

**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types .....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual All Governmental Fund Types .....	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance All Proprietary Fund Types and Nonexpendable Trust Fund .....	14
Combined Statement of Cash Flows All Proprietary Fund Types and Nonexpendable Trust Fund .....	15
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual All Proprietary Fund Types and Nonexpendable Trust Fund .....	16
Notes to the General Purpose Financial Statements .....	19
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	43
Schedule of Findings .....	45

**This Page Intentionally Left Blank**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Revere Local School District  
Summit County  
3496 Everett Road  
Bath, Ohio 44210

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2000 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.

A handwritten signature in black ink that reads "Jim Petro".

Jim Petro  
Auditor of State

February 23, 2000

**This Page Intentionally Left Blank**

**This Page Intentionally Left Blank**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,238,270	\$236,120	\$964,649	\$198,975
Cash and Cash Equivalents:				
in Segregated Account	0	0	0	0
with Fiscal Agent	0	0	24,648	0
Receivables:				
Taxes	15,042,473	0	1,536,814	515,021
Accounts	6,170	0	0	0
Intergovernmental	5,023	0	0	0
Interfund	7,177	0	0	0
Due from Other Funds	41,335	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	33,156	0	0	0
Prepaid Items	2,372	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	257,529	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of Long-Term Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$17,633,505</b>	<b>\$236,120</b>	<b>\$2,526,111</b>	<b>\$713,996</b>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$182,765	\$0	\$87,548	\$0	\$0	\$3,908,327
0	330,356	0	0	0	330,356
0	0	0	0	0	24,648
0	0	0	0	0	17,094,308
220	0	0	0	0	6,390
5,699	0	0	0	0	10,722
0	0	0	0	0	7,177
0	0	0	0	0	41,335
13,117	0	0	0	0	13,117
0	0	0	0	0	33,156
0	0	0	0	0	2,372
0	0	0	0	0	257,529
63,908	0	0	32,928,044	0	32,991,952
0	0	0	0	1,007,455	1,007,455
0	0	0	0	18,183,082	18,183,082
<u>\$265,709</u>	<u>\$330,356</u>	<u>\$87,548</u>	<u>\$32,928,044</u>	<u>\$19,190,537</u>	<u>\$73,911,926</u>

(continued)



**Revere Local School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
 June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$105,833	\$2,158	\$0	\$0
Accrued Wages and Benefits Payable	1,736,984	875	0	0
Compensated Absences Payable	16,674	0	0	0
Interfund Payable	0	7,177	0	0
Due to Other Funds	0	41,335	0	0
Intergovernmental Payable	445,808	4,689	0	0
Deferred Revenue	14,596,522	0	1,488,483	515,021
Due to Students	0	0	0	0
Matured Interest Payable	0	0	10,173	0
Notes Payable	0	0	0	0
Claims Payable	0	0	0	0
Special Termination Benefits Payable	0	0	0	0
Matured Bonds Payable	0	0	20,000	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>16,901,821</b>	<b>56,234</b>	<b>1,518,656</b>	<b>515,021</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	320,771	62,763	0	112,090
Reserved for Inventory	33,156	0	0	0
Reserved for Property Taxes	445,951	0	48,331	0
Reserved for Endowment	0	0	0	0
Reserved for Budget Stabilization	257,529	0	0	0
Unreserved, Undesignated (Deficit)	(325,723)	117,123	959,124	86,885
<b>Total Fund Equity and Other Credits</b>	<b>731,684</b>	<b>179,886</b>	<b>1,007,455</b>	<b>198,975</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$17,633,505</b>	<b>\$236,120</b>	<b>\$2,526,111</b>	<b>\$713,996</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$160	\$0	\$0	\$0	\$0	\$108,151
34,345	0	0	0	0	1,772,204
17,765	0	0	0	1,619,719	1,654,158
0	0	0	0	0	7,177
0	0	0	0	0	41,335
19,488	0	0	0	154,151	624,136
8,089	0	0	0	0	16,608,115
0	0	68,213	0	0	68,213
0	0	0	0	0	10,173
0	0	0	0	690,000	690,000
0	188,776	0	0	0	188,776
0	0	0	0	13,000	13,000
0	0	0	0	0	20,000
0	0	0	0	16,713,667	16,713,667
<u>79,847</u>	<u>188,776</u>	<u>68,213</u>	<u>0</u>	<u>19,190,537</u>	<u>38,519,105</u>
0	0	0	32,928,044	0	32,928,044
185,862	141,580	0	0	0	327,442
0	0	0	0	0	495,624
0	0	0	0	0	33,156
0	0	0	0	0	494,282
0	0	17,000	0	0	17,000
0	0	0	0	0	257,529
0	0	2,335	0	0	839,744
<u>185,862</u>	<u>141,580</u>	<u>19,335</u>	<u>32,928,044</u>	<u>0</u>	<u>35,392,821</u>
<u>\$265,709</u>	<u>\$330,356</u>	<u>\$87,548</u>	<u>\$32,928,044</u>	<u>\$19,190,537</u>	<u>\$73,911,926</u>

**Revere Local School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 1999*

	Governmental Fund		
	General	Special Revenue	Debt Service
<b>Revenues</b>			
Taxes	\$14,551,584	\$0	\$1,608,045
Intergovernmental	3,919,788	458,214	188,298
Interest	263,972	3,172	75
Tuition and Fees	101,299	0	0
Extracurricular Activities	0	268,638	0
Rentals	7,610	0	0
Donations	24,851	51,091	0
Miscellaneous	60,930	0	0
<i>Total Revenues</i>	<u>18,930,034</u>	<u>781,115</u>	<u>1,796,418</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	9,924,740	20,405	0
Special	867,651	82,029	0
Vocational	466,237	0	0
Support Services:			
Pupils	854,888	93,028	0
Instructional Staff	370,473	32,005	0
Board of Education	158,448	0	0
Administration	1,252,475	24,462	0
Fiscal	526,746	0	27,218
Business	20,903	0	0
Operation and Maintenance of Plant	2,272,840	0	0
Pupil Transportation	1,185,610	8,789	0
Central	6,684	0	0
Operation of Non-Instructional Services	0	205,666	0
Extracurricular Activities	464,281	292,193	0
Capital Outlay	1,452	1,499	0
Intergovernmental	27,037	0	0
Debt Service:			
Principal Retirement	0	0	1,360,000
Interest and Fiscal Charges	0	0	1,031,385
<i>Total Expenditures</i>	<u>18,400,465</u>	<u>760,076</u>	<u>2,418,603</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>529,569</u>	<u>21,039</u>	<u>(622,185)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	703	0	0
Proceeds of Notes	0	0	690,000
Operating Transfers In	0	2,313	0
Operating Transfers Out	(359,793)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(359,090)</u>	<u>2,313</u>	<u>690,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	170,479	23,352	67,815
<i>Fund Balances Beginning of Year</i>	528,049	156,534	939,640
Increase in Reserve for Inventory	33,156	0	0
<i>Fund Balances End of Year</i>	<u>\$731,684</u>	<u>\$179,886</u>	<u>\$1,007,455</u>

See accompanying notes to the general purpose financial statements

Types	Totals (Memorandum Only)
Capital Projects	
\$0	\$16,159,629
0	4,566,300
16,769	283,988
0	101,299
0	268,638
0	7,610
0	75,942
0	60,930
<u>16,769</u>	<u>21,524,336</u>
0	9,945,145
0	949,680
0	466,237
0	947,916
0	402,478
0	158,448
0	1,276,937
0	553,964
0	20,903
0	2,272,840
0	1,194,399
0	6,684
0	205,666
0	756,474
191,237	194,188
0	27,037
0	1,360,000
0	1,031,385
<u>191,237</u>	<u>21,770,381</u>
<u>(174,468)</u>	<u>(246,045)</u>
22,766	23,469
0	690,000
0	2,313
0	(359,793)
<u>22,766</u>	<u>355,989</u>
(151,702)	109,944
350,677	1,974,900
0	33,156
<u>\$198,975</u>	<u>\$2,118,000</u>

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

	General		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Taxes	\$14,573,243	\$14,552,874	(\$20,369)
Intergovernmental	3,880,967	3,917,988	37,021
Interest	246,320	269,760	23,440
Tuition and Fees	100,267	175,666	75,399
Extracurricular Activities	0	0	0
Rentals	8,148	8,150	2
Donations	16,999	19,499	2,500
Miscellaneous	5,370	62,937	57,567
<b>Total Revenues</b>	<b>18,831,314</b>	<b>19,006,874</b>	<b>175,560</b>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	9,972,954	9,833,812	139,142
Special	1,171,681	933,338	238,343
Vocational	467,452	460,205	7,247
<b>Support Services:</b>			
Pupils	967,949	917,320	50,629
Instructional Staff	374,175	349,039	25,136
Board of Education	201,874	158,367	43,507
Administration	1,278,667	1,207,197	71,470
Fiscal	567,084	536,430	30,654
Business	31,793	31,050	743
Operation and Maintenance of Plant	2,663,901	2,488,302	175,599
Pupil Transportation	1,482,914	1,214,543	268,371
Central	8,846	6,684	2,162
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	537,831	465,775	72,056
Capital Outlay	25,000	25,000	0
Intergovernmental	27,037	27,037	0
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>19,779,158</b>	<b>18,654,099</b>	<b>1,125,059</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(947,844)</b>	<b>352,775</b>	<b>1,300,619</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	703	703	0
Proceeds of Notes	0	0	0
Advances In	8,347	8,347	0
Advances Out	(10,406)	(7,177)	3,229
Operating Transfers In	0	0	0
Operating Transfers Out	(369,793)	(359,793)	10,000
<b>Total Other Financing Sources (Uses)</b>	<b>(371,149)</b>	<b>(357,920)</b>	<b>13,229</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(1,318,993)</b>	<b>(5,145)</b>	<b>1,313,848</b>
<b>Fund Balances Beginning of Year</b>	<b>1,496,363</b>	<b>1,496,363</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>534,348</b>	<b>534,348</b>	<b>0</b>
<b>Fund Balances End of Year</b>	<b>\$711,718</b>	<b>\$2,025,566</b>	<b>\$1,313,848</b>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,612,790	\$1,611,074	(\$1,716)
487,833	462,608	(25,225)	188,298	188,298	0
2,529	3,172	643	243	243	0
0	0	0	0	0	0
242,113	268,738	26,625	0	0	0
0	0	0	0	0	0
44,353	51,091	6,738	0	0	0
0	0	0	0	0	0
<u>776,828</u>	<u>785,609</u>	<u>8,781</u>	<u>1,801,331</u>	<u>1,799,615</u>	<u>(1,716)</u>
26,851	22,251	4,600	0	0	0
94,776	83,672	11,104	0	0	0
0	0	0	0	0	0
67,339	51,693	15,646	0	0	0
47,860	47,418	442	0	0	0
0	0	0	0	0	0
30,139	24,796	5,343	0	0	0
0	0	0	27,446	27,218	228
0	0	0	0	0	0
0	0	0	0	0	0
16,050	8,810	7,240	0	0	0
0	0	0	0	0	0
252,365	248,491	3,874	0	0	0
354,607	308,209	46,398	0	0	0
2,324	2,301	23	0	0	0
0	0	0	0	0	0
0	0	0	1,360,000	1,360,000	0
			1,037,075	1,031,385	5,690
<u>892,311</u>	<u>797,641</u>	<u>94,670</u>	<u>2,424,521</u>	<u>2,418,603</u>	<u>5,918</u>
<u>(115,483)</u>	<u>(12,032)</u>	<u>103,451</u>	<u>(623,190)</u>	<u>(618,988)</u>	<u>4,202</u>
0	0	0	0	0	0
0	0	0	690,000	690,000	0
7,408	7,177	(231)	0	0	0
(8,347)	(8,347)	0	0	0	0
12,314	2,313	(10,001)	0	0	0
0	0	0	0	0	0
<u>11,375</u>	<u>1,143</u>	<u>(10,232)</u>	<u>690,000</u>	<u>690,000</u>	<u>0</u>
(104,108)	(10,889)	93,219	66,810	71,012	4,202
158,246	158,246	0	888,112	888,112	0
22,779	22,779	0	0	0	0
<u>\$76,917</u>	<u>\$170,136</u>	<u>\$93,219</u>	<u>\$954,922</u>	<u>\$959,124</u>	<u>\$4,202</u>

(continued)

**Revere Local School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 1999*

	Capital Projects		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	28,000	16,769	(11,231)
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Rentals	0	0	0
Donations	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>28,000</u>	<u>16,769</u>	<u>(11,231)</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	83,559	83,530	29
Special	0	0	0
Vocational	0	0	0
<b>Support Services:</b>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	238,081	220,206	17,875
Intergovernmental	0	0	0
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>321,640</u>	<u>303,736</u>	<u>17,904</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(293,640)</u>	<u>(286,967)</u>	<u>6,673</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	22,766	22,766	0
Proceeds of Notes	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>22,766</u>	<u>22,766</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(270,874)</u>	<u>(264,201)</u>	<u>6,673</u>
<i>Fund Balances Beginning of Year</i>	123,848	123,848	0
Prior Year Encumbrances Appropriated	227,238	227,238	0
<i>Fund Balances End of Year</i>	<u>\$80,212</u>	<u>\$86,885</u>	<u>\$6,673</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$16,186,033	\$16,163,948	(\$22,085)
4,557,098	4,568,894	11,796
277,092	289,944	12,852
100,267	175,666	75,399
242,113	268,738	26,625
8,148	8,150	2
61,352	70,590	9,238
5,370	62,937	57,567
<u>21,437,473</u>	<u>21,608,867</u>	<u>171,394</u>
10,083,364	9,939,593	143,771
1,266,457	1,017,010	249,447
467,452	460,205	7,247
1,035,288	969,013	66,275
422,035	396,457	25,578
201,874	158,367	43,507
1,308,806	1,231,993	76,813
594,530	563,648	30,882
31,793	31,050	743
2,663,901	2,488,302	175,599
1,498,964	1,223,353	275,611
8,846	6,684	2,162
252,365	248,491	3,874
892,438	773,984	118,454
265,405	247,507	17,898
27,037	27,037	0
1,360,000	1,360,000	0
1,037,075	1,031,385	5,690
<u>23,417,630</u>	<u>22,174,079</u>	<u>1,243,551</u>
<u>(1,980,157)</u>	<u>(565,212)</u>	<u>1,414,945</u>
23,469	23,469	0
690,000	690,000	0
15,755	15,524	(231)
(18,753)	(15,524)	3,229
12,314	2,313	(10,001)
(369,793)	(359,793)	10,000
<u>352,992</u>	<u>-355,989</u>	<u>2,997</u>
(1,627,165)	(209,223)	1,417,942
2,666,569	2,666,569	0
784,365	784,365	0
<u>\$1,823,769</u>	<u>\$3,241,711</u>	<u>\$1,417,942</u>



**Revere Local School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Retained Earnings/Fund Balance  
All Proprietary Fund Types and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
<b>Operating Revenues</b>				
Sales	\$548,976	\$0	\$0	\$548,976
Tuition	70,573	0	0	70,573
Charges for Services	0	1,271,690	0	1,271,690
Interest	0	0	1,087	1,087
<i>Total Operating Revenues</i>	<u>619,549</u>	<u>1,271,690</u>	<u>1,087</u>	<u>1,892,326</u>
<b>Operating Expenses</b>				
Salaries and Wages	239,749	0	0	239,749
Fringe Benefits	69,381	0	0	69,381
Purchased Services	11,496	232,390	0	243,886
Materials and Supplies	20,110	0	0	20,110
Cost of Sales	353,753	0	0	353,753
Depreciation	7,144	0	0	7,144
Claims	0	1,165,051	0	1,165,051
<i>Total Operating Expenses</i>	<u>701,633</u>	<u>1,397,441</u>	<u>0</u>	<u>2,099,074</u>
<i>Operating Income (Loss)</i>	<u>(82,084)</u>	<u>(125,751)</u>	<u>1,087</u>	<u>(206,748)</u>
<b>Non-Operating Revenues</b>				
Donated Commodities	42,699	0	0	42,699
Interest	2,075	915	0	2,990
Operating Grants	47,330	0	0	47,330
<i>Total Non-Operating Revenues</i>	<u>92,104</u>	<u>915</u>	<u>0</u>	<u>93,019</u>
<i>Income (Loss) Before Operating Transfers</i>	<u>10,020</u>	<u>(124,836)</u>	<u>1,087</u>	<u>(113,729)</u>
Operating Transfers In	0	357,480	0	357,480
<i>Net Income</i>	<u>10,020</u>	<u>232,644</u>	<u>1,087</u>	<u>243,751</u>
<i>Retained Earnings (Deficit)/Fund Balance Beginning of Year</i>	<u>175,842</u>	<u>(91,064)</u>	<u>18,248</u>	<u>103,026</u>
<i>Retained Earnings/Fund Balance End of Year</i>	<u>\$185,862</u>	<u>\$141,580</u>	<u>\$19,335</u>	<u>\$346,777</u>

See accompanying notes to the general purpose financial statements

**Revere Local School District**  
**Combined Statement of Cash Flows**  
*All Proprietary Fund Types and Nonexpendable Trust Fund*  
*For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$619,794	\$0	\$0	\$619,794
Cash Received from Quasi-External Transactions with Other Funds	0	1,271,690	0	1,271,690
Cash Payments to Suppliers for Goods and Services	(342,460)	(232,390)	0	(574,850)
Cash Payments to Employees for Services	(226,979)	0	0	(226,979)
Cash Payments for Employee Benefits	(62,722)	0	0	(62,722)
Cash Payments for Claims	0	(1,072,995)	0	(1,072,995)
Other Cash Payments	0	0	(2,300)	(2,300)
<b>Net Cash Used for Operating Activities</b>	<b>(12,367)</b>	<b>(33,695)</b>	<b>(2,300)</b>	<b>(48,362)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating Grants	47,910	0	0	47,910
Operating Transfers In	0	357,480	0	357,480
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>47,910</b>	<b>357,480</b>	<b>0</b>	<b>405,390</b>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	2,075	915	1,087	4,077
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>37,618</b>	<b>324,700</b>	<b>(1,213)</b>	<b>361,105</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>145,147</b>	<b>5,656</b>	<b>20,548</b>	<b>171,351</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$182,765</b>	<b>\$330,356</b>	<b>\$19,335</b>	<b>\$532,456</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</b>				
Operating Income (Loss)	(\$82,084)	(\$125,751)	\$1,087	(\$206,748)
<b>Adjustments:</b>				
Depreciation Expense	7,144	0	0	7,144
Donated Commodities	42,699	0	0	42,699
Nonexpendable Trust Fund Interest	0	0	(1,087)	(1,087)
<b>Decrease in Assets:</b>				
Accounts Receivable	245	0	0	245
Inventory Held for Resale	410	0	0	410
Prepaid Items	240	0	0	240
<b>Increase (Decrease) in Liabilities:</b>				
Accounts Payable	(290)	0	0	(290)
Accrued Wages and Benefits Payable	8,809	0	0	8,809
Compensated Absences Payable	1,184	0	0	1,184
Intergovernmental Payable	9,276	0	(2,300)	6,976
Claims Payable	0	92,056	0	92,056
<b>Total Adjustments</b>	<b>69,717</b>	<b>92,056</b>	<b>(3,387)</b>	<b>158,386</b>
<b>Net Cash Used for Operating Activities</b>	<b>(\$12,367)</b>	<b>(\$33,695)</b>	<b>(\$2,300)</b>	<b>(\$48,362)</b>
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheet</b>				
Trust and Agency		\$87,548		
Less: Agency Funds		(68,213)		
Nonexpendable Trust Fund		\$19,335		

See accompanying notes to the general purpose financial statements

**Revere Local School District**  
*Combined Statement of Revenues, Expenses  
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 1999*

	Enterprise		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales	\$575,764	\$549,143	(\$26,621)
Tuition	99,000	70,651	(28,349)
Charges for Services	0	0	0
Interest	1,849	2,075	226
Operating Grants	48,800	47,910	(890)
Contributions and Donations	0	0	0
<i>Total Revenues</i>	<u>725,413</u>	<u>669,779</u>	<u>(55,634)</u>
<b>Expenses</b>			
Salaries and Wages	246,162	226,979	19,183
Fringe Benefits	63,803	63,307	496
Purchased Services	20,984	13,269	7,715
Materials and Supplies	361,679	335,884	25,795
Capital Outlay	700	0	700
Other	0	0	0
<i>Total Expenses</i>	<u>693,328</u>	<u>639,439</u>	<u>53,889</u>
<i>Excess of Revenues Over (Under) Expenses</i>	32,085	30,340	(1,745)
Operating Transfers In	0	0	0
<i>Excess of Revenues and Operating Transfers In Over (Under) Expenses</i>	32,085	30,340	(1,745)
<i>Fund Equity Beginning of Year</i>	143,792	143,792	0
Prior Year Encumbrances Appropriated	1,355	1,355	0
<i>Fund Equity End of Year</i>	<u>\$177,232</u>	<u>\$175,487</u>	<u>(\$1,745)</u>

Internal Service			Nonexpendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
1,477,323	1,271,690	(205,633)	0	0	0
869	915	46	0	1,087	1,087
0	0	0	0	0	0
0	0	0	1,200	0	(1,200)
<u>1,478,192</u>	<u>1,272,605</u>	<u>(205,587)</u>	<u>1,200</u>	<u>1,087</u>	<u>(113)</u>
0	0	0	0	0	0
1,072,995	1,072,995	0	0	0	0
279,846	232,390	47,456	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	3,000	2,300	700
<u>1,352,841</u>	<u>1,305,385</u>	<u>47,456</u>	<u>3,000</u>	<u>2,300</u>	<u>700</u>
125,351	(32,780)	(158,131)	(1,800)	(1,213)	587
357,480	357,480	0	0	0	0
482,831	324,700	(158,131)	(1,800)	(1,213)	587
5,656	5,656	0	20,548	20,548	0
0	0	0	0	0	0
<u>\$488,487</u>	<u>\$330,356</u>	<u>(\$158,131)</u>	<u>\$18,748</u>	<u>\$19,335</u>	<u>\$587</u>

(continued)

**Revere Local School District**  
*Combined Statement of Revenues, Expenses  
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types and Nonexpendable Trust Fund (continued)  
For the Fiscal Year Ended June 30, 1999*

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales	\$575,764	\$549,143	(\$26,621)
Tuition	99,000	70,651	(28,349)
Charges for Services	1,477,323	1,271,690	(205,633)
Interest	2,718	4,077	1,359
Operating Grants	48,800	47,910	(890)
Contributions and Donations	1,200	0	(1,200)
<i>Total Revenues</i>	<u>2,204,805</u>	<u>1,943,471</u>	<u>(261,334)</u>
<b>Expenses</b>			
Salaries and Wages	246,162	226,979	19,183
Fringe Benefits	1,136,798	1,136,302	496
Purchased Services	300,830	245,659	55,171
Materials and Supplies	361,679	335,884	25,795
Capital Outlay	700	0	700
Other	3,000	2,300	700
<i>Total Expenses</i>	<u>2,049,169</u>	<u>1,947,124</u>	<u>102,045</u>
<i>Excess of Revenues Over (Under) Expenses</i>	155,636	(3,653)	(159,289)
Operating Transfers In	<u>357,480</u>	<u>357,480</u>	<u>0</u>
<i>Excess of Revenues and Operating Transfers In Over (Under) Expenses</i>	513,116	353,827	(159,289)
<i>Fund Equity Beginning of Year</i>	169,996	169,996	0
Prior Year Encumbrances Appropriated	<u>1,355</u>	<u>1,355</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$684,467</u>	<u>\$525,178</u>	<u>(\$159,289)</u>

See accompanying notes to the general purpose financial statements

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

**Note 1 - Description of the School District and Reporting Entity**

Revere 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 is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District is located in Summit County and encompasses the Village of Richfield, Richfield Township and Bath Township. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and federal agencies. The Board controls the School District's four instructional/support facilities staffed by 101 classified, 191 certificated teaching personnel, and 14 administrators, who provide services to community members and 2,890 students.

*Reporting Entity*

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

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 has no component units. The following activities are included within the reporting entity:

*Nonpublic School* - Within the School District boundaries, Old Trail School is operated as a nonpublic school. Current State legislation provides funding to this school. This money is received and disbursed on behalf of the school by the Treasurer of the School District, as directed by the school. The activity of this State money is reflected in a special revenue fund by the School District for financial reporting purposes.

The School District is associated with the Northeast Ohio Network for Educational Technology, the Cuyahoga Valley Career Center and the Ohio Schools Council, which are defined as jointly governed organizations. See Note 16.

The School District is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. See Note 17.

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

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

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis of Presentation - Fund Accounting**

The School District uses funds and account groups to report on 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 and the trust fund) 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 sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund** The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest and related costs.

**Capital Projects Funds** 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 or the trust fund).

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

**Proprietary Fund Types** 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 are the School District's proprietary fund types:

**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.

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

**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. The School District's fiduciary funds include Nonexpendable trust and agency funds. The Nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact. 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 liabilities 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 or trust 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 or trust funds.

**B. Measurement Focus and Basis of Accounting**

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

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



**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

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: 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, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

### ***C. Budgetary Data***

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 appropriations 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 has been established by the Board of Education at the object level within each fund and 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 Summit County Budget Commission for rate determination.

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

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

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. 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. Any revisions that alter the total of any fund appropriation 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 does not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal 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 other than agency funds consistent with statutory provisions.

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

***Lapsing of Appropriations*** At the close of each fiscal 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 re-appropriated.

***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 pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District has a segregated bank account for monies held separate from the School District's central bank accounts. This account is presented on the combined balance sheet as "cash and cash equivalents in segregated account." The School District utilizes a financial institution to service bonded debt

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agent."

During fiscal year 1999, investments were limited to repurchase agreements and certificates of deposit. These nonparticipating investment contracts are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$263,972, which includes \$118,352 assigned from other School District funds.

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 a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

***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. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***G. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

***H. 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 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.

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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 five to ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of ten years for furniture and equipment.

***I. Intergovernmental Revenues***

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, 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 become measurable.

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

***Entitlements***

**General Fund**

State Foundation Program  
State Property Tax Relief  
School Bus Purchase Reimbursement

**Special Revenue Fund**

Textbook and Instructional Materials

***Non-Reimbursable Grants***

**Special Revenue Funds**

Title VIB  
Title I  
Title VI  
Educational Management Information System  
Venture Capital  
Teacher Development  
Community Education  
Professional Development  
Drug Free Schools  
Auxiliary Services  
Goals 2000

**Capital Projects Fund**

Ohio School Net Plus  
School Net

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

**Reimbursable Grants**

**General Fund**

Driver Education Reimbursement

**Enterprise Funds**

National School Lunch Program

Government Donated Commodities

Grants and entitlements received amounted to 21 percent of governmental fund operating revenue during the 1999 fiscal year.

**J. Short-Term Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables/interfund payables." Receivables and payables resulting from transactions between individual funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet.

**K. 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 attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are eligible to receive termination benefits and those the School District had identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave, at the following rates: 70 percent for employees with 1 to 10 years of service, 90 percent for employees with 11 to 20 years of service, 98 percent for employees with 21 to 30 years of service, based on historical employment trends.

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, the entire amount of compensated absences is reported as a fund liability.

**L. 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, contractually required pension contributions and special termination benefits that will be paid from governmental funds 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. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

financial resources. Bonds and bond anticipation notes refinanced on a long-term basis are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

***M. 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. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***N. Fund Balance Reserves***

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for endowments signifies the legal restrictions on the use of principal. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

***O. Estimates***

The preparation of the 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.

***P. 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 - Legal Compliance**

Contrary to section 5705.41 (D), Ohio Revised Code, the School District's fiscal officer did not certify the amount required for a commitment that has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance for certain expenditures throughout the year.

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balances/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 (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Nonexpendable Trust Fund are 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 that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the 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>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$170,479	\$23,352	\$67,815	(\$151,702)
Net Adjustment for Revenue Accruals	76,840	4,494	3,197	0
Advances In	8,347	7,177	0	0
Net Adjustment for Expenditure Accruals	216,599	28,419	5,525	(409)
Advances Out	(7,177)	(8,347)	0	0
Adjustment for Encumbrances	<u>(470,233)</u>	<u>(65,984)</u>	<u>(5,525)</u>	<u>(112,090)</u>
Budget Basis	<u>(\$5,145)</u>	<u>(\$10,889)</u>	<u>\$71,012</u>	<u>(\$264,201)</u>

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

Net Income /Excess of Revenues and Operating Transfers In Over (Under) Expenses  
All Proprietary Fund Types and Nonexpendable Trust Fund

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	\$10,020	\$232,644	\$1,087
Net Adjustment for Revenue Accruals	825	0	0
Net Adjustment for Expense Accruals	19,629	92,056	(2,300)
Depreciation	7,144	0	0
Adjustment for Encumbrances	(7,278)	0	0
Budget Basis	<u>\$30,340</u>	<u>\$324,700</u>	<u>(\$1,213)</u>

**Note 5 - Deposits And Investments**

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

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

Inactive deposits 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 passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation,



**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in 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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$545,860 and the bank balance was \$752,283. Of the bank balance:

1. \$245,058 was covered by federal depository insurance.
2. \$507,225 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments** The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District had outstanding repurchase agreements (category 3) with carrying value and fair value of \$3,975,000 at June 30, 1999.

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, entitled "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental 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 No. 9	\$4,520,860	\$0
Investments of the Cash Management Pool:		
Repurchase Agreements	(3,975,000)	3,975,000
GASB Statement No. 3	\$545,860	\$3,975,000

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

	1998 Second - Half Collections		1999 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$545,309,150	91.22 %	\$553,960,520	90.87 %
Public Utility Personal	30,438,810	5.09	32,299,040	5.30
Tangible Personal Property	22,064,154	3.69	23,351,160	3.83
<b>Total Assessed Values</b>	<b>\$597,812,114</b>	<b>100.00 %</b>	<b>\$609,610,720</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation	\$52.86		\$54.11	

The School District passed a 1.75 mill permanent improvement levy in May of 1999. The collection on this levy will begin in the second half of fiscal year 2000.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The School District receives property taxes from Summit County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Revere Local School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 1999, was \$445,951 in the general fund and \$48,331 in the bond retirement debt service fund.

**Note 7 - Receivables**

Receivables at June 30, 1999, consisted of taxes, accounts (rent and tuition), intergovernmental grants, interfund, and due from other funds. 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.

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<b>General Fund:</b>	
Tuition and Fees	\$2,771
Drivers Education	1,800
Rentals	452
Total General Fund	5,023
Food Service Enterprise Fund	5,699
Total Intergovernmental Receivables	\$10,722

**Note 8 - Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$248,931
Less: Accumulated Depreciation	(185,023)
Net Fixed Assets	\$63,908

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

	Balance 6/30/98	Additions	Deductions	Balance 6/30/99
Land and Improvements	\$2,133,746	\$12,504	\$22,766	\$2,123,484
Buildings and Improvements	25,958,477	50,602	0	26,009,079
Furniture, Fixtures and Equipment	2,299,672	527,717	4,000	2,823,389
Vehicles	1,837,812	266,404	132,124	1,972,092
Total General Fixed Assets	\$32,229,707	\$857,227	\$158,890	\$32,928,044

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

**Note 9 - Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with Wichert Insurance Services Inc./CNA Insurance Company for commercial property insurance and boiler and machinery coverage (\$43,301,195 blanket combined building and personal property, \$500 deductible), and with Wichert Insurance Services Inc./Personal Service Insurance Company for commercial auto coverage (\$1,000,000 combined single limit, \$100 comprehensive/\$250 collision deductible).

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

***B. Workers' Compensation***

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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 districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

***C. Employee Medical Benefits***

Medical and prescription coverage is provided on a self-insured basis through Anthem, Blue Cross and Blue Shield of Ohio. Monthly premiums are \$563.63 for the family EPO plan, \$551.58 for the family PPO plan, \$216.77 for the single EPO plan and \$212.10 for the single PPO plan. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

Dental coverage is provided on a self-insured basis through Anthem, Blue Cross and Blue Shield of Ohio. Monthly premiums are \$80.07 for family coverage and \$30.79 for single coverage. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims liability of \$188,776 reported in the internal service fund at June 30, 1999, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third-party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

A summary of the fund's claims liability during the past two fiscal years are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claim Payments	Balance at End of Fiscal Year
1998	\$46,522	\$903,872	\$853,674	\$96,720
1999	96,720	1,165,051	1,072,995	188,776

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

**Note 10 - Defined Benefit Pension Plans**

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

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$185,512, \$233,445 and \$235,476, respectively; 51.62 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$89,745 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

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

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$1,033,930, \$996,188 and \$1,084,140, respectively; 82.79 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$177,894 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

Retirement System/State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 11 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$344,643 for fiscal year 1999.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$151,783.

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

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

**Note 12 - Other Employee Benefits**

**A. Life Insurance**

The School District provides life insurance to employees through the Ohio Schools Council, UNUM, in the amount of \$25,000 for certificated employees. Life insurance is provided for classified employees based on the following graduated base, determined by years of service and hours worked:

Years of Service	Full-Time - 30 hours or more per week	Part-Time - Under 30 hours per week
0 - 4	\$7,000	\$5,000
5 - 9	12,000	8,000
10 +	14,000	10,000

**B. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work no less than 12 months, earn ten to twenty-five days of vacation per year, depending upon length of service. Vacation time is not cumulative from year to year. Teachers and administrators who work less than 12 months 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 280 days. Upon retirement, School District employees receive one-fourth of total unused sick leave, up to the maximum, based on the number of credited service years.

**C. Special Termination Benefits**

Employees meeting the retirement requirements included in negotiated agreements, and the provisions of the retirement systems, receive a salary incentive when they retire from active service, as follows:

Age	Certificated Employees	12-Month SERS Employees	9-Month SERS Employees
50 - 61	\$4,000	\$4,000	\$2,000
62	3,000	3,000	1,500
63	2,000	2,000	1,000
64	1,000	1,500	750
65	500	1,000	500

The plan is open to all employees who have a minimum of 15 years of Revere Local School District service. The appropriate special termination benefit pay is added to the employee's severance pay.



**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

**Note 13 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 1999, were as follows:

	Outstanding 6/30/98	Additions	Deductions	Outstanding 6/30/99
<b>General Obligation Bonds:</b>				
9/1/79 - \$3,490,000				
- 6.5% - maturity 12/1/99	\$340,000	\$0	(\$170,000)	\$170,000
2/1/93 - \$13,980,000				
- 6.0424% - maturity 12/1/16	13,140,000	0	(230,000)	12,910,000
12/1/93 - \$3,998,667				
- 5.616% - maturity 12/1/16	3,653,667	0	(20,000)	3,633,667
<b>Total General Obligation Bonds</b>	<u>17,133,667</u>	<u>0</u>	<u>(420,000)</u>	<u>16,713,667</u>
Compensated Absences Payable	1,566,469	128,497	(75,247)	1,619,719
Intergovernmental Payable	174,684	154,151	(174,684)	154,151
School Improvement Notes Payable	940,000	690,000	(940,000)	690,000
Special Termination Benefits Payable	8,000	13,000	(8,000)	13,000
<b>Total General Long-Term Obligations</b>	<u>\$19,822,820</u>	<u>\$985,648</u>	<u>(\$1,617,931)</u>	<u>\$19,190,537</u>

General obligation bonds will be paid from the debt service fund. Compensated absences and special termination benefits will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid. The \$940,000 school improvement bond anticipation note was rolled over to a \$690,000 school improvement note. Bond anticipation notes that were rolled over prior to the issuance of the financial statements have a new maturity beyond the end of the fiscal year in which the report is issued, have been reported in the general long-term obligations account group and will be paid from the debt service fund.

The School District's overall legal debt margin was \$39,158,753 with an unvoted debt margin of \$609,611 at June 30, 1999.

Principal and interest requirements to retire general obligation bonds and the school improvement notes outstanding at June 30, 1999, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$1,135,000	\$972,385	\$2,107,385
2001	675,000	928,145	1,603,145
2002	640,000	877,065	1,517,065
2003	690,000	825,973	1,515,973
2004	735,000	780,366	1,515,366
2005-2009	3,798,667	3,782,015	7,580,682
2010-2014	5,490,000	2,077,594	7,567,594
2015-2019	4,240,000	382,820	4,622,820
<b>Total</b>	<u>\$17,403,667</u>	<u>\$10,626,363</u>	<u>\$28,030,030</u>

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

**Note 14 - Interfund Transactions**

At June 30, 1999, the general fund had an interfund receivable of \$7,177 and the Title I special revenue fund had an interfund payable for the same amount. Also at June 30, 1999, the general fund had \$41,335 due from other funds and the Title VIB special revenue fund had due to other funds for the same amount.

**Note 15 - Segment Information for Enterprise Funds**

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

	Food Service	Uniform School Supplies	Project Link Program	Total Enterprise Funds
Operating Revenues	\$442,248	\$106,728	\$70,573	\$619,549
Depreciation	7,144	0	0	7,144
Operating Income (Loss)	(108,230)	5,767	20,379	(82,084)
Donated Commodities	42,699	0	0	42,699
Operating Grants	47,330	0	0	47,330
Interest	2,075	0	0	2,075
Net Income (Loss)	(16,126)	5,767	20,379	10,020
Net Working Capital	2,380	32,583	104,550	139,513
Total Assets	123,245	32,583	109,881	265,709
Long-Term Compensated				
Absences Payable	17,559	0	0	17,559
Total Equity	48,728	32,583	104,551	185,862
Encumbrances, June 30, 1999	3,535	2,136	1,607	7,278

**Note 16 - Jointly Governed Organizations**

**A. Northeast Ohio Network for Educational Technology (NEONET)**

NEONET is a jointly governed organization among sixteen school districts and the Summit County Educational Service Center, and was formed July 1, 1995. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the Assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating school district is limited to its representation on the Assembly, which elects the Board of Directors, who exercises total control over the operation of NEONET including budgeting, appropriating, contracting and designating management. The seven member Board of Directors consists of four superintendents, two members of the treasurers' committee and one member of the student services subcommittee. All revenues are generated from an annual fee of \$7.60 per student to participating districts and State funding. Revere Local School District paid \$22,030 to NEONET during fiscal year 1999. The

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

Summit County Educational Service Center is the fiscal agent of NEONET. Financial information can be obtained by writing to the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

***B. Cuyahoga Valley Career Center (Career Center)***

The Cuyahoga Valley Career Center is a jointly governed organization operated under a seven member Board of Directors, consisting of one representative from each participating school district. The Board controls the financial activity of the Career Center. The Career Center receives no direct funding from the member school districts. The continued existence of the Career Center is not dependent on the Revere Local School District's continued participation and no equity interest exists. Financial information can be obtained by writing to the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44141.

***C. Ohio Schools Council (Council)***

The Ohio Schools Council (Council) is a jointly governed organization among seventy school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. The Council sponsors an insurance purchasing plan in which the School District participates. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Ohio Schools Council, 6376 Mill Road, Broadview Heights, Ohio 44147.

**Note 17 - Insurance Purchasing Pool**

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

**Note 18 - State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,395,821 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the court of Common Pleas to the Ohio Supreme Court. As of

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**Note 19 - Contingencies**

**A. Grants**

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

**B. Litigation**

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

**Note 20 - Set Asides**

The School District is required by State statute to annually set aside in the general fund an amount based on statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

	Budget Stabilization Reserve	Textbook/ Instructional Materials	Capital Improvements
The balance of the set-aside carried forward from the prior year	\$107,825	\$0	\$0
Current year set-aside requirements	149,704	299,407	299,407
Qualifying expenditures during the fiscal year	0	(375,443)	(345,729)
<b>Total</b>	<b>\$257,529</b>	<b>(\$76,036)</b>	<b>(\$46,322)</b>
The balance of the set-aside carried forward to the next fiscal year	\$257,529	\$0	\$0

**Revere Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

---

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



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

Revere Local School District  
Summit County  
3496 Everett Road  
Bath, Ohio 44210

To the Board of Education:

We have audited the general purpose financial statements of the Revere Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated February 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-10977-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 23, 2000.

**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 a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 23, 2000.

Revere Local School District  
Summit County  
Report of Independent Accountants 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

February 23, 2000

SCHEDULE OF FINDINGS

JUNE 30, 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Noncompliance

Finding Number	1999-10977-001
----------------	----------------

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Education may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Board of Education, if such expenditure is otherwise valid.

Of expenditures tested, 28% were not certified by the Treasurer prior to the incurrence of the related commitment. Furthermore, the District did not employ the use of "Then and Now Certificates" for these transactions. Failure to certify, as required, could result in the disbursement of monies by the District in excess of amounts available. Prior to each commitment, the Treasurer should ensure and certify that sufficient funds are available in the respective fund.



