

Promoting  
Excellence  
in School  
Leadership

NATIONAL ASSOCIATION  
OF SECONDARY SCHOOL  
**PRINCIPALS** 

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[www.principals.org](http://www.principals.org)



NATIONAL ASSOCIATION  
OF SECONDARY SCHOOL  
**PRINCIPALS**  
*promoting excellence in school leadership*



Annual Report  
2002



NATIONAL ASSOCIATION  
OF SECONDARY SCHOOL  
**PRINCIPALS**  
*promoting excellence in school leadership*



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# Message from NASSP Leadership



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The National Association of Secondary School Principals, the largest education leadership association in the nation, is very pleased to present its 2002 Annual Report. The 2002 fiscal year started with the lows that followed the September 11 terrorist attacks. Despite the uncertainty of additional attacks, resilient school leaders and teachers across the nation continued the honorable work of shepherding the education and growth of our nation's youth. Unfortunately, uncertainty was also the trend in our nation's economy. Corporate and nonprofit America alike were greatly affected by this uncertainty. Ongoing corporate scandals rocked Americans' confidence in the stock market, increasing volatility and diminishing returns on investment. However, cautious spending tempered with a sound financial plan has enabled NASSP to not only weather the storm, but also persevere in fulfilling our financial obligations while still increasing our savings in long-term reserves.

NASSP ended the fiscal year 2002 with a \$1.25 million change in net assets, which continues the Association's efforts to remain fiscally responsible. NASSP's goal is to continue to provide top-of-the-line services and programs at a minimal investment by members and prospective members. The Association's future and continued financial well-being, therefore, depend upon our ability to maintain positive net assets for continued investment in member services and programs. In FY 2002, we were able to accomplish this goal in the development of new leadership programs for our Center for Professional Development and in the increase in volume of our national voice through our Office of Legislative and Public Affairs. In addition, we now have \$1.5 million in long-term reserves—an increase of \$1.0 million over the past four years.

NASSP continues to make significant progress in its continuing duties as the national voice for middle level and high school leaders. The past year marked an extraordinary shift in of the educational landscape with the debate and reauthorization of the Elementary and Secondary Education Act now known as the far-reaching No Child Left Behind (NCLB) Act. From start to finish, NASSP, through the Office of Legislative and Public Affairs, was deeply involved in the political and editorial discourse surrounding NCLB. We refined and improved the Principals Legislative Action Center (PLAC) located on the NASSP website at [www.principals.org](http://www.principals.org), which provided thousands of members with a vehicle to efficiently express their school-based perspectives on education policy to Congress, the Administration, and the news media. These voices did not go unheard!

The numerous voices of school leaders from across the nation supported several NASSP efforts to effectively influence congressional debate on education. Working with our colleagues at NAESP, we were successful in getting Congress to recognize the nation's growing principal shortage by designating principal recruitment as a "national activity" and by creating the Principal Leadership Initiative (PLI) to fund state and local efforts to attract, train, and mentor new school leaders and provide professional development for current school leaders. Congressional acknowledgement of and action for the principalship such as this was a first! Their addition to the NCLB bill underscores the message that the principalship is important and principal quality is necessary if schools are to improve. We thank all of you who made your voices heard to your representatives throughout the year on behalf of the principalship. NASSP, with the help of its members, will continue to push for appropriate resources necessary to fulfill the intended purposes of PLI and the entire NCLB legislation.

The Office of Legislative and Public Affairs strives to affect public policy by shifting attitudes, shaping public debate, and through education we by educating policymakers and the news media, all in support of principals and secondary schools. Besides NCLB, we also were very outspoken on a number of topics including our opposition to vouchers and high-stakes tests; and our strong support for teacher quality and professional development, teacher and principal salaries, increased funding for the Individuals with Disabilities Education Act (IDEA), and reduction of IDEA paperwork. We expressed the principals' perspective on a variety of issues while appearing on C-Span, CNN *Crossfire*, ABC News; and in the *Washington Post*, the *New York Times*, the *Des Moines Register*, the *Ft. Lauderdale Sun-Times*, *Education Week*, the *Dallas Morning News*, *Education Daily*, the *Arizona Republic*, and the *St. Louis Post Dispatch*, to name a few. Advocating on behalf of the principalship and secondary schools remains the centerpiece of NASSP's work in the nation's capital.



With our continued fiscal health, NASSP has been able to focus on our mission, while accomplishing strategic goals and objectives with a vigor and effort defined by our members. Through the leadership of the NASSP Board of Directors—all working principals—the Association keeps its heart with members and its eyes toward serving them. Our staff works diligently to ensure that our members' professional needs are foremost in our daily activities. Through regular contact with the Board, task forces, state affiliates, and members, we remain true to our mission, to promote excellence in school leadership.

It certainly was a great year for accomplishments! Principal Leadership and NASSP Bulletin won multiple industry awards for both content and design all the while delivering members up-to-date information in every issue. We truly feel that our outstanding publications are the best in the industry, and we are always seeking out areas in which we can improve upon the product. We continue to enrich the new NASSP website with timely and useful information for members, the media, and policy-makers. Our new Center for Principal Development (CPD) continues to grow, building working relationships with additional districts and states to use our development assessment programs as part of their principal professional development and recruiting activities. CPD has also created a strong curriculum of development and assessment programs that prepare principals and aspiring principals for instructional leadership in the new age of NCLB.

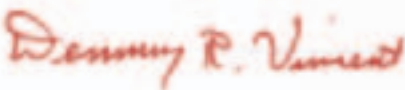
Our Office for School Leadership Services (SLS) increased the number of resident expert practitioners from two to five practitioners, who represent knowledge and experience in the areas of safe and orderly schools, special education, school-business relationships, testing and assessment, and adolescent literacy. In addition to the terrific experience and knowledge that the practitioners bring to our members, SLS has embarked on a partnership with Educational Research Service (ERS) to provide members with topic-specific research through the Informed Principal Series. We have also fortified our commitment to middle level leaders with a number of activities focused on middle level administrators and their schools including our continued partnership with Scholastic in their Middle Level Literacy Institute, and our continued work on the second phase of our National Study of Leadership in Middle Level Schools. At the high school level, we released *What the Research Shows: Breaking Ranks in Action*, which provides research to support the recommendations in our groundbreaking school reform document *Breaking Ranks: Changing an American Institution*. Our members once again experienced a tremendous professional development and networking event at our annual Convention in Atlanta, GA, highlighted by a stirring and humorous keynote address by civil rights leader and nine-term U.S. Representative John Lewis.

And we continue to provide an array of high-quality student services such as the National Honor Society and the National Association of Student Councils. Today, it is estimated that more than one million students participate in activities of the NHS and NJHS, through roughly 20,000 chapters found in all 50 states, the District of Columbia, Puerto Rico, many U.S. territories, and Canada.

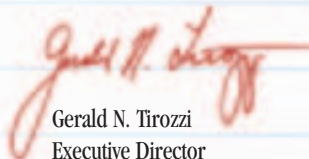
The Trust to Reach Educational Excellence (TREE), the foundation of the NASSP, which promotes equity and excellence in student achievement for disadvantaged youth and schools continued its laudable work of providing grants and scholarships to worthy students and school leaders as well as its initiatives to benefit high poverty schools.

Finally, the passage of the NCLB legislation, and the federal mandates for assessment and accountability that came with it, place the principalship squarely in the crosshairs of the reform movement. Looking forward, we must face this challenge and let our voices of experience and knowledge ring true and be heard. The nation has clearly renewed its focus on education. Together, we must grasp this opportunity. Together, we can provide a thunderous voice for school leaders that will be heard loud and clear. Once again, we thank you for your support and we look forward to another fine year with great expectation and anticipation.

Yours,



Denny Vincent  
President  
NASSP



Gerald N. Tirozzi  
Executive Director  
NASSP

# Highlights at NASSP



## National Voice

With the reauthorization and passage of the Elementary and Secondary Education Act, now known as No Child Left Behind, the education landscape is experiencing dramatic changes. Throughout the political process and debate, both on Capitol Hill and in the news media, it was our charge to promote excellence in school leadership and advocate on behalf of the principalship and the secondary schools that they lead. As an active voice for school leadership, NASSP:

- Maintains working relationships with members of Congress and their staffs, the Bush Administration, and other education-related organizations to encourage and advance the position of school leaders and secondary schools, particularly during the reauthorization of ESEA.
- Advocates, along with our colleagues at the National Association of Elementary School Principals, for Congressional attention to be focused on the growing principal shortage and the significant training and professional development needs of the principalship. This led to language in the bill that authorizes the U.S. Department of Education to fund several national activities, including a school leadership initiative focusing on principal recruitment for school districts with high need.
- Influences—with the help of members voices through the use of Principal’s Legislative Action Center (PLAC)—legislation and the budget process on Capitol Hill to ensure that federal programs and funds reflect school leaders’ perspectives and needs, including: providing professional development for teachers and principals; developing mechanisms to help schools and school districts recruit and retain teachers and principals; reforming teacher and principal certification or licensure requirements; renewing the focus on adolescent literacy; integrating technology training into curricula and instruction; and increasing funding for secondary schools.

- Raises a clear national voice for school leaders that is heard by policymakers and the news media alike through opinion editorials, advertising, media interviews, editorial board meetings, press conferences, timely news releases, the NASSP Board, and the Association leadership.

- Appears in more than 100 daily print and online news outlets and on more than 15 radio and television outlets including ABC News and ABC News.com, National Public Radio, CNN, Fox News.com, C-Span, ESPN, the Associated Press, the New York Times, USA Today, the Washington Post, Education Week, the Los Angeles Times, the Dallas Morning News, the Philadelphia Inquirer, the Ft. Lauderdale Sun-Sentinel, the Des Moines Register, Education Daily, and many other media outlets.

## Center for Principal Development

NASSP offers various programs to help members both assess and develop their professional skills and expertise. The NASSP Learning Portal offers leadership and computer skills course libraries, and our development programs address specific skills administrators need to be successful. Each program focuses on skills that are built on a foundation of key behaviors. Our assessment programs measure leadership potential by diagnosing behavioral strengths and development needs in skill areas essential to successful school leadership. To support principal development in the age of NCLB, NASSP has developed the following programs:

- **Leader 1 2 3:** A Development Program for Instructional Leaders is a three-day program designed to help principals build instructional leadership skills. This unique experience focuses on planning, developing, implementing, and measuring skills required to support quality learning in the school and includes practice in team leadership and shared decision making.

- 21st Century School Administrator Skills (SAS) Program is designed to help new and potential school administrators build skills essential for their success. The program is aimed at developing skills identified in *Selecting & Developing the 21st Century Principal* (see below) and the standards endorsed by the Interstate School Leaders Licensure Consortium.
- Mentoring and Coaching builds leaders who are able to perform at optimal levels and who have the skills to meet complex challenges now and in the future. This two-day program assists in preparing experienced school leaders to serve as mentors capable of providing professional development support to aspiring and new school leaders.
- Breaking Ranks Leadership is based on the results of a groundbreaking report by NASSP and the Carnegie Corporation. This program is designed to develop and enhance the knowledge and skills of high school leadership teams to help ensure their success as they seek to identify, plan, and launch programs to support the recommendations in *Breaking Ranks: Changing an American Institution*.
- Leading From the Middle: A Program to Improve Instructional Leadership Skills for Middle Level Administrators is designed specifically for aspiring and practicing middle level school administrators and combines the research on effective practice with the instructional leadership skills needed to make middle level schools more effective.
- Let's Talk is designed to assist school leaders in developing and refining skills in developing and making clear and effective oral presentations to individuals, and to small and large groups.
- From the Desk Of... focuses on the development and refining of written communication skills required of school leaders. The developmental package contains five units of instruction: Getting started, knowing your audience, organizing your writing, choosing the right word, and creating the final product.
- Succession Planning is a developmental program designed to assist school districts identify, train, and develop the future school leaders they need to guide their schools.
- *Selecting & Developing the 21st Century Principal (S&D)* is a contemporary assessment tool that can

help identify and develop effective school leaders. It is designed to measure leadership potential by diagnosing the behavioral strengths and development needs of prospective and practicing principals in skills identified as critical for success in the principalship.

- Developmental Assessment Center (DAC) is an assessment program designed specifically for development with emphasis on establishing (or revising) a personal plan for career development. It provides potential leaders and current administrators with specific information about their strengths, potential derailers, and development possibilities they can use to build the skills they need to be effective school leaders.
- Superintendent Leadership Development Program (SLDP) is a unique development program that utilizes skills assessment methodology to assist advanced school leaders in developing a career-growth plan.
- Advanced Leaders Developmental Assessment (ALDA) is a contemporary assessment tool designed to establish unique individualized professional development strategies and opportunities for experienced school leaders who have demonstrated a high level of job success and effectiveness. The emphasis in this developmental assessment is on skills identified as those above and beyond the skills that are recognized generally as the foundations of effective school leadership.

## School Leadership Services

Effective school leaders know that even the best schools can be better. That's why educators must constantly examine their schools, identify student needs, and implement school improvement strategies to ensure their students have a safe climate supportive of teaching and learning—a setting in which students are expected to achieve and are provided both academic and emotional support. In high schools and middle level schools across the nation, leaders focus on school improvement in a variety of ways. NASSP provides services and products, which help school leaders in their efforts, including the following:

- **NASSP's Resident Practitioners: Nationally Recognized Experts on Key Education Issues.** The resident practitioners' issue areas cover safe and

orderly schools, special education, school-business relationships, testing and assessment, and adolescent literacy. These practitioners are available for professional development seminars and speaking engagements to groups of 100 or more.

- **Safe & Orderly Schools.** As administrators, we are obligated to ensure a safe environment for our students and faculty. Although research indicates our schools are safe environments for learning, we are obligated to do everything possible to prevent violence or harassment and address it quickly if it does occur. NASSP provides information about safe schools and what we can do to ensure safety in our schools.

- **Testing and Assessment.** NASSP supported two reports in the past year on testing & accountability; *Building Tests To Support Accountability and Instruction: A Guide for Policymakers* which identifies requirements that must be satisfied if statewide tests are to support both instruction and accountability; and the follow-up report, *Implementing ESEA's Testing Provisions: Guidance from and Independent Commission's Requirements*, which guidance for states and school districts on implementing ESEA's new testing provisions.

- **National Study of Leadership in Middle Level Schools, Vol. I: National Study of Middle Level Leaders & School Programs.** The National Study of Leadership in Middle Level Schools, provides important insights about the progress of middle level education, particularly for the last decade and, to a lesser degree, for the last three and one-half decades of the past century. In 1999 the National Association of Secondary School Principals (NASSP) contracted with the Middle Level Leadership Center at the University of Missouri to conduct the study and continue an NASSP tradition established in 1980 of "decade" studies of middle level leaders and programs. The findings reported in this study provide a picture of middle level leaders and schools at the turn of the century.

- **Special Education.** NASSP provides information on all aspects of special education through a website portal designed specifically for school administrators.

- **What the Research Shows, *Breaking Ranks in Action*.** This document provides an analysis of the most current research and findings surrounding the recommendations in *Breaking Ranks: Changing an American Institution* and a synopsis of the literature underpinning the more than 80 recommendations in the original *Breaking Ranks* report.

- **Informed Principal Series.** This new, informative series developed in partnership with the Educational Research Service (ERS) helps principals keep their staff informed with up-to-date research-based staff development modules on specific education issues.

## Cocurricular Activities

NASSP believes strongly in the value of cocurricular activities as an integral part of secondary education. To assist schools in providing cocurricular opportunities that support and extend academic learning, NASSP sponsors three student activity organizations, sponsors a variety of scholarship and award programs, and publishes an annual list of approved contests and activities.

- The **National Honor Society (NHS)** and **National Junior Honor Society (NJHS)** are the nation's premier organizations established to recognize outstanding high school and middle level students. More than just an honor roll, NHS and NJHS serve to honor those students who have demonstrated excellence in the areas of Scholarship, Leadership, Service, and Character (and Citizenship for NJHS). These characteristics have been associated with membership in the organization since their beginnings in 1921 and 1929.

- **The National Association of Student Councils** promotes and provides leadership development opportunities to prepare and empower student leaders to serve their schools and communities. Since 1931 the goal of NASC has been to help all student councils become more effective organizations. NASC offers many services and programs to its more than 19,000 member schools, including a national conference each June, summer National Leadership Camps



for high school and middle level students, weekend conferences during the school year, and a variety of publications.

In addition to these organizations, NASSP administers a variety of **scholarship and award programs** including:

- **Prudential Spirit of Community Award.** The Prudential Spirit of Community Award recognizes 104 state honorees in grades 5–12 who have demonstrated exemplary community service with 10 receiving national awards. The awards program is sponsored by Prudential in partnership with NASSP. Last year the program drew approximately 18,000 applications.
- **Wendy's High School Heisman Award.** Far more than just amazing athletes, the winners of the Wendy's High School Heisman Award are also recognized for their exceptional academics and community service efforts. More than 12,000 senior class students competed for the top award in 2002. Each year two national winners, one male and one female, earn \$2,500 each for their schools.

- **Principals Leadership Award (PLA).**

Principals can nominate one member of the senior class to compete for this award. Each participating high school receives a certificate of merit to be presented to the school nominee. The 150 national winners, selected based on the strength of their applications, receive a certificate of achievement plus a \$1,000 college scholarship. Herff Jones funds the awards.

- **NHS Scholarship.** While all NHS members are required to demonstrate outstanding scholarship, leadership, service, and character, the annual winners of the NHS Scholarship are truly the cream of the crop. From more than 9,500 nominations, 200 senior class members were awarded \$1,000 each in 2002. Since 1946, the NHS Scholarships have provided more than \$10 million to deserving NHS members.

- **TREE NLC Scholarships.** The experiences of a National Leadership Camp (NLC) are remembered long after the summer is over. The Trust to Reach Education Excellence (TREE) will provide 30 scholarships for deserving student leaders or emerging leaders to participate in the 2003 camps.



# Strategic Framework

## Vision Statement

The National Association of Secondary School Principals—the preeminent organization and the national voice for middle level and high school principals, assistant principals, and aspiring school leaders—provides its members the professional resources to serve as visionary leaders. NASSP promotes the intellectual growth, academic achievement, character development, leadership development, and physical well-being of youth through its programs and student leadership services. NASSP administers the National Honor Society, the National Junior Honor Society, and the National Association of Student Councils.

## Mission Statement

Promoting Excellence in School Leadership.

## Key Strategic Objectives

### Support the Role of the Principal.

- Provide professional development for principals.
- Influence educational policy.
- Provide timely and relevant research-based information.
- Gain support of the educational leadership community for the principalship.

### Increase the Pool of Qualified and Motivated Individuals for the Principalship.

- Advocate on behalf of the principalship educational/public policy issues related to hiring, attrition, the principal shortage, professional development, etc.
- Identify and pursue new collaborative opportunities with principal preparation programs.

### Grow, Diversify, and Retain Membership in NASSP.

- Enhance member services.
- Promote retention among all membership segments.
- Secure membership growth in underrepresented areas and demographics, including highly populated growth states, urban areas, and among minorities and women.

### Strengthen and Enhance the Relationships with State Affiliates.

- Provide opportunities for regular meetings and the sharing of information with state affiliates.
- Cooperate in providing professional development opportunities.
- Cooperate in providing membership and marketing opportunities.

### Promote and Enhance National Association of Student Councils™ (NASC) & National Honor Society™/National Junior Honor Society™ (NHS/NJHS) Programs and Products.

- Increase the visibility of NHS/NJHS to new audiences.
- Recruit new schools and retain existing schools.
- Expand use of the website as a delivery mechanism for programs and products.
- Refine the content of existing student activity programs as needed.
- Increase participation in student activity programs and conferences.
- Develop NASC as a recognized national voice for youth issues (i.e., voter education, nutrition, school safety, etc.).

# Trust to Reach Educational Excellence (TREE)



## Mission Statement

The Trust to Reach Educational Excellence (TREE), the foundation of the National Association of Secondary School Principals, promotes equity and excellence in student achievement for disadvantaged youth and schools.

## Tree Grants and Scholarships

**MetLife Foundation Institute for Family Friendly Schools**, underwritten by MetLife Foundation. This grant helped 20 principals in high poverty schools to create environments that encourage and support families' involvement in their children's education. Twenty teams of 10 were invited to attend a 3-day institute of the Family Friendly Schools and created a plan to engage underrepresented families in their schools.

## National Leadership Camp Scholarships underwritten by the Coca-Cola Company.

Full camp tuition and travel scholarships were awarded to 50 financially disadvantaged student leaders to attend one of NASSP's National Leadership Camps. TREE will continue this successful program next summer with funding from Minnesota Life Insurance Company.

## Initiatives To Benefit High Poverty Schools

**Pathways to College Network** is a national coalition of major foundations, nonprofit organizations, educational institutions, and the U.S. Department of Education, working together to improve college access and success for large numbers of underserved youth, including low-income, underrepresented minority, and first-generation students.

**Florida Advanced Placement Incentive Grant** provides leadership development for high intensity curricula. In partnership with the College Board and the Florida Department of Education, TREE subcontracted the NASSP Center for Professional Development to build the capacity of leadership teams in Florida's high poverty or isolated schools to challenge all students through Advanced Placement courses.

## Statement of Financial Position, June 30, 2002:

### ASSETS

Current Assets	
Cash	370,876
Accounts Receivable	54,000
	-----
Total Current Assets	424,876
Investments	136,726
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Total Assets	\$ <u>561,602</u>

### LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	2,782
Due to NASSP	92,839
Total Liabilities	<u>95,621</u>
Net Assets	
Unrestricted	445,196
Temporarily Restricted	20,785
	-----
Total Net Assets	465,981
	-----
Total Liabilities and Net Assets	\$ <u>561,602</u>

<http://tree.principals.org>



# NASSP Leadership

## Board of Directors:

### President

**Denny R. Vincent**, Principal, Muhlenberg North High School, Greenville, KY

### President-Elect

**Keith D. Taton**, Principal, Central Middle School, Anchorage, AK

**Larry Bradley**, Principal, Pflugerville High School, Pflugerville, TX

**Glen R. Clark**, Principal, American Fork High School, American Fork, UT

**Charita Crockrom**, Principal, Collinwood High School, Cleveland, OH

**Michael J. Donnell**, Assistant Principal, Hingham High School, Hingham, MA

**Rochelle Friedman**, Principal, George Mason Middle School, Falls Church, VA

**Edwin S. Hedgepeth**, Principal, Farragut High School, Knoxville, TN

**Kimberly Janisch**, Principal, Watertown High School, Watertown, SD

**Thomas D. Kidd**, Principal, John Adams Junior High School, Charleston, WV

**Clete Lipetsky**, Principal, Tartan High School, Oakdale, MN

**Joseph A. Militello**, Principal, Archie R. Cole Junior High School, Greenwich, RI

**Jan Miner**, Principal, Oregon City Senior High School, Oregon City, OR

**Evan Myers**, Principal, Tyro Middle School, Lexington, NC

**Elizabeth Panella**, Principal, Fair Lawn High School, Fair Lawn, NJ

**Michael Parnell**, Principal, Carrollton High School, Carrollton, MO

**Cynthia A. Rudrud**, Principal, Cactus High School, Glendale, AZ

**Peter B. Sack**, Principal, Swampscott High School, Swampscott, MA

**Phil Silsby**, Principal, Belleville Township High School, Belleville, IL

**Margaret I. Spicer**, Principal, Owings Mills High School, Owings Mills, MD

**Barry Stark**, Principal, Norris Middle School, Firth, NE

**Johnny W. Taylor**, Principal, Red Level High School, Red Level, AL

**David Vodila**, Principal, Red Lion Area High School, Red Lion, PA

**Sandra Young**, Principal, Kamehameha Middle School, Honolulu, HI

### Executive Director

**Gerald N. Tirozzi**



# 2003 National Principal of the Year Finalists

## Middle Level Finalists

### Patricia A. Kinney NATIONAL WINNER

#### Talent Middle School

Talent Middle School is an example of the middle school philosophy in action. When Patricia Kinney became principal at Talent four years ago, she faced the challenge of fully transitioning her school from a junior high school to a middle school. Her first step was to ensure that the teachers being hired were not only highly qualified, but also understood and appreciated the uniqueness of a middle level student. In order to make an impact on the academic achievement of her students, Kinney designed and implemented curriculum that takes into account individual differences and learning styles. Within four years, Kinney has transformed Talent into a successful middle school that has received state and national attention for its student-led conferencing process, the health education program, the conflict resolution and peer mediation program, the student leadership club, and the dual-language program.



### Stephen M. Laub

#### Rolla Junior High School

When Stephen Laub began work at Rolla Junior High School in 1994, the school had a bad reputation in the community and was riddled with disciplinary problems. By 1998, Laub had transformed Rolla Junior High School into a high-performing, developmentally appropriate middle level school that won the Missouri Gold Star Award as well as being recognized by the U.S. Department of Education as a Blue Ribbon School. Laub believes "...that an administrator should hire and help develop the best possible staff, and provide for as many resources as possible, reward effort and success, learn from failure, and stay out of the way of education pioneers." Laub is credited with providing the materials, climate, and motivation to improve the education opportunities for the students and staff within the school.



### Donald G. Wentroth, Jr.

#### Western Oaks Middle School

During the last seven years, Donald Wentroth has implemented highly successful programs that have contributed to Western Oaks Middle School reputation as a safe, supportive, and caring environment where value is placed on mutual respect, civility, and positive relationships. While principal at Western Oaks, Wentroth has seen the demographics of his school change dramatically both from an economic and a racial perspective. These changes brought a new set of challenges as well as a huge increase in violent behavior at the school. By working with local police and judicial authorities and establishing an advisory program that includes conflict resolution, character education, and bully proofing, violent behavior at Western Oaks has decreased by 95%.



## High School Finalists

### Irving C. Jones, Sr. NATIONAL WINNER

#### Monticello High School

When Monticello High School opened its doors for the first time in 1998, its principal was ready for the challenges that lay ahead. As principal of Monticello High School, Jones strongly believes that "...students are motivated to achieve when teachers and administrators recognize them as individuals with varied learning styles and abilities, and match instruction to their needs." With that in mind, Jones established a teacher/student mentorship program in which 15 students are assigned to each teacher so every student has a relationship with at least one adult in the building. Additionally, Jones implemented an interdisciplinary model of instruction in which teachers make connections between instructional content and instructional delivery



### Rebecca F. Harrison

#### Caprock High School

Rebecca Harrison has been principal of Caprock High School for 14 years and faces the challenge of meeting the needs of a low-income, highly diverse campus. Her philosophy is that "...the school should be the center of learning for both students and staff, and the school must take a holistic approach to educating students." Within this approach Harrison involves the entire faculty in taking instruction to the individual student level, encourages teachers to constantly acquire new innovative methodologies to teach, and holds both teachers and students accountable for the results. Through this method, Harrison has successfully raised test scores from below 20% on the Texas Assessment of Academic Skills test scores to over 80% in reading, writing, and math.



### Patricia Tucker

#### Benjamin Banneker Academic High School

Faced with losing students to private and charter schools and a decline in positive perceptions of the D.C. Public School District, Patricia Tucker turned her school around by establishing an International Baccalaureate Diploma Program at Banneker Academic High School. Tucker has dedicated her first three years at Banneker to improving academic options for her students by making Banneker the first authorized IB program in D.C. When talking of the benefits of the program, Tucker notes, "By offering the students of our city this free opportunity, we are saying to them that they are fully capable of being successful in a program as rigorous as this one. We believe that they can be world-class students."



# Independent Auditors' Report

To the Board of Directors  
National Association of Secondary  
School Principals and Affiliate  
Reston, Virginia

We have audited the accompanying consolidated statement of financial position of National Association of Secondary School Principals and Affiliate (the Association) as of June 30, 2002, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Association of Secondary School Principals and Affiliate as of June 30, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Watkins, Meegan, Drury & Company, LLC

Bethesda, Maryland  
September 17, 2002



# Consolidated Financial Statements

## Consolidated Statement of Financial Position

June 30, 2002

### ASSETS

#### • Current Assets

Cash and Cash Equivalents .....	\$ 1,541,258
Short-Term Investments .....	976,357
Accounts Receivable .....	1,914,080
Inventory .....	753,140
Prepaid Expenses .....	169,013
<b>Total Current Assets .....</b>	<b>5,353,848</b>

#### • Noncurrent Assets

Property and Equipment, Net .....	5,614,890
Board-Designated Investments .....	1,520,327
Prepaid Pension Cost .....	4,636,834
Deposits .....	143,027
<b>Total Noncurrent Assets .....</b>	<b>11,915,078</b>
	<b>\$ <u>17,268,926</u></b>

### LIABILITIES AND NET ASSETS

#### • Current Liabilities

Accounts Payable .....	729,106
Accrued Expenses .....	1,650,695
Deferred Revenue .....	5,155,181
Current Portion of Accrued Postretirement Benefit Cost .....	93,861
Current Portion of Notes Payable .....	71,793
Current Portion of Capital Lease Obligations .....	16,217
Current Portion of Royalty Advance .....	400,000
<b>Total Current Liabilities .....</b>	<b>8,116,853</b>

#### • Noncurrent Liabilities

Long-Term Portion of Accrued Postretirement Benefit Cost .....	94,559
Long-Term Portion of Notes Payable .....	2,894,022
Royalty Advance .....	739,052
<b>Total Noncurrent Liabilities .....</b>	<b>3,727,633</b>
<b>Total Liabilities .....</b>	<b>11,844,486</b>

#### • Commitments .....

—

#### • Net Assets

Unrestricted .....	4,971,560
Temporarily Restricted .....	413,399
Permanently Restricted .....	39,481
<b>Total Net Assets .....</b>	<b>5,424,440</b>
	<b>\$ <u>17,268,926</u></b>

*The accompanying notes are an integral part of these Financial Statements*

**Consolidated Statement of Activities**

**Year Ended June 30, 2002**

**REVENUE, GAINS,  
AND OTHER SUPPORT**

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Membership Dues .....	\$ 7,853,429	\$ —	\$ 7,853,429
Sales and Handling Charges .....	6,176,683	—	6,176,683
Grants and Contributions .....	2,121,280	900,000	3,021,280
Conferences and Meetings .....	2,265,911	—	2,265,911
Travel Office Commissions .....	270,546	—	270,546
Assessment Center Fees .....	510,639	—	510,639
Advertising .....	374,281	—	374,281
Royalties .....	471,212	—	471,212
Other Income .....	851,616	—	851,616
Investment Loss, Net .....	(39,317)	—	(39,317)
Net Assets Released from Restrictions, Satisfaction of Program Restriction .....	<u>627,451</u>	<u>(627,451)</u>	<u>—</u>
<b>Total Revenue, Gains, and Other Support .....</b>	<b>\$ 21,483,731</b>	<b>\$ 272,549</b>	<b>\$ 21,756,280</b>

**EXPENSES**

• **Program Services**

Student Services .....	\$ 5,321,402	\$ —	\$ 5,321,402
Joint Programs .....	1,743,110	—	1,743,110
Professional Development .....	2,978,489	—	2,978,489
Special Services .....	1,885,648	—	1,885,648
Professional Status .....	<u>976,607</u>	<u>—</u>	<u>976,607</u>
<b>Total Program Services .....</b>	<b>\$ 12,905,256</b>	<b>\$ —</b>	<b>\$ 12,905,256</b>

• **Supporting Services**

Association Management .....	6,051,913	—	6,051,913
Membership Development .....	<u>1,549,297</u>	<u>—</u>	<u>1,549,297</u>
Total Supporting Services .....	<u>7,601,210</u>	<u>—</u>	<u>7,601,210</u>
Total Expenses .....	<u>20,506,466</u>	<u>—</u>	<u>20,506,466</u>
<b>Change in Net Assets .....</b>	<b>\$ <u>977,265</u></b>	<b>\$ <u>272,549</u></b>	<b>\$ <u>1,249,814</u></b>

**Consolidated Statement of Changes in Net Assets**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
• <b>Net Assets,</b>					
Beginning of Year	\$ 3,994,295	\$ 140,850	\$ 39,481	\$ (3,579,541)	\$ 595,085
• <b>Change in Net Assets</b>	977,265	272,549	—	—	1,249,814
• <b>Other Comprehensive Income (Expense)</b>					
Minimum Pension Liability Adjustment	—	—	—	3,579,541	3,579,541
• <b>Net Assets,</b>					
End of Year	\$ <u>4,971,560</u>	\$ <u>413,399</u>	\$ <u>39,481</u>	\$ <u>—</u>	\$ <u>5,424,440</u>

*The accompanying notes are an integral part of these Financial Statements*

**Consolidated Statement of Cash Flows**

**Year Ended June 30, 2002**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets .....	\$ 1,249,814
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities</i>	
Additional Minimum Pension Liability Adjustment .....	3,579,541
Depreciation .....	579,716
Loss on Sale of Property and Equipment .....	89,578
Unrealized and Realized Losses .....	140,865
<i>Change in:</i>	
Accounts Receivable .....	204,637
Inventory .....	(143,026)
Prepaid Expenses .....	3,157
Prepaid Pension Cost .....	(3,802,760)
Deposits .....	197,817
Accounts Payable .....	(907,746)
Accrued Expenses .....	(55,526)
Deferred Revenue .....	722,942
Accrued Pension Liability .....	(1,459,099)
Accrued Postretirement Benefit Cost .....	81,683
Net Cash Provided by Operating Activities .....	<b>481,593</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Redemption of Short-Term Investments, Net .....	890,500
Purchases of Board-Designated Investments .....	(198,000)
Purchases of Savings Deposits .....	(700,000)
Proceeds from Sale of Property and Equipment .....	7,246
Purchases of Property and Equipment .....	(1,375,133)
Net Cash Used in Investing Activities .....	<b>(1,375,387)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payment on Line of Credit, Net .....	(600,000)
Proceeds from Receipt of Notes Payable .....	3,000,000
Payments on Notes Payable .....	(34,185)
Payments on Capital Lease Obligations .....	(50,962)
Decrease on Royalty Advance, Net .....	(465,202)
Net Cash Provided by Financing Activities .....	<b>1,849,651</b>

Net Increase in Cash and Cash Equivalents ..... 955,857

**CASH AND CASH EQUIVALENTS**

Beginning of Year ..... 585,401

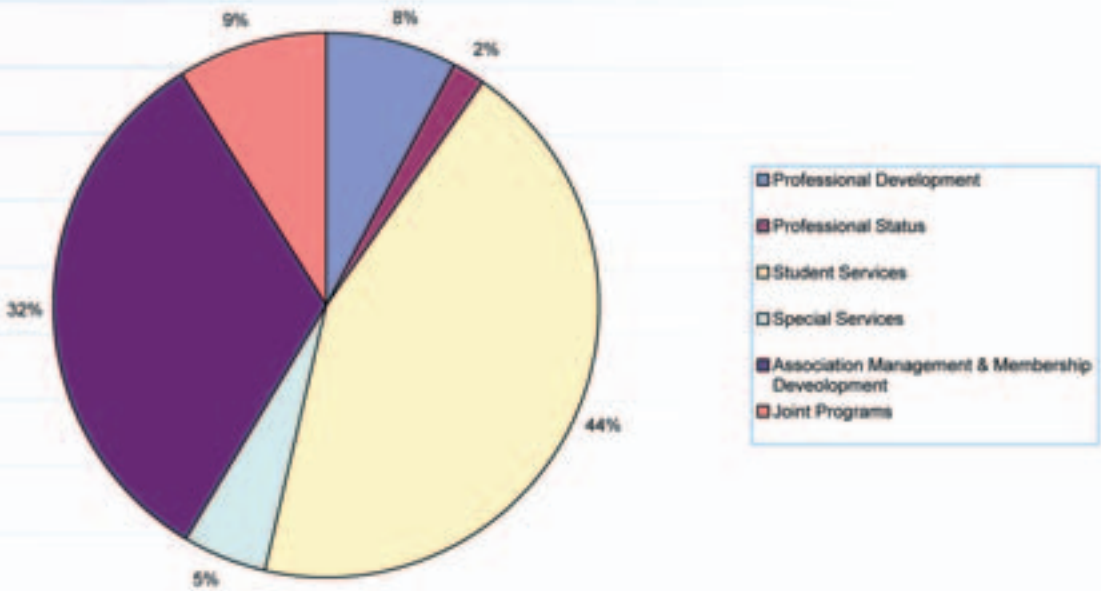
**CASH AND CASH EQUIVALENTS**

End of Year ..... \$ 1,541,258

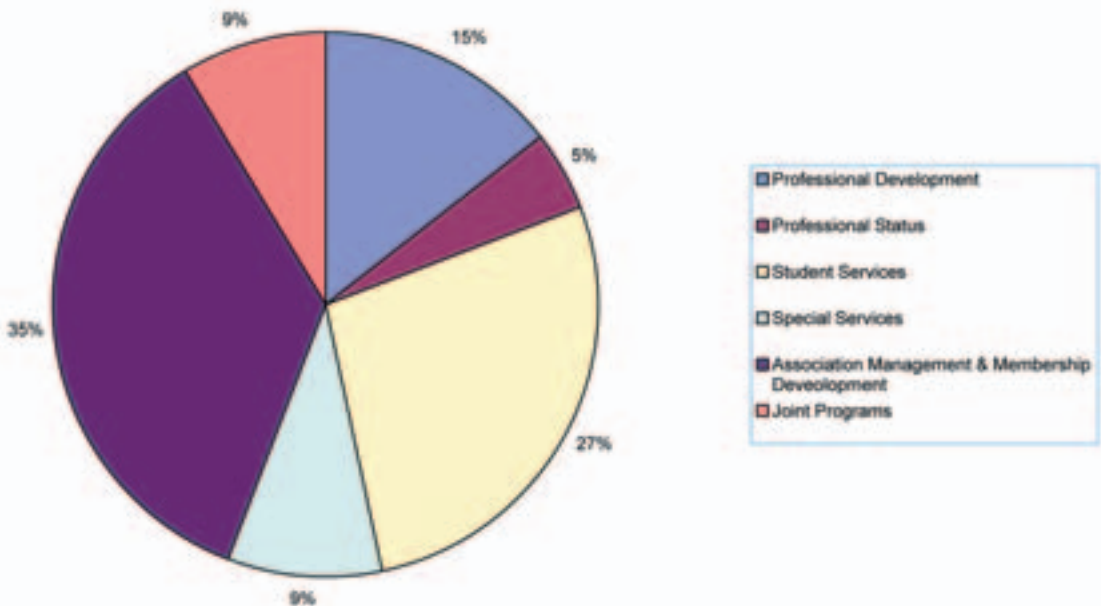
*The accompanying notes are an integral part of these Financial Statements*



REVENUE BY PROGRAM SERVICE



EXPENSE BY PROGRAM SERVICE



# Notes to Consolidated Financial Statements

June 30, 2002

## NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### General

The National Association of Secondary School Principals (the Association) is an organization committed to improving secondary education. In pursuing this commitment, the Association provides information and leadership, encourages research and service, promotes high professional standards, focuses attention on national educational problems, and works with other professional organizations interested in the solutions to problems of education at the national level for the welfare of secondary schools and the youths they serve.

**TREE:** The Trust to Reach Educational Excellence (the Foundation) is an organization committed to supporting programs for disenfranchised youth.

### Principles of Consolidation

The consolidated financial statements include the accounts of the Association and the Foundation. All significant intercompany accounts and transactions between the organizations have been eliminated in consolidation.

### Summary of Significant Accounting Policies

**Basis of Accounting** – The Association uses the accrual basis of accounting.

**Cash and Cash Equivalents** – For the purpose of reporting cash flows, the Association considers demand deposits, certificates of deposit, and savings deposits with an original maturity of three months or less to be cash equivalents.

**Short-Term Investments** – Short-term investments consist of an interest-bearing money market fund carried at fair value.

**Inventory** – Inventory, consisting primarily of publications and insignia items, is stated at the lower of cost or market using the average cost method of valuation.

**Property and Equipment** – Property and equipment are stated at cost and are depreciated over their estimated useful lives ranging between three and fifty years. The straight-line method of depreciation is followed for all assets. The Association capitalizes all purchases above \$1,500. Expenditures for repairs and maintenance are charged to expense as incurred.

**Unrestricted Net Assets** – Unrestricted net assets consist of funds which are currently available to support the Association's daily operations.

**Temporarily Restricted Net Assets** – The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restriction is met in the same period in which the revenue is received, the revenue is recognized as unrestricted support.

**Revenue Recognition** – Revenue is recognized by the Association during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

**Functional Allocation of Expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Instruments** – Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of demand deposits, short-term investments, accounts receivable, and Board-Designated investments. The Association places its short-term investments with creditworthy financial institutions. Credit risk with respect to trade and other receivables is limited because the Association deals with a large number of customers in a wide geographic area. As of June 30, 2002, the Association had a significant concentration of risk in demand deposits (see Note 12).

**Income Tax Status** – The Association is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, the Association and the Foundation are required to report unrelated business income to the Internal Revenue Service and the state of Virginia, as well as pay certain other taxes to local jurisdictions. In addition, the Internal Revenue Service has determined that the Association and the Foundation are not private foundations. There was no unrelated business income tax liability for the year ended June 30, 2002.

**NOTE 2 ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

Trade, Net of Allowance for	
Doubtful Accounts of \$86,734	\$ 603,404
Contracts and Grant Receivables	275,517
Membership Dues in Transit	777,514
Employee Advances and Other Receivables	7,938
Presidential Education Awards Program	82,555
American Citizenship Awards Program	11,175
State Association Advances	108,705
Commissions	47,272
	<b>\$ 1,914,080</b>

**NOTE 3 BOARD-DESIGNATED INVESTMENTS**

Board-designated investments consist of cash and investments stated at fair value as follows:

Cash	\$ 90,816
Equities	598,252
Government Securities	548,776
Corporate Bonds	282,483
	<b>\$ 1,520,327</b>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

Land	\$ 207,993
Building and Improvements	5,120,748
Furniture and Equipment	946,070
Computer Equipment and Software	1,945,278
Property Held Under Capital Leases	542,852
	<b>8,762,941</b>
Less Accumulated Depreciation	3,148,051
	<b>\$ 5,614,890</b>

**NOTE 5 NOTES PAYABLE AND LINE OF CREDIT**

On October 3, 2001, the Association received loan facilities totaling \$3,000,000 and a \$1,000,000 credit line. Interest accrues on the outstanding principal balance at 7.0 percent per year and may be adjusted every three years. The loans require payments of principal and interest based on a twenty-year amortization period. The loans contain certain financial covenants and are secured by a deed of trust, assignment of leases and rents, and security agreement on the Association's building. It matures September 30, 2011.



*Note 5 Notes Payable and Line of Credit (Continued)*

Future maturities of the loans are as follows for the year ending June 30:

2003	\$ 71,793
2004	79,030
2005	84,743
2006	90,869
2007	97,438
Thereafter	<u>2,541,942</u>
	<b>\$ 2,965,815</b>

The credit line is unsecured and bears interest at the Wall Street Prime Rate and expires September 30, 2002. There were no amounts outstanding on the line of credit at June 30, 2002.

Interest expense totaled \$131,476 on the notes payable and line of credit for the year ended June 30, 2002.

**NOTE 6 ROYALTY ADVANCES**

The Association has a licensing agreement with Minnesota Mutual Life Insurance Company whereby the Association receives royalty payments. The agreement provides for royalty advances to the Association. The annual royalty receipts are applied to reduce the balance of the royalty advance as of the policy anniversary date, along with sufficient additional cash payments from the Association to ensure that the royalty advance is completely repaid by June 1, 2005. The balance of the advance at June 30, 2002, totaled \$1,139,052. The Association has agreed to repay the royalty advance with interest at the London Interbank Offered Rate (LIBOR) for the three-month contracts, plus 1 percent.

**NOTE 7 LEASES**

The Association leases computer hardware and software and telephone equipment under capital leases expiring in various years through 2003. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments. The assets are depreciated over their estimated productive lives. The book value of leased equipment at June 30, 2002, was \$17,420.

Interest rates on capital leases vary from 10.50 to 11.73 percent, and are imputed based on the lessor's implicit rate of return.

Minimum future lease payments under capital leases as of June 30, 2002, are as follows:

Year Ending June 30, 2003	\$ 16,704
Less Amount Representing Interest	<u>487</u>
Present Value of Net Minimum Lease Payments	16,217
Less Current Maturities	<u>16,217</u>
Total Long-Term Maturities	\$ —

The Association leases storage space for inventories under an operating lease expiring in 2007. Minimum future rental payments, including an annual 3 percent increase, as of June 30, 2002, are as follows:

Year Ending June 30:	
2003	\$ 56,140
2004	\$ 57,824
2005	\$ 59,559
2006	\$ 61,346
2007	\$ 57,776

Rent expense for the year ended June 30, 2002, was \$63,098.

**NOTE 8 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2002, consist of the unexpended portion of temporarily restricted contributions received by the Association. These contributions are restricted for the following programs:

MetLife Principal of the Year	\$ 388,947
Emerging Leaders Program	2,474
Community Outreach International	1,193
The MetLife Foundation Institute for Family Friendly Schools	9,320
National Leadership Camps	<u>11,465</u>
	<b>\$ 413,399</b>

**NOTE 9 PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of assets of the Forrest E. Long Memorial Fund, whose use by the Association is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Association. The restriction stipulates that resources be maintained permanently, but permits the Association to expend income generated in accordance with the provisions of the agreement.



**NOTE 10 COST OF SALES**

Program services expenses includes the cost of sales of publications and other inventoriable items, amounting to \$1,984,594 for the year ended June 30, 2002.

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

The Association reserves space for its conventions several years in advance. As of the date of this report, the Association has entered into various contracts for its future conventions. However, due to the numerous variables involved, the Association's ultimate liability under these contracts cannot be determined.

**NOTE 12 CONCENTRATION OF RISK**

The Association and Foundation maintained balances at banks in excess of Federal Deposit Insurance Corporation (FDIC) coverage. The amount of uninsured deposits at June 30, 2002, amounted to \$2,185,374.

**NOTE 13 INVESTMENT LOSS, NET**

Investment income (loss) for the year consists of:

Interest and Dividends	\$ 125,040
Realized Losses	(112,023)
Unrealized Loss on Marketable Securities	(28,842)
Investment Management Fees	(23,492)
	<u>\$ (39,317)</u>

**NOTE 14 PENSION PLANS**

The Association maintained a defined benefit pension plan (the Plan) covering substantially all of its employees. The benefits were based on years of service and the employee's average compensation over the highest three consecutive years of service.

As of June 30, 1998, the Association froze the Plan. The frozen Plan continues to provide benefits to retirees and other eligible former and current employees. Benefits earned by active employees as of June 30, 1998, have not been reduced, and will be payable in accordance with the terms of the Plan as of June 30, 1998. Active employees who were not vested in their Plan benefits continue to be credited with service, so that the benefits they have accrued under the Plan might ultimately become vested.

The Association's funding policy is to contribute between the minimum required and the maximum deductible amount that can be deducted for federal income tax purposes. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The Plan's assets are held by Minnesota Mutual Life Insurance Company in the form of group annuity contracts.

The following table sets forth the Plan's funded status at June 30, 2002:

Actuarial Present Value of Accumulated Benefit Obligation	\$ 10,285,026
Less Plan Assets at Fair Value	(10,298,916)
Plan Assets in Excess of Projected Benefit Obligation	<u>\$ 13,890</u>

Disclosures required under Statement of Financial Accounting Standards Nos. 87 and 132 are as follows for the year ended June 30, 2002:

Employer Contributions	\$ 2,060,000
Participant Contributions	-
Benefits Paid	4,132,079
Net Periodic Pension Expense	377,683
Prepaid Pension Cost	4,636,834

Net periodic pension costs for 2002 included the following components:

Service Cost of the Current Period	\$ -
Interest Cost	1,028,266
Expected Return on Plan Assets	(955,379)
Net Amortization and Deferral	140,465
Actuarial Loss	164,331
Net Periodic Pension Expense	<u>\$ 377,683</u>

At June 30, 2001, NASSP had recorded accumulated other comprehensive expense of \$3,579,541 which represented the additional minimum pension liability required under FASB 87, net of the change in unrecognized prior service costs. At June 30, 2002, there is no additional minimum pension liability due to the funded status of the Plan. The effect of reversing the additional minimum pension liability has been recorded as other comprehensive income in the consolidated statement of changes in net assets.

*Note 14 Pension Plans (Continued)*

The assumption used in the Plan's actuarial computations are as follows:

Discount Rate . . . . .	8.00%
Long-Term Rate of Return on Plan Assets . . . . .	7.50%
Rate of Increase in Future Compensation Levels Not Applicable	

Because of the inherent uncertainties in estimating pension obligations, it is reasonably possible that the estimates used will change within the near term.

During 1999, NASSP established a 403(b) plan (salary reduction and match) for the purpose of providing matching contributions to its employees who participate in a Section 403(b) annuity program. Employees are eligible to participate after meeting certain service and age requirements. NASSP matches 50 percent of employee contributions not to exceed 6 percent of compensation. Contributions totaled \$116,221 for 2002.

During 1999, NASSP established a defined contribution plan under Section 401 of the Internal Revenue Code. Employees are eligible to participate after meeting certain service and age requirements. The amount of the contribution is determined each year by NASSP. Employees are neither required nor permitted to contribute to the Plan. The contribution for 2002 was determined to be 7 percent of eligible compensation. Contributions totaled \$358,878 for 2002.

**NOTE 15 POSTRETIREMENT HEALTH INSURANCE BENEFITS**

The Association provides health insurance benefits for certain retired employees. Substantially all employees may become eligible for these benefits when they reach the age of 55, provided they are still employed by the Association and meet all the established requirements. The Association funds amounts necessary to pay annual health insurance premiums for current retirees only. In 2002, the Association funded \$93,861. Effective July 1, 2000, the Association adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." As provided under SFAS 106, the Association has elected to recognize the transition obligation on a delayed basis over the participants' future service periods.

Net periodic postretirement benefit cost for 2002 included the following components:

Service Cost . . . . .	\$ 65,437
Interest Cost . . . . .	95,180
Amortization of Transition Obligation . . . . .	57,181
	<b>\$ 217,798</b>

The actuarially-calculated funded status of the Plan at June 30, 2002, is reconciled with the amount shown in the statement of financial position at that date as follows:

Accumulated Postretirement Benefit Obligation . . . . .	\$ (1,197,434)
Plan Assets at Fair Value . . . . .	—
Funded Status . . . . .	(1,197,434)
Unrecognized Net Actuarial Gain . . . . .	15,410
Unrecognized Transition Obligation . . . . .	993,604
Accrued Postretirement Benefit Cost . . . . .	\$ (188,420)

The assumptions used in the actuarial computations are as follows:

Weighted Average Discount Rate . . . . .	7.5%
<i>Assumed Health Care Cost Trend Rate for Future Years</i>	
2003 . . . . .	8.0%
2004 . . . . .	7.5%
2005 . . . . .	7.0%
2006 . . . . .	6.5%
2007 . . . . .	6.0%
2008 . . . . .	5.5%
2009 and Later Years . . . . .	5.0%

**NOTE 16 SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid for interest during the year was \$197,606.