting novice and practitioner goals and/or the District's technology plan.

The **Data Communications Fund** accounts for state funds provided for the Ohio Educational Computer network connections.

The **Safe Schools Helpline Fund** accounts for state funds provided for supporting a school helpline for students and parents of the school district.

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

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

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

Special Revenue Funds (Cont'd)

The **Title VI-R Fund** accounts for federal funds given to the state to provide intervention and the ability to reduce teacher-to-student ratio in selected primary grades in math and reading by the hiring of a part-time teacher.

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

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

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

Independence Local School District
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances-All Governmental Fund Types
Fiscal Year Ended June 30, 2001*

	Public School Support	Other Grants	District Managed Activities	Auxiliary Services	Teacher Development	Education Management Information System	Data Communications
Assets:							
Cash and Cash Equivalents	\$ 13,880	\$ 9,365	\$ 9,922	\$ 8,302	\$ 590	\$ -	\$ 3,375
Accounts	214	-	-	-	-	-	-
Total Assets	\$ 14,094	\$ 9,365	\$ 9,922	\$ 8,302	\$ 590	\$ -	\$ 3,375
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	\$ 18	\$ -	\$ 2,238	\$ 3,712	\$ 400	\$ -	\$ 1,312
Accrued Wages/Benefits Payable	-	-	-	4,861	-	-	-
Total Liabilities	18	-	2,238	8,573	400	-	1,312
Fund Equity:							
Reserved for encumbrances	759	-	5,440	1,210	-	-	-
Unreserved, Undesignated	13,317	9,365	2,244	(1,481)	190	-	2,063
Total Fund Equity	14,076	9,365	7,684	(271)	190	-	2,063
Total Liabilities and Fund Equity	\$ 14,094	\$ 9,365	\$ 9,922	\$ 8,302	\$ 590	\$ -	\$ 3,375

School Net Professional Development	Safe Schools Helpline	Title II Eisenhower	Title I	Title VI	Title VI-R	Tile IV Drug Free	Telecomm Act	Technology Literacy Challenge	Totals
\$ 3,600	\$ 1,098	\$ 2,399	\$ 24	\$ 2,626	\$ 281	\$ 615	\$ -	\$ -	\$ 56,077
-	-	-	-	-	-	-	-	-	214
\$ 3,600	\$ 1,098	\$ 2,399	\$ 24	\$ 2,626	\$ 281	\$ 615	\$ -	\$ -	\$ 56,291
\$ 600	\$ -	\$ 405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,685
-	-	-	5,046	3,116	1,100	-	-	-	14,123
600	-	405	5,046	3,116	1,100	-	-	-	22,808
-	-	-	-	-	-	-	-	-	7,409
3,000	1,098	1,994	(5,022)	(490)	(819)	615	-	-	26,074
3,000	1,098	1,994	(5,022)	(490)	(819)	615	-	-	33,483
\$ 3,600	\$ 1,098	\$ 2,399	\$ 24	\$ 2,626	\$ 281	\$ 615	\$ -	\$ -	\$ 56,291

Independence Local School District
*Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances-All Special Revenue Funds
 Fiscal Year Ended June 30, 2001*

	Public School Support	Other Grants	District Managed Activities	Auxiliary Services	Teacher Development	Education Management Information System	Data Communications
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	#####	\$ 5,374	\$ 5,000	\$ 6,000
Earnings on Investments	-	-	1,271	3,895	-	-	-
Extracurricular Activities	-	-	27,218	-	-	-	-
Classroom Materials / Fees	-	-	1,738	-	-	-	-
Miscellaneous	16,782	-	7,554	-	-	-	-
Total Revenues	16,782	-	37,781	210,623	5,374	5,000	6,000
Expenditures:							
Current:							
Instruction							
Regular	-	504	-	-	-	-	-
Special	-	-	-	-	-	-	-
Support Services							
Pupils	-	-	-	-	-	-	-
Instructional Staff	-	-	-	-	12,931	-	3,937
Business	14,373	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-	-
Central	-	-	-	-	-	5,000	-
Operation of Non-Instructional Services	-	-	-	214,377	-	-	-
Extracurricular Activities	-	-	53,303	-	-	-	-
Total Expenditures	14,373	504	53,303	214,377	12,931	5,000	3,937
Excess of Revenues Over (Under) Expenditures	2,409	(504)	(15,522)	(3,754)	(7,557)	-	2,063
<u>Other Financing Sources:</u>							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	(400)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(400)	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	2,409	(904)	(15,522)	(3,754)	(7,557)	-	2,063
Fund Balance (Deficit) at Beginning of Year	11,667	10,269	23,206	3,483	7,747	-	-
Fund Balance (Deficit) at End of Year	\$ 14,076	\$ 9,365	\$ 7,684	\$ (271)	\$ 190	\$ -	\$ 2,063

SchoolNet Professional Development	Safe Schools Helpline	Title II Eisenhower	Title I	Title VI	Title VI-R	Title IV Drug Free	Telecomm Act	Technology Literacy Challenge	Totals
\$ 3,000	\$ 1,060	\$ 3,973	\$ 41,958	\$ 7,040	\$ 6,382	\$ 2,830	\$ -	\$ -	\$ 289,345
-	-	-	-	-	-	-	-	-	5,166
-	-	-	-	-	-	-	-	-	27,218
-	-	-	-	-	-	-	-	-	1,738
-	-	-	-	-	-	-	-	-	24,336
<u>3,000</u>	<u>1,060</u>	<u>3,973</u>	<u>41,958</u>	<u>7,040</u>	<u>6,382</u>	<u>2,830</u>	<u>-</u>	<u>-</u>	<u>347,803</u>
-	-	2,351	-	-	-	1,152	-	-	4,007
-	-	-	47,628	5,471	7,184	-	-	-	60,283
-	-	-	-	-	-	1,196	-	-	1,196
1,000	-	-	-	-	-	995	-	53,599	72,462
-	-	-	-	-	-	-	-	-	14,373
-	-	-	-	-	-	-	7,298	-	7,298
-	-	-	-	-	-	-	-	-	5,000
-	-	-	-	2,077	-	-	-	-	216,454
-	-	-	-	-	-	-	-	-	53,303
<u>1,000</u>	<u>-</u>	<u>2,351</u>	<u>47,628</u>	<u>7,548</u>	<u>7,184</u>	<u>3,343</u>	<u>7,298</u>	<u>53,599</u>	<u>434,376</u>
2,000	1,060	1,622	(5,670)	(508)	(802)	(513)	(7,298)	(53,599)	(86,573)
-	-	-	2,985	66	9	106	-	-	3,166
-	-	-	(1)	-	-	-	-	-	(401)
-	-	-	<u>2,984</u>	<u>66</u>	<u>9</u>	<u>106</u>	<u>-</u>	<u>-</u>	<u>2,765</u>
2,000	1,060	1,622	(2,686)	(442)	(793)	(407)	(7,298)	(53,599)	(83,808)
<u>1,000</u>	<u>38</u>	<u>372</u>	<u>(2,336)</u>	<u>(48)</u>	<u>(26)</u>	<u>1,022</u>	<u>7,298</u>	<u>53,599</u>	<u>117,291</u>
\$ 3,000	\$ 1,098	\$ 1,994	\$ (5,022)	\$ (490)	\$ (819)	\$ 615	\$ -	\$ -	\$ 33,483

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Public School Support Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Miscellaneous	\$ 30,000	\$ 16,567	\$ (13,433)
Total Revenues	<u>30,000</u>	<u>16,567</u>	<u>(13,433)</u>
Expenditures			
Current			
Supporting Services:			
Business:			
Other	<u>25,143</u>	<u>15,133</u>	<u>10,010</u>
Total Business	<u>25,143</u>	<u>15,133</u>	<u>10,010</u>
Total Supporting Services	<u>25,143</u>	<u>15,133</u>	<u>10,010</u>
Total Expenditures	<u>25,143</u>	<u>15,133</u>	<u>10,010</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,857	1,434	(3,423)
Fund Balance - Beginning of Year	11,293	11,293	-
Prior Year Encumbrances Appropriated	<u>373</u>	<u>373</u>	-
Fund Balance - End of Year	<u><u>\$ 16,523</u></u>	<u><u>\$ 13,100</u></u>	<u><u>\$ (3,423)</u></u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Other Grants Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
Current			
Instruction:			
Regular:			
Materials and Supplies	3,272	154	3,118
Capital Outlay	250	250	-
Other	100	100	-
Total Regular Instruction	<u>3,622</u>	<u>504</u>	<u>3,118</u>
Special			
Purchased Services	400	-	400
Materials and Supplies	175	-	175
Total Special Instruction	<u>575</u>	<u>-</u>	<u>575</u>
Total Instruction	<u>4,197</u>	<u>504</u>	<u>3,693</u>
Total Expenditures	<u>4,197</u>	<u>504</u>	<u>3,693</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,197)	(504)	3,693
Other Financing Sources			
Operating Transfers Out	(400)	(400)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(4,597)	(904)	3,693
Fund Balance - Beginning of Year	10,023	10,023	-
Prior Year Encumbrances Appropriated	246	246	-
Fund Balance - End of Year	<u>\$ 5,672</u>	<u>\$ 9,365</u>	<u>\$ 3,693</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - District Managed Activities Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Earnings on Investments	\$ 1,500	\$ 1,271	\$ (229)
Extracurricular Activities	31,500	27,218	(4,282)
Donations and Gifts	15,000	424	(14,576)
Classroom Materials and Fees	2,000	1,738	(262)
Miscellaneous	10,000	7,130	(2,870)
Total Revenues	<u>60,000</u>	<u>37,781</u>	<u>(22,219)</u>
Expenditures			
Current			
Extracurricular Activities			
Sports Oriented			
Purchased Services	23,200	20,033	3,167
Materials and Supplies	35,806	35,282	524
Other	5,500	3,393	2,107
Total Sports Oriented	<u>64,506</u>	<u>58,708</u>	<u>5,798</u>
Total Extracurricular Activities	<u>64,506</u>	<u>58,708</u>	<u>5,798</u>
Total Expenditures	<u>64,506</u>	<u>58,708</u>	<u>5,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,506)	(20,927)	(16,421)
Fund Balance - Beginning of Year	17,699	17,699	-
Prior Year Encumbrances Appropriated	5,506	5,506	-
Fund Balance - End of Year	<u>\$ 18,699</u>	<u>\$ 2,278</u>	<u>\$ (16,421)</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Auxiliary Services Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 206,728	\$ 206,728	\$ -
Earnings on Investments	4,000	3,895	(105)
Total Revenues	210,728	210,623	(105)
Expenditures			
Current			
Operation of Non-Instructional Services			
Community Services			
Salaries and Wages	31,750	31,745	5
Fringe Benefits	5,771	5,771	-
Purchased Services	74,190	73,089	1,101
Materials and Supplies	102,159	99,781	2,378
Other	8,269	8,269	-
Total Community Services	222,139	218,655	3,484
Total Operation of Non-Instructional Services	222,139	218,655	3,484
Total Expenditures	222,139	218,655	3,484
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,411)	(8,032)	3,379
Fund Balance - Beginning of Year	10,507	10,507	-
Prior Year Encumbrances Appropriated	904	904	-
Fund Balance - End of Year	\$ -	\$ 3,379	\$ 3,379

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Teacher Development Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 5,374	\$ 5,374	\$ -
Total Revenues	<u>5,374</u>	<u>5,374</u>	<u>-</u>
Expenditures			
Current			
Supporting Services:			
Instructional Staff:			
Salaries and Wages	3,991	3,983	8
Fringe Benefits	962	962	-
Purchased Services	8,464	8,284	180
Total Instructional Staff	<u>13,417</u>	<u>13,229</u>	<u>188</u>
Total Supporting Services	<u>13,417</u>	<u>13,229</u>	<u>188</u>
Total Expenditures	<u>13,417</u>	<u>13,229</u>	<u>188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,043)	(7,855)	188
Fund Balance - Beginning of Year	7,745	7,745	-
Prior Year Encumbrances Appropriated	<u>298</u>	<u>298</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ 188</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - EMIS Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 5,000	\$ 5,000	\$ -
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures			
Current			
Central:			
Salaries and Wages	4,400	4,400	-
Fringe Benefits	<u>600</u>	<u>600</u>	<u>-</u>
Total Central	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Supporting Services	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Data Communications Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 6,000	\$ 6,000	\$ -
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Expenditures			
Current			
Support Services:			
Instructional Staff			
Purchased Services	6,000	3,937	2,063
Capital Outlay	-	-	-
Total Instructional Staff	<u>6,000</u>	<u>3,937</u>	<u>2,063</u>
Total Expenditures	<u>6,000</u>	<u>3,937</u>	<u>2,063</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,063	2,063
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ 2,063</u></u>	<u><u>\$ 2,063</u></u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - SchoolNet Prof Dev Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 3,000	\$ 3,000	\$ -
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Expenditures			
Current			
Supporting Services			
Instructional Staff			
Purchased Services	<u>2,600</u>	<u>2,600</u>	<u>-</u>
Total Instructional Staff	<u>2,600</u>	<u>2,600</u>	<u>-</u>
Total Supporting Services	<u>2,600</u>	<u>2,600</u>	<u>-</u>
Total Expenditures	<u>2,600</u>	<u>2,600</u>	<u>-</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures			
	400	400	-
Fund Balance - Beginning of Year	1,000	1,000	-
Prior Year Encumbrances Appropriated	<u>1,600</u>	<u>1,600</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Safe School Helpline Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ -	\$ 1,060	\$ 1,060
Total Revenues	<u>-</u>	<u>1,060</u>	<u>1,060</u>
Expenditures			
Current			
Supporting Services			
Pupils			
Purchased Services	<u>38</u>	<u>-</u>	<u>38</u>
Total Pupil	<u>38</u>	<u>-</u>	<u>38</u>
Total Supporting Services	<u>38</u>	<u>-</u>	<u>38</u>
Total Expenditures	<u>38</u>	<u>-</u>	<u>38</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38)	1,060	1,098
Fund Balance - Beginning of Year	38	38	-
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ 1,098</u></u>	<u><u>\$ 1,098</u></u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Title II Eisenhower Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 4,221	\$ 3,973	\$ (248)
Total Revenues	<u>4,221</u>	<u>3,973</u>	<u>(248)</u>
Expenditures			
Current			
Instruction:			
Regular:			
Salaries and Wages	471	471	-
Fringe Benefits	226	226	-
Purchased Services	2,524	1,504	1,020
Materials and Supplies	1,592	370	1,222
Total Regular Instruction	<u>4,813</u>	<u>2,571</u>	<u>2,242</u>
Total Instruction	<u>4,813</u>	<u>2,571</u>	<u>2,242</u>
Total Expenditures	<u>4,813</u>	<u>2,571</u>	<u>2,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(592)	1,402	1,994
Fund Balance - Beginning of Year	272	272	-
Prior Year Encumbrances Appropriated	<u>320</u>	<u>320</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 1,994</u>	<u>\$ 1,994</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Title I Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 41,958	\$ 41,958	\$ -
Total Revenues	<u>41,958</u>	<u>41,958</u>	<u>-</u>
Expenditures			
Current			
Special			
Salaries and Wages	46,280	41,278	5,002
Fringe Benefits	<u>6,725</u>	<u>6,405</u>	<u>320</u>
Total Special Instruction	<u>53,005</u>	<u>47,683</u>	<u>5,322</u>
Total Instruction	<u>53,005</u>	<u>47,683</u>	<u>5,322</u>
Total Expenditures	<u>53,005</u>	<u>47,683</u>	<u>5,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,047)	(5,725)	5,322
Other Financing Sources			
Operating Transfers In	11,047	2,985	(8,062)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	-	(2,740)	(2,740)
Fund Balance - Beginning of Year	<u>2,765</u>	<u>2,765</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 2,765</u>	<u>\$ 25</u>	<u>\$ (2,740)</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Title VI Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 7,040	\$ 7,040	\$ -
Total Revenues	<u>7,040</u>	<u>7,040</u>	<u>-</u>
Expenditures			
Current			
Instruction:			
Special			
Salaries and Wages	6,406	4,156	2,250
Fringe Benefits	<u>1,018</u>	<u>643</u>	<u>375</u>
Total Special Instruction	<u>7,424</u>	<u>4,799</u>	<u>2,625</u>
Total Instruction	<u>7,424</u>	<u>4,799</u>	<u>2,625</u>
Operation of Non-Instructional Services			
Community Services			
Capital Outlay	<u>2,077</u>	<u>2,077</u>	<u>-</u>
Total Community Services	<u>2,077</u>	<u>2,077</u>	<u>-</u>
Total Operation of Non-Instructional Services	<u>2,077</u>	<u>2,077</u>	<u>-</u>
Total Expenditures	<u>9,501</u>	<u>6,876</u>	<u>2,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,461)	164	2,625
Other Financing Sources			
Operating Transfers In	66	66	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(2,395)	230	2,625
Fund Balance - Beginning of Year	<u>2,396</u>	<u>2,396</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1</u>	<u>\$ 2,626</u>	<u>\$ 2,625</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Title VI R Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$7,178	\$6,382	\$ (796)
Total Revenues	<u>7,178</u>	<u>6,382</u>	<u>(796)</u>
Expenditures			
Current			
Instruction:			
Special			
Salaries and Wages	7,188	6,210	978
Fringe Benefits	<u>1,108</u>	<u>1,008</u>	<u>100</u>
Total Special Instruction	<u>8,296</u>	<u>7,218</u>	<u>1,078</u>
Total Instruction	<u>8,296</u>	<u>7,218</u>	<u>1,078</u>
Total Expenditures	<u>8,296</u>	<u>7,218</u>	<u>1,078</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,118)	(836)	282
Other Financing Sources			
Operating Transfers In	10	9	(1)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(1,108)	(827)	281
Fund Balance - Beginning of Year	<u>1,108</u>	<u>1,108</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 281</u>	<u>\$ 281</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Title IV Drug Free Fund
Fiscal Year Ended June 30, 2001

	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Intergovernmental	\$ 4,159	\$ 2,830	\$ (1,329)
Total Revenues	<u>4,159</u>	<u>2,830</u>	<u>(1,329)</u>
Expenditures			
Current			
Instruction:			
Regular:			
Materials and Supplies	<u>2,864</u>	<u>2,864</u>	<u>-</u>
Total Regular Instruction	<u>2,864</u>	<u>2,864</u>	<u>-</u>
Total Instruction	<u>2,864</u>	<u>2,864</u>	<u>-</u>
Supporting Services:			
Pupils:			
Purchased Services	<u>1,090</u>	<u>1,090</u>	<u>-</u>
Total Pupils	<u>1,090</u>	<u>1,090</u>	<u>-</u>
Instructional Staff:			
Purchased Services	<u>1,210</u>	<u>1,210</u>	<u>-</u>
Other	<u>17</u>	<u>17</u>	<u>-</u>
Total Instructional Staff	<u>1,227</u>	<u>1,227</u>	<u>-</u>
Total Supporting Services	<u>2,317</u>	<u>2,317</u>	<u>-</u>
Total Expenditures	<u>5,181</u>	<u>5,181</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,022)	(2,351)	(1,329)
Other Financing Sources			
Other Financing Sources	(106)	(106)	-
Operating Transfers In	<u>106</u>	<u>106</u>	<u>-</u>
Total Other Financing Sources(Uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)			
	(1,022)	(2,351)	(1,329)
Fund Balance - Beginning of Year	363	363	-
Prior Year Encumbrances Appropriated	<u>659</u>	<u>659</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (1,329)</u>	<u>\$ (1,329)</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Telecommunications Act Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
Current			
Operation and Maintenance of Plant Services			
Purchased Services	7,298	7,298	-
Total Supporting Services	7,298	7,298	-
Total Expenditures	7,298	7,298	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,298)	(7,298)	-
Fund Balance - Beginning of Year	3,813	3,813	-
Prior Year Encumbrances Appropriated	3,485	3,485	-
Fund Balance - End of Year	\$ -	\$ -	\$ -

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Technology Literacy Challenge Fund
Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Current			
Supporting Services			
Instructional Staff:			
Salaries and Wages	2,000	2,000	-
Fringe Benefits	14,888	14,888	-
Purchased Services	20,505	20,505	-
Materials and Supplies	3,903	3,903	-
Capital Outlay	<u>19,109</u>	<u>19,109</u>	<u>-</u>
Total Instructional Staff	<u>60,405</u>	<u>60,405</u>	<u>-</u>
Total Supporting Services	<u>60,405</u>	<u>60,405</u>	<u>-</u>
Total Expenditures	<u>60,405</u>	<u>60,405</u>	<u>-</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(60,405)	(60,405)	-
Fund Balance - Beginning of Year	49,241	49,241	-
Prior Year Encumbrances Appropriated	<u>11,164</u>	<u>11,164</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Special Revenue Funds
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 290,658	\$ 289,345	\$ (1,313)
Earnings on Investments	5,500	5,166	(334)
Extracurricular Activities	31,500	27,218	(4,282)
Donations and Gifts	15,000	424	(14,576)
Classroom Materials and Fees	2,000	1,738	(262)
Miscellaneous	40,000	23,697	(16,303)
Total Revenues	<u>384,658</u>	<u>347,588</u>	<u>(37,070)</u>
Expenditures			
Current			
Instruction:			
Regular:			
Salaries and Wages	471	471	-
Fringe Benefits	226	226	-
Purchased Services	2,524	1,504	1,020
Materials and Supplies	7,728	3,388	4,340
Capital Outlay	250	250	-
Other	100	100	-
Total Regular Instruction	<u>11,299</u>	<u>5,939</u>	<u>5,360</u>
Special			
Salaries and Wages	59,874	51,644	8,230
Fringe Benefits	8,851	8,056	795
Purchased Services	400	-	400
Materials and Supplies	175	-	175
Total Special Instruction	<u>69,300</u>	<u>59,700</u>	<u>9,600</u>
Total Instruction	<u>80,599</u>	<u>65,639</u>	<u>14,960</u>
Supporting Services:			
Pupils:			
Purchased Services	1,128	1,090	38
Total Pupils	<u>1,128</u>	<u>1,090</u>	<u>38</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Special Revenue Funds
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Instructional Staff:			
Salaries and Wages	5,991	5,983	8
Fringe Benefits	15,850	15,850	-
Purchased Services	38,779	36,536	2,243
Materials and Supplies	3,903	3,903	-
Capital Outlay	19,109	19,109	-
Other	17	17	-
Total Instructional Staff	83,649	81,398	2,251
Business:			
Other	25,143	15,133	10,010
Total Business	25,143	15,133	10,010
Operation and Maintenance of Plant Services			
Purchased Services	7,298	7,298	-
Total Operation and Maintenance of Plant Services	7,298	7,298	-
Central			
Salaries and Wages	4,400	4,400	-
Fringe Benefits	600	600	-
Total Central	5,000	5,000	-
Total Supporting Services	122,218	109,919	12,299
Operation of Non-Instructional Services			
Community Services			
Salaries and Wages	31,750	31,745	5
Fringe Benefits	5,771	5,771	-
Purchased Services	74,190	73,089	1,101
Materials and Supplies	102,159	99,781	2,378
Capital Outlay	2,077	2,077	-
Other	8,269	8,269	-
Total Community Services	224,216	220,732	3,484
Total Operation of Non-Instructional Services	224,216	220,732	3,484

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Special Revenue Funds
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Extracurricular Activities			
Sports Oriented			
Purchased Services	23,200	20,033	3,167
Materials and Supplies	35,806	35,282	524
Other	5,500	3,393	2,107
Total Sports Oriented	<u>64,506</u>	<u>58,708</u>	<u>5,798</u>
Total Extracurricular Activities	<u>64,506</u>	<u>58,708</u>	<u>5,798</u>
 Total Expenditures	 <u>491,539</u>	 <u>454,998</u>	 <u>36,541</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (106,881)	 (107,410)	 (529)
 Other Financing Sources			
Other Financing Sources	-	-	-
Other Financing Uses	(106)	(106)	-
Operating Transfers In	11,229	3,166	(8,063)
Operating Transfers Out	(400)	(400)	-
Total Other Financing Sources (Uses)	<u>10,723</u>	<u>2,660</u>	<u>(8,063)</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	 (96,158)	 (104,750)	 (8,592)
 Fund Balance - Beginning of Year	 118,263	 118,263	 -
 Prior Year Encumbrances Appropriated	 <u>24,555</u>	 <u>24,555</u>	 <u>-</u>
 Fund Balance - End of Year	 <u>\$ 46,660</u>	 <u>\$ 38,068</u>	 <u>\$ (8,592)</u>

Capital Project Funds

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

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

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

The **Interactive Video Distance Learning Fund** accounts for moneys received from the State of Ohio for the interactive video distance learning project.

Independence Local School District
Combining Balance Sheet
All Capital Projects Funds
June 30, 2001

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>Interactive Video Distance Learnings</u>	<u>Totals</u>
Assets:				
Cash and Cash Equivalents	\$ 133,902	\$ 25,500	\$ 6,760	\$ 166,162
Receivables				
Taxes	382,323	-	-	382,323
Total Assets	<u>\$ 516,225</u>	<u>\$ 25,500</u>	<u>\$ 6,760</u>	<u>\$ 548,485</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 95,536	\$ -	\$ 375	\$ 95,911
Deferred revenue	365,698	-	-	365,698
Total Liabilities	<u>461,234</u>	<u>-</u>	<u>375</u>	<u>461,609</u>
Fund Equity:				
Fund Balances:				
Reserved for taxes	16,625	-	-	16,625
Reserved for encumbrances	70,327	25,541	-	95,868
Unreserved, Undesignated	(31,961)	(41)	6,385	(25,617)
Total Fund Equity	<u>54,991</u>	<u>25,500</u>	<u>6,385</u>	<u>86,876</u>
Total Liabilities and Fund Equity	<u>\$ 516,225</u>	<u>\$ 25,500</u>	<u>\$ 6,760</u>	<u>\$ 548,485</u>

Independence Local School District
*Combining Statement of Revenues, Expenditures and
Changes in Fund Balances-All Capital Project Funds
Fiscal Year Ended June 30, 2001*

	Permanent Improvement	SchoolNet Plus	Interactive Video Distance Learning	Totals
Revenues:				
Taxes	\$ 364,137	\$ -	\$ -	\$ 364,137
Intergovernmental	31,812	25,500	7,260	64,572
Earnings on Investments	10,043	-	-	10,043
Total Revenues	405,992	25,500	7,260	438,752
Expenditures:				
Current:				
Instruction				
Regular	107,540	-	-	107,540
Support Services				
Instructional Staff	-	-	875	875
Operation and Maintenance of Plant	76,416	-	-	76,416
Facilities Acquisition and Construction	20,690	-	-	20,690
Capital Outlay	1,681,940	874	-	1,682,814
Total Expenditures	1,886,586	874	875	1,888,335
Excess of Revenues Over (Under) Expenditures	(1,480,594)	24,626	6,385	(1,449,583)
Other Financing Sources (Uses):				
Operating Transfers In	1,463,360	-	-	1,463,360
Total Other Financing Sources (Uses)	1,463,360	-	-	1,463,360
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	(17,234)	24,626	6,385	13,777
Fund Balance (Deficit) at Beginning of Year	72,225	874	-	73,099
Fund Balance (Deficit) at End of Year	\$ 54,991	\$ 25,500	\$ 6,385	\$ 86,876

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Permanent Improvement Fund(Cont'd)
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 352,700	\$ 360,149	\$ 7,449
Intergovernmental	34,000	31,796	(2,204)
Earnings on Investments	7,000	10,043	3,043
Total Revenues	393,700	401,988	8,288
Expenditures			
Current			
Instruction:			
Regular:			
Materials and Supplies	109,174	107,553	1,621
Capital Outlay	333,980	294,022	39,958
Total Regular Instruction	443,154	401,575	41,579
Total Instruction	443,154	401,575	41,579
Support Services:			
Instructional Staff:			
Capital Outlay	4,500	4,498	2
Total Instructional Staff	4,500	4,498	2
Administration			
Capital Outlay	1,620	1,620	-
Total Administration	1,620	1,620	-
Operation and Maintenance of Plant:			
Purchased Services	82,272	82,232	40
Capital Outlay	39,821	39,490	331
Total Operation and Maintenance of Plant	122,093	121,722	371
Pupil Transportation:			
Capital Outlay	131,225	122,165	9,060
Total Pupil Transportation	131,225	122,165	9,060
Total Supporting Services	259,438	250,005	9,433

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - Permanent Improvement Fund(Cont'd)
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Facilities Acquisition and Construction Services			
Building Improvement			
Purchased Services	31,604	24,309	7,295
Capital Outlay	1,417,405	1,416,586	819
Total Building Improvement	<u>1,449,009</u>	<u>1,440,895</u>	<u>8,114</u>
Total Expenditures	<u>2,151,601</u>	<u>2,092,475</u>	<u>59,126</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,757,901)	(1,690,487)	67,414
Other Financing Sources			
Operating Transfers In	1,700,000	1,463,360	(236,640)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(57,901)	(227,127)	(169,226)
Fund Balance - Beginning of Year	(1,256,466)	(1,256,466)	-
Prior Year Encumbrances Appropriated	<u>1,457,651</u>	<u>1,457,651</u>	-
Fund Balance - End of Year	<u>\$ 143,284</u>	<u>\$ (25,942)</u>	<u>\$ (169,226)</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - SchoolNet Plus Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 32,000	\$ 25,500	\$ (6,500)
Total Revenues	<u>32,000</u>	<u>25,500</u>	<u>(6,500)</u>
Expenditures			
Current			
Instruction:			
Regular:			
Capital Outlay	<u>874</u>	<u>874</u>	<u>-</u>
Total Regular Instruction	<u>874</u>	<u>874</u>	<u>-</u>
Total Instruction	<u>874</u>	<u>874</u>	<u>-</u>
Support Services:			
Instructional Staff:			
Capital Outlay	<u>32,000</u>	<u>25,541</u>	<u>6,459</u>
Total Instructional Staff	<u>32,000</u>	<u>25,541</u>	<u>6,459</u>
Total Support Services	<u>32,000</u>	<u>25,541</u>	<u>6,459</u>
Total Expenditures	<u>32,874</u>	<u>26,415</u>	<u>6,459</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(874)	(915)	(41)
Fund Balance - Beginning of Year	874	874	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (41)</u>	<u>\$ (41)</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - IVDL Fund
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 17,813	\$ 7,260	\$ (10,553)
Total Revenues	<u>17,813</u>	<u>7,260</u>	<u>(10,553)</u>
Expenditures			
Current			
Support Services:			
Instructional Staff:			
Salaries and Wages	2,940	-	2,940
Fringe Benefits	-	-	-
Purchased Services	14,483	500	13,983
Materials and Supplies	300	-	300
Capital Outlay	-	-	-
Total Instructional Staff	<u>17,723</u>	<u>500</u>	<u>17,223</u>
Total Expenditures	<u>17,723</u>	<u>500</u>	<u>17,223</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	90	6,760	6,670
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - End of Year	<u>\$ 90</u>	<u>\$ 6,760</u>	<u>\$ 6,670</u>

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Capital Project Funds
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 352,700	\$ 360,149	\$ 7,449
Intergovernmental	83,813	64,556	(19,257)
Earnings on Investments	7,000	10,043	3,043
Other Miscellaneous Revenues	-	-	-
Total Revenues	443,513	434,748	(8,765)
Expenditures			
Current			
Instruction:			
Regular:			
Materials and Supplies	109,174	107,553	1,621
Capital Outlay	334,854	294,896	39,958
Total Regular Instruction	444,028	402,449	41,579
Total Instruction	444,028	402,449	41,579
Support Services:			
Instructional Staff:			
Salaries and Wages	2,940	-	2,940
Purchased Services	14,483	500	13,983
Materials and Supplies	300	-	300
Capital Outlay	36,500	30,039	6,461
Total Instructional Staff	54,223	30,539	23,684
Administration			
Capital Outlay	1,620	1,620	-
Total Administration	1,620	1,620	-
Operation and Maintenance of Plant:			
Purchased Services	82,272	82,232	40
Capital Outlay	39,821	39,490	331
Total Operation and Maintenance of Plant	122,093	121,722	371
Pupil Transportation:			
Capital Outlay	131,225	122,165	9,060
Total Pupil Transportation	131,225	122,165	9,060
Total Supporting Services	309,161	276,046	33,115

Independence Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budget Basis) - All Capital Project Funds
Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Building Improvement			
Purchased Services	31,604	24,309	7,295
Capital Outlay	1,417,405	1,416,586	819
Total Building Improvement	<u>1,449,009</u>	<u>1,440,895</u>	<u>8,114</u>
Total Facilities Acquisition and Construction Services	<u>1,449,009</u>	<u>1,440,895</u>	<u>8,114</u>
Total Expenditures	<u>2,202,198</u>	<u>2,119,390</u>	<u>82,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,758,685)	(1,684,642)	74,043
Other Financing Sources			
Operating Transfers In	1,700,000	1,463,360	(236,640)
Advances Out	-	-	-
Total Other Financing Sources (Uses)	<u>1,700,000</u>	<u>1,463,360</u>	<u>(236,640)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(58,685)	(221,282)	(162,597)
Fund Balance - Beginning of Year	(1,255,592)	(1,255,592)	-
Prior Year Encumbrances Appropriated	<u>1,457,651</u>	<u>1,457,651</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 143,374</u>	<u>\$ (19,223)</u>	<u>\$ (162,597)</u>

Enterprise Funds

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

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

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

Independence Local School District
Combining Balance Sheet
All Enterprise Funds
June 30, 2001

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Totals</u>
Assets:			
Cash and Cash Equivalents	\$ 69	\$ 38	\$ 107
Inventories	2,813	-	2,813
Fixed Assets (Net, where applicable of Accumulated Depreciation)	<u>53,868</u>	<u>-</u>	<u>53,868</u>
Total Assets	<u>\$ 56,750</u>	<u>\$ 38</u>	<u>\$ 56,788</u>
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 1,106	\$ -	\$ 1,106
Accrued Wages/Benefits Payable	18,835	-	18,835
Compensated Absences Payable	15,826	-	15,826
Contracts payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Due to Students	-	-	-
Interfund Payables	-	2,400	2,400
Deferred revenue	<u>2,024</u>	<u>-</u>	<u>2,024</u>
Total Liabilities	<u>37,791</u>	<u>2,400</u>	<u>40,191</u>
Fund Equity:			
Contributed Capital	53,868	-	53,868
Retained Earning (Deficit):			
Unreserved	<u>(34,909)</u>	<u>(2,362)</u>	<u>(37,271)</u>
Total Fund Equity	<u>18,959</u>	<u>(2,362)</u>	<u>16,597</u>
Total Liabilities and Fund Equity	<u>\$ 56,750</u>	<u>\$ 38</u>	<u>\$ 56,788</u>

Independence Local School District
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings/Fund Equity-All Enterprise Funds
Fiscal Year Ended June 30, 2001

	Food Service	Uniform School Supplies	Totals
Operating Revenues:			
Sales	\$ 191,567	\$ 13,528	\$ 205,095
Total Operating Revenues	<u>191,567</u>	<u>13,528</u>	<u>205,095</u>
Operating Expenses:			
Salaries	105,868	-	105,868
Fringe Benefits	28,298	-	28,298
Purchased Services	4,318	-	4,318
Materials and Supplies	108,159	14,200	122,359
Cost of Sales	<u>10,843</u>	<u>-</u>	<u>10,843</u>
Total Operating Expenses	<u>257,486</u>	<u>14,200</u>	<u>271,686</u>
Operating Income (Loss)	(65,919)	(672)	(66,591)
Non-Operating Revenues (Expenses)			
Operating Grants	17,634	-	17,634
Government Donated Commodities	10,843	-	10,843
Other Miscellaneous	<u>64</u>	<u>-</u>	<u>64</u>
Total Non-Operating Revenues (Expenses)	<u>28,541</u>	<u>-</u>	<u>28,541</u>
Transfers from Other Funds	36,700	-	36,700
Net Income (Loss)	(678)	(672)	(1,350)
Retained Earning (Deficit) at Beginning of Year	<u>(34,231)</u>	<u>(1,690)</u>	<u>(35,921)</u>
Retained Earnings (Deficit) at End of Year	(34,909)	(2,362)	(37,271)
Contributed Capital Beginning of Year	51,859	-	51,859
Contributions During Year from: Permanent Improvement Fund	13,100	-	13,100
Depreciation on Fixed Assets Acquired by Contributed Capital	(11,091)	-	(11,091)
Contributed Capital at End of Year	<u>53,868</u>	<u>-</u>	<u>53,868</u>
Total Fund Equity (Deficit) at End of Year	<u>\$ 18,959</u>	<u>\$ (2,362)</u>	<u>\$ 16,597</u>

Independence Local School District
Combining Statement of Cash Flows
All Enterprise Funds
Fiscal Year Ended June 30, 2001

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Total Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash flows from operating activities			
Cash received from sales	\$ 191,567	\$ 13,528	\$ 205,095
Cash paid to employees	(140,027)	-	(140,027)
Cash paid to suppliers	(111,080)	(14,200)	(125,280)
Net cash provided by (used for) operating activities	<u>(59,540)</u>	<u>(672)</u>	<u>(60,212)</u>
Cash flows from noncapital financing activities			
Transfer from other funds	36,700	-	36,700
Subsidy from federal government	17,698	-	17,698
Advance In from General Fund	-	400	400
Net cash provided by noncapital activities	<u>54,398</u>	<u>400</u>	<u>54,798</u>
Net increase (decrease) in cash and cash equivalents	(5,142)	(272)	(5,414)
Cash and cash equivalents, July 1	<u>5,211</u>	<u>310</u>	<u>5,521</u>
Cash and cash equivalents, June 30	<u>\$ 69</u>	<u>\$ 38</u>	<u>\$ 107</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided for Operating Activities			
Operating income (loss)	<u>\$ (65,919)</u>	<u>\$ (672)</u>	<u>\$ (66,591)</u>
Adjustments to reconcile operating Income (Loss) to Net Cash Provided by Operating Activities			
Government Donated Commodities Used	10,843	-	10,843
(Increase) Decrease in inventories	291	-	291
Increase (Decrease) in accounts payable	1,106	-	1,106
Increase (Decrease) in accrued wages/benefits payable	(228)	-	(228)
Increase (Decrease) in compensated absences payable	(5,633)	-	(5,633)
Total adjustments	<u>6,379</u>	<u>-</u>	<u>6,379</u>
Net cash provided by operating activities	<u>\$ (59,540)</u>	<u>\$ (672)</u>	<u>\$ (60,212)</u>

Independence Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - Food Service Fund
Fiscal Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Operating Revenues:			
Food Services	\$ 179,500	\$ 191,568	\$ 12,068
Miscellaneous	<u>-</u>	<u>64</u>	<u>64</u>
Total Operating Revenues	<u>179,500</u>	<u>191,632</u>	<u>12,132</u>
Operating Expenses:			
Salaries and Wages	111,700	110,919	781
Fringe Benefits	32,200	29,108	3,092
Purchased Services	5,300	4,993	307
Materials and Supplies	<u>109,800</u>	<u>107,202</u>	<u>2,598</u>
Total Operating Expenses	<u>259,000</u>	<u>252,222</u>	<u>6,778</u>
(Deficiency) of Operating Revenues Over (Under) Operating Expenses	(79,500)	(60,590)	18,910
Non-Operating Revenues			
Federal and State Grants	<u>16,500</u>	<u>17,634</u>	<u>1,134</u>
Total Non-Operating Revenues	<u>16,500</u>	<u>17,634</u>	<u>1,134</u>
(Deficiency) of Revenues Over (Under) Expenses	(63,000)	(42,956)	20,044
Other Financing Sources (Uses):			
Operating Transfers In	58,000	36,700	(21,300)
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	(5,000)	(6,256)	(1,256)
Fund Equity at Beginning of Year	<u>5,211</u>	<u>5,211</u>	<u>-</u>
Fund Equity at End of Year	<u>\$ 211</u>	<u>\$ (1,045)</u>	<u>\$ (1,256)</u>

Independence Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - Uniform School Supplies Fund
Fiscal Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Operating Revenues:			
Classroom Materials and Fees	\$ 15,000	\$ 13,528	\$ (1,472)
Total Operating Revenues	<u>15,000</u>	<u>13,528</u>	<u>(1,472)</u>
Operating Expenses:			
Materials and Supplies	<u>14,600</u>	<u>14,200</u>	<u>400</u>
Total Operating Expenses	<u>14,600</u>	<u>14,200</u>	<u>400</u>
(Deficiency) of Operating Revenues Over (Under) Operating Expenses	400	(672)	(1,072)
Other Financing Sources (Uses):			
Advances In	-	400	400
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	400	(272)	(672)
Fund Equity at Beginning of Year	310	310	-
Fund Equity at End of Year	<u><u>\$ 710</u></u>	<u><u>\$ 38</u></u>	<u><u>\$ (672)</u></u>

Independence Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - All Enterprise Funds
Fiscal Year Ended June 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Food Services	\$ 179,500	\$ 191,568	\$ 12,068
Classroom Materials and Fees	15,000	13,528	(1,472)
Miscellaneous	0	64	64
Total Operating Revenues	<u>194,500</u>	<u>205,160</u>	<u>10,660</u>
Operating Expenses:			
Salaries and Wages	111,700	110,919	781
Fringe Benefits	32,200	29,108	3,092
Purchased Services	5,300	4,993	307
Materials and Supplies	124,400	121,402	2,998
Total Operating Expenses	<u>273,600</u>	<u>266,422</u>	<u>7,178</u>
(Deficiency) of Operating Revenues Over (Under) Operating Expenses	(79,100)	(61,262)	17,838
Non-Operating Revenues			
Federal and State Grants	16,500	17,634	1,134
Total Non-Operating Revenues	<u>16,500</u>	<u>17,634</u>	<u>1,134</u>
(Deficiency) of Revenues Over (Under) Expenses	(62,600)	(43,628)	18,972
Other Financing Sources (Uses):			
Operating Transfers In	58,000	36,700	(21,300)
Advances In	-	400	400
Total Other Financing Sources (Uses):	<u>58,000</u>	<u>37,100</u>	<u>(20,900)</u>
Excess of Revenues and Other Financing Sources Over / (Under) Expenditures and Other Financing Uses	(4,600)	(6,528)	(1,928)
Fund Equity at Beginning of Year	<u>5,521</u>	<u>5,521</u>	<u>-</u>
Fund Equity at End of Year	<u>\$ 921</u>	<u>\$ (1,007)</u>	<u>\$ (1,928)</u>

Trust and Agency Funds

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

The **Biology Society Science Award Scholarship Fund** accounts for principal trust amounts received and related interest income. The interest portion of the trust is used to provide a science scholarship award for a graduating senior.

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

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

Independence Local School District

Combining Balance Sheet

All Fiduciary Funds

June 30, 2001

	Nonexpendable Trust	Agency		
	Bio-Society Scholarship	District Agency	Student Activities	Totals
Assets:				
Cash and Cash Equivalents	\$ 8,329	\$ 135	\$ 70,085	\$ 78,549
Total Assets	\$ 8,329	\$ 135	\$ 70,085	\$ 78,549
Liabilities:				
Accounts payable	-	-	1,522	1,522
Due to Students	-	-	68,563	68,563
Undistributed Monies	-	135	-	135
Total Liabilities	-	135	70,085	70,220
Equity and other credits:				
Retained Earnings:				
Reserved for scholarship	329	-	-	329
Unreserved	8,000	-	-	8,000
Total equity and other credits	8,329	-	-	8,329
Total Liabilities, Fund Equity, and Other Credits	\$ 8,329	\$ 135	\$ 70,085	\$ 78,549

Independence Local School District
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Fiscal Year Ended June 30, 2001

	Beginning Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2001</u>
<u>DISTRICT AGENCY</u>				
Assets:				
Cash and Cash Equivalents	\$ 572	\$ 23,789	\$ 24,226	\$ 135
Total Assets	<u>572</u>	<u>23,789</u>	<u>24,226</u>	<u>135</u>
Liabilities:				
Undistributed Monies	572	23,789	24,226	135
Total Liabilities	<u>572</u>	<u>23,789</u>	<u>24,226</u>	<u>135</u>
 <u>STUDENT MANAGED ACTIVITY</u>				
Assets:				
Cash and Cash Equivalents	74,394	305,548	309,857	70,085
Total Assets	<u>74,394</u>	<u>305,548</u>	<u>309,857</u>	<u>70,085</u>
Liabilities:				
Accounts Payable	-	1,522	-	1,522
Due to Students	74,394	304,026	309,857	68,563
Total Liabilities	<u>74,394</u>	<u>305,548</u>	<u>309,857</u>	<u>70,085</u>
 <u>TOTAL</u>				
Assets:				
Cash and Cash Equivalents	74,966	329,337	334,083	70,220
Total Assets	<u>74,966</u>	<u>329,337</u>	<u>334,083</u>	<u>70,220</u>
Liabilities:				
Accounts Payable	-	1,522	-	1,522
Undistributed Monies	572	23,789	24,226	135
Due to Students	74,394	304,026	309,857	68,563
Total Liabilities	<u>\$ 74,966</u>	<u>\$ 329,337</u>	<u>\$ 334,083</u>	<u>\$ 70,220</u>

General Fixed Assets Account Group

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

Independence Local School District
Schedule of General Fixed Assets
By Source
As of June 30, 2001

General Fixed Assets

Land and Improvements	\$ 390,732
Buildings	5,120,349
Furniture and Equipment	2,687,614
Vehicles	825,584
Construction in Progress	-
Total General Fixed Assets	<u><u>\$ 9,024,279</u></u>

Investment in General Fixed Assets From

Acquisitions Since July 1, 2000	
General Fund	\$ 6,749
Permanent Improvement Fund	1,760,671
State Grants	18,896
Federal Grants	16,478
Acquisitions Prior to June 30, 2000	<u>7,221,485</u>
Total Investments in General Fixed Assets	<u><u>\$ 9,024,279</u></u>

Independence Local School District
Schedule of General Fixed Assets
By Function and Type
June 30, 2001

	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Instruction	\$ 331,899	\$ 4,754,087	\$ 1,768,908	\$ -	\$ 6,854,894
Supporting Services:					
Pupils	-	-	50,950	-	50,950
Instructional Staff	-	-	446,827	-	446,827
Administration	35,591	125,420	65,085	-	226,096
Fiscal	-	-	19,750	-	19,750
Operation and Maintenance of Plant	-	10,989	144,500	14,465	169,954
Pupil Transportation	23,242	58,063	40,400	811,119	932,824
Extracurricular Activities	-	80,195	115,400	-	195,595
Community Services	-	91,595	35,794	-	127,389
Total General Fixed Assets	<u><u>\$ 390,732</u></u>	<u><u>\$ 5,120,349</u></u>	<u><u>\$ 2,687,614</u></u>	<u><u>\$ 825,584</u></u>	<u><u>\$ 9,024,279</u></u>

Independence Local School District
Schedule of Changes in General Fixed Assets
By Function
Fiscal Year Ended June 30, 2001

	General Fixed Assets June 30, 2000	<u>Additions</u>	<u>Deletions</u>	General Fixed Assets June 30, 2001
Instruction	\$ 5,187,498	\$ 1,667,396	\$ -	\$ 6,854,894
Supporting Services:				
Pupils	50,950	-	-	50,950
Instructional Staff	427,439	19,388	-	446,827
Administration	224,811	1,285	-	226,096
Fiscal	18,750	1,000	-	19,750
Operation and Maintenance of Plant	149,729	20,225	-	169,954
Pupil Transportation	859,808	142,346	69,330	932,824
Extracurricular Activities	195,595	-	-	195,595
Community Services	<u>106,905</u>	<u>20,484</u>	<u>-</u>	<u>127,389</u>
Total General Fixed Assets	<u><u>\$ 7,221,485</u></u>	<u><u>\$ 1,872,124</u></u>	<u><u>\$ 69,330</u></u>	<u><u>\$ 9,024,279</u></u>

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

	FY 2001	FY 2000	FY 99	FY 98	FY 97	FY 96	FY 95	FY 94	FY 93	FY 92
Instruction	\$5,956,018	\$5,529,404	\$4,983,086	\$4,649,993	\$4,438,133	\$4,882,216	\$4,141,927	\$3,718,290	\$3,809,966	\$3,822,490
Support Services										
Pupils	513,435	484,823	452,600	411,850	409,868	428,593	309,920	256,106	305,875	311,122
Instructional Staff	636,792	534,275	510,152	521,529	508,684	529,084	411,107	332,541	291,145	364,572
Board of Education	108,542	126,442	121,747	174,972	170,053	157,225	192,140	150,109	122,096	185,821
Administrative	738,382	703,042	689,902	660,734	657,805	718,391	635,331	669,726	743,290	936,026
Fiscal Services	366,007	353,711	327,074	302,610	293,054	292,982	271,419	276,408	317,841	260,897
Business	141,525	151,652	130,973	136,208	131,479	125,953	100,381	67,795	66,949	44,902
Operation and Maintenance of Plant	1,084,988	870,150	900,720	838,722	786,629	897,377	873,737	833,340	857,826	728,545
Pupil Transportation	584,158	574,462	499,391	496,752	444,278	479,663	408,737	355,710	384,135	333,872
Extracurricular Activities	360,718	313,542	308,840	290,905	332,302	318,633	291,721	256,340	211,661	200,106
Capital Outlay	48,370	5,513	57,104	16,529	-	-	-	1,300	10,230	45,194
Other Financing Uses	1,503,226	710,517	48,116	40,000	47,011	72,071	488,629	163,286	138,078	158,193
Total	\$12,042,161	\$10,357,533	\$9,029,705	\$8,540,804	\$8,219,296	\$8,902,188	\$8,125,049	\$7,080,951	\$7,259,092	\$7,391,740

Source: School District financial records

(1) Fiscal Years 1996 - 2001 are reported on a GAAP basis, all other years are reported on the cash basis.

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

	FY 2001	FY 2000	FY 99	FY 98	FY 97	FY 96	FY 95	FY 94	FY 93	FY 92
Taxes	\$8,989,914	\$7,315,897	\$8,569,210	\$7,488,759	\$6,964,001	\$7,061,834	\$6,508,189	\$6,152,980	\$6,233,136	\$5,709,173
Tuition	10,349	4,540	4,440	-	-	-	147	190	145	1,056
Intergovernmental	1,463,997	1,501,468	1,397,890	1,104,237	1,082,240	1,063,857	753,774	737,035	750,533	630,460
Interest	202,608	213,126	78,731	78,243	55,823	70,627	85,519	59,757	66,478	147,499
Classroom Materials/Fees	19,483	13,000	11,815	11,503	2,465	2,605	2,270	2,481	1,483	2,631
Miscellaneous	63,915	35,256	51,845	111,225	10,546	33,675	78,873	30,124	24,825	21,384
Other Financing Sources	-	2,605,898	-	361,035	11,241	48,128	81,293	50,583	41,181	80,000
Total	\$10,750,266	\$11,689,185	\$10,113,931	\$9,155,002	\$8,126,316	\$8,280,726	\$7,510,065	\$7,033,150	\$7,117,781	\$6,592,203

Source: School District financial records

(1) Fiscal Years 1996 - 2001 are reported on a GAAP basis, all other years are reported on the cash basis.

Independence Local School District

Property Tax Levies and Collections Real and Tangible Personal Property (1)

Last Ten Calendar Years

<u>Year (2)</u>	<u>Current Levy</u>	<u>Delinquent Levy</u>	<u>Total Levy</u>	<u>Current Collection</u>	<u>% of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection as a Percent of Current Levy</u>
	2000	\$10,659,775	\$494,673	\$11,154,448	\$9,722,010	91.20%	\$394,186	\$10,116,196
1999	\$9,211,180	\$479,580	\$9,690,760	\$9,027,952	98.01%	\$578,633	\$9,606,585	104.29%
1998	\$9,049,007	\$758,735	\$9,807,742	\$8,568,423	94.69%	\$421,079	\$8,989,502	99.34%
1997	8,489,440	829,183	9,318,623	8,080,313	95.18%	321,788	8,402,101	98.97%
1996	7,982,477	683,606	8,666,083	6,564,622	82.24%	217,453	6,782,075	84.96%
1995	7,891,816	464,093	8,355,909	5,804,547	73.55%	135,181	5,939,728	75.26%
1994	7,965,622	455,675	8,421,297	7,352,707	92.31%	124,674	7,477,381	93.87%
1993	7,406,745	413,453	7,820,198	6,915,367	93.37%	103,048	7,018,415	94.76%
1992	7,192,442	444,678	7,637,120	6,924,668	96.28%	226,714	7,151,382	99.43%
1991	6,970,143	373,733	7,343,876	6,413,727	92.02%	181,213	6,594,940	94.62%

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

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

(2) Represents the collection year. The 2001 information cannot be presented because all collections have not been made by June 30.

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

Year	Real Property		Public Utility Personal Property		Tangible Personal Property		Total		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2001	\$413,535,520	\$1,181,530,057	\$24,740,020	\$28,113,659	\$57,941,478	\$231,765,912	\$496,217,018	\$1,441,409,628	34.43%
2000	\$354,627,200	\$1,013,220,571	\$26,070,840	\$29,625,955	\$53,400,026	\$213,600,104	\$434,098,066	\$1,256,446,630	34.55%
1999	345,177,050	986,220,143	30,688,820	34,873,659	49,644,275	198,577,100	425,510,145	1,219,670,902	34.89%
1998	329,554,390	941,583,971	26,540,300	30,159,432	49,559,054	198,236,216	405,653,744	1,169,979,619	34.67%
1997	299,600,680	856,001,943	27,091,360	30,785,636	47,041,383	188,165,532	373,733,423	1,074,953,111	34.77%
1996	292,267,440	835,049,829	27,574,380	31,334,523	46,563,410	186,253,640	366,405,230	1,052,637,992	34.81%
1995	288,916,210	825,474,886	37,924,080	43,095,545	45,279,552	181,118,208	372,119,842	1,049,688,639	35.45%
1994	265,904,260	759,726,457	34,446,580	39,143,841	46,124,076	184,496,304	346,474,916	983,366,602	35.23%
1993	262,575,170	750,214,771	26,248,390	29,827,716	44,297,092	177,188,368	333,120,652	957,230,855	34.80%
1992	254,746,770	727,847,914	25,112,230	28,536,625	44,566,604	178,266,416	324,425,604	934,650,955	34.71%

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

Independence Local School District

Property Tax Rates - Direct and Overlapping Governments

Per \$1,000 of Assessed Valuations

Last Ten Calendar Years

Year	School	County	Library	City	Total	Debt Service			
	Levy	Levy	Levy	Levy	Levy	School	City	County	
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
1992	23.40	16.80	1.00	3.60	44.80	-	1.40	0.80	2.20

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

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

Fiscal Year	Net General Obligation Bonded Debt	Assessed Value	Population (1)	Ratio of Net Debt to Assessed Value	Net Debt PerCapita
2001	\$ -	\$496,217,018	7,100	0%	\$ -
2000	-	434,098,066	6,800	-	-
1999	-	425,510,145	6,800	-	-
1998	-	405,653,744	6,800	-	-
1997	-	373,733,423	6,800	-	-
1996	-	366,405,230	6,800	-	-
1995	-	372,119,842	6,800	-	-
1994	-	346,474,916	6,800	-	-
1993	-	333,120,652	6,800	-	-
1992	-	324,425,604	6,800	-	-

Source: Cuyahoga County Auditor, District Financial Records, United States Census Bureau

(1) Population data for 2001 is based on the 2000 census. Population data for 1992 through 2000 is assumed to be the same as that of the 1990 census as no subsequent data is available.

Independence Local School District
Computation of Legal Debt Margin
June 30, 2001

Assessed Valuation	<u><u>\$496,217,018</u></u>
Debt Limit - 9% of Assessed Value (1)	\$44,659,532
Amount of Debt Applicable to Debt Limit	<u>0</u>
Voted Debt Margin	<u><u>\$44,659,532</u></u>
Debt Limit - 0.9% of Assessed Value (1)	\$4,465,953
Amount of Debt Applicable	<u>0</u>
Unvoted Energy Conservation Debt Margin	<u><u>\$4,465,953</u></u>
Debt Limit - 0.1% of Assessed Value (1)	\$496,217
Amount of Debt Applicable	<u>0</u>
All Other Unvoted Debt Margin	<u><u>\$496,217</u></u>

Source: Cuyahoga County Auditor and District Financial Records

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

Independence Local School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2000

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
Independence Local School District	\$ -	0.00%	\$ -
Independence City	3,300,000	100.00%	3,300,000
Cuyahoga County	231,044,636	1.42%	3,280,834
Regional Transit Authority	98,030,000	1.31%	<u>1,284,193</u>
Total			<u><u>\$ 7,865,027</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 2001 collection year.

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures (1)	Ratio of Debt Services to General Fund Expenditures (Percentages)
2001	\$ -	\$ -	\$ -	\$ 12,042,161	0%
2000	-	-	-	10,357,533	-
1999	-	-	-	9,029,705	-
1998	-	-	-	8,540,804	-
1997	-	-	-	8,219,296	-
1996	-	-	-	8,902,188	-
1995	-	-	-	8,125,049	-
1994	-	-	-	7,080,951	-
1993	-	-	-	7,259,092	-
1992	-	-	-	7,391,740	-
1991	-	-	-	6,325,857	-

Source: District Financial Records

(1) Fiscal Years 1996 - 2001 are reported on a GAAP basis, all other years are reported on the cash basis.

Independence Local School District

Demographic Statistics

Last Ten Calendar Years

<u>Year</u>	<u>Cuyahoga County Population(1)</u>	<u>Independence City Population(1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2,3)</u>
2001	1,393,978	7,100	1,002	4.5%
2000	1,386,096	6,800	997	4.5%
1999	1,386,096	6,800	987	4.5%
1998	1,403,217	6,800	948	4.1%
1997	1,403,217	6,800	925	4.1%
1996	1,403,217	6,800	923	4.7%
1995	1,403,217	6,800	889	4.9%
1994	1,403,217	6,800	875	5.3%
1993	1,411,209	6,800	858	7.6%
1992	1,411,209	6,800	840	6.3%

Sources: (1) United States Census Bureau
(2) Ohio Department of Development
(3) Represents Cuyahoga County

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

Year	Property Value (Real Estate Only)(1)	Financial Institution Deposits (000's) Banks(2)	Value of Building Permits Issued(3)
2000	\$ 354,627,200	\$ 42,971,000	\$ 20,967,763
1999	345,177,050	60,296,678	49,985,220
1998	329,554,390	58,904,596	59,492,417
1997	299,600,680	53,941,971	41,511,574
1996	292,267,440	27,068,211	36,608,880
1995	288,916,210	22,694,304	14,512,500
1994	265,904,260	20,885,453	11,240,690
1993	262,575,170	21,900,421	9,535,600
1992	254,746,770	19,379,280	7,302,120
1991	208,768,010	18,392,243	7,528,971

Sources: (1) Cuyahoga County Auditor's Office
(2) Federal Deposit Insurance Corporation
(3) City of Independence Building Department

Independence Local School District

Principal Taxpayers

Real Estate Property Tax

December 31, 2000

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total District Real Assessed Value</u>
1. Duke Realty Limited Partnership	\$ 36,401,630	8.80%
2. Summit Office Park Limited Partnership	18,811,050	4.55%
3. Rockside-77 Properties Ltd	11,151,880	2.70%
4. Hub Valley Realty	7,655,350	1.85%
5. Jagi Cleveland-Independence, LLC	6,351,040	1.54%
6. H-Cleveland, LLC	6,131,200	1.48%
7. 6055 Properties	5,534,590	1.34%
8. Minoff Industrial Park Co.	4,935,250	1.19%
9. 6200 Oak Tree Blvd LLC	4,025,000	0.97%
10. Rockside Center Limited	<u>3,918,180</u>	<u>0.95%</u>
Total	<u>\$ 104,915,170</u>	<u>25.37%</u>
Total District Real Estate Assessed Value	<u>\$ 413,535,520</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 2000

Independence Local School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2000

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total District Real Assessed Value</u>
1. L.D. Kichler Co.	\$ 3,087,220	5.33%
2. Avtron Manufacturing Inc.	2,368,580	4.09%
3. AGA Gas Inc.	2,224,800	3.84%
4. Ferro Corp	2,125,480	3.67%
5. Alltell Corporation	1,345,770	2.32%
6. Snow Manufacturing Co.	1,738,840	3.00%
7. United Rentals	1,603,660	2.77%
8. Independence Excavating Inc.	1,493,140	2.58%
9. Getters Corporation of America	1,428,490	2.47%
10. Efficient Die and Mold Inc.	<u>1,408,320</u>	2.43%
Total	<u>\$ 18,824,300</u>	<u>32.49%</u>
Total District Tangible Personal Property Assessed Value	<u>\$ 57,941,478</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 2000

Independence Local School District
Principal Taxpayers
Public Utilities Tangible Property Tax
December 31, 2000

Name of Taxpayer	Assessed Value (1)	Percent of Total District Real Assessed Value
1. Cleveland Electric Illuminating Company	\$ 13,606,320	55.00%
2. East Ohio Gas	4,129,600	16.69%
3. Ohio Bell Telephone Company	3,902,380	15.77%
4. New Par	891,680	3.60%
5. GTE Mobile Net of Ohio	285,630	1.15%
6. Sprintcom Inc.	278,090	1.12%
7. ICG Ohio Linx Inc	268,230	1.08%
8. Sprint Communications Inc	<u>204,280</u>	<u>0.83%</u>
Total	<u>\$ 23,566,210</u>	<u>95.26%</u>
Total District Public Utility Assessed Value	<u>\$ 24,740,020</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 2000

Independence Local School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Student Enrollment</u>	<u>Per Pupil Cost</u>
2001	\$ 12,042,161	1,002	\$ 12,018
2000	10,357,533	997	10,389
1999	9,029,705	987	9,149
1998	8,540,804	948	9,009
1997	8,219,296	925	8,886
1996	8,902,188	923	9,645
1995	8,125,049	889	9,140
1994	7,080,951	877	8,074
1993	7,259,092	858	8,460
1992	7,391,740	840	8,800

Source: District Financial Records

(1) Fiscal Years 1996 - 2000 are reported on a GAAP basis, all other years are reported on the cash basis.

Independence Local School District
Certificated Staff Education and Experience
June 30, 2001

<u>Degree</u>	<u>Number of Teachers and Administrators</u>	<u>Percent of Total</u>
Bachelor's Degree	9	10.59%
Bachelor's Degree + 12 Hours	8	9.41%
Bachelor's Degree + 24 Hours	5	5.88%
Master's Degree	51	60.00%
Master's Degree + 18 Hours	7	8.24%
Master's Degree + 36 Hours	1	1.18%
Master's Degree + 54 Hours	2	2.35%
Ph. D.	<u>2</u>	<u>2.35%</u>
Total	<u>85</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers and Administrators</u>	<u>Percent of Total</u>
0 -5	15	17.65%
6 -10	15	17.65%
11 - 15	22	25.88%
16 - 20	5	5.88%
21 -25	20	23.53%
26 and Over	<u>8</u>	<u>9.41%</u>
Total	<u>85</u>	<u>100.00%</u>

Source: District Records



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JANUARY 15, 2002**