



**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



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

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**STATE OF OHIO**



**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Revere Local School District  
Summit County  
3496 Everett Road  
Bath, Ohio 44210-0340

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, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 12, 2001

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REVERE LOCAL SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

	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	\$ 1,588,091	\$ 300,047	\$ 1,301,012	\$ 334,664
Cash and Cash Equivalents:				
With Fiscal Agents	0	0	29,198	0
Receivables:				
Taxes	15,394,180	0	1,950,923	983,244
Interfund	39,274	0	0	0
Intergovernmental	0	0	0	15,460
Inventory	22,534	0	0	0
Fixed Assets (Net)	0	0	0	0
<b>Total Assets</b>	<b>17,044,079</b>	<b>300,047</b>	<b>3,281,133</b>	<b>1,333,368</b>
<b>Other Debits</b>				
Amount Available In Debt Service	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Other Debits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Assets and Other Debits</b>	<b>\$ 17,044,079</b>	<b>\$ 300,047</b>	<b>\$ 3,281,133</b>	<b>\$ 1,333,368</b>
<b>Liabilities, Fund Equity, and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 44,707	\$ 20,639	\$ 0	\$ 0
Accrued Wages and Benefits	1,486,872	13,696	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	38,452	0	0
Intergovernmental Payable	509,826	5,890	0	0
Deferred Revenue	15,006,903	0	1,901,099	955,080
Undistributed Monies	0	0	0	0
Matured Bonds Payable	0	0	20,000	0
Matured Interest Payable	0	0	9,198	0
Notes Payable	0	0	0	300,000
Claims Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>17,048,308</b>	<b>78,677</b>	<b>1,930,297</b>	<b>1,255,080</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	429,385	101,577	0	188,545
Reserved for Inventory	22,534	0	0	0
Reserved for Endowment	0	0	0	0
Reserved for Property Taxes Unavailable for Appropriation	387,277	0	49,824	28,164
Reserved for Debt Service	0	0	1,044,271	0
Unreserved:				
Undesignated	(843,425)	119,793	256,741	(138,421)
<b>Total Fund Equity and Other Credits</b>	<b>(4,229)</b>	<b>221,370</b>	<b>1,350,836</b>	<b>78,288</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 17,044,079</b>	<b>\$ 300,047</b>	<b>\$ 3,281,133</b>	<b>\$ 1,333,368</b>

See accompanying notes to the general purpose financial statements.



Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
\$ 51,648	\$ 564,143	\$ 109,068	\$ 0	\$ 0	\$ 4,248,673	
0	0	0			29,198	
0	0	0	0	0	18,328,347	
0	0	0	0	0	39,274	
6,927	0	0	0	0	22,387	
10,703	0	0	0	0	33,237	
101,087	0	0	34,052,207	0	34,153,294	
170,365	564,143	109,068	34,052,207	0	56,854,410	
0	0	0	0	1,350,836	1,350,836	
0	0	0	0	16,243,156	16,243,156	
0	0	0	0	17,593,992	17,593,992	
\$ 170,365	\$ 564,143	\$ 109,068	\$ 34,052,207	\$ 17,593,992	\$ 74,448,402	

\$ 652	\$ 0	\$ 3,038	\$ 0	\$ 0	\$ 69,036	
24,725	0	0	0	0	1,525,293	
22,100	0	0	0	1,840,322	1,862,422	
250	0	572	0	0	39,274	
17,751	0	0	0	136,003	669,470	
5,541	0	0	0	0	17,868,623	
0	0	88,224	0	0	88,224	
0	0	0	0	0	20,000	
0	0	0	0	0	9,198	
0	0	0	0	0	300,000	
0	185,231	0	0	0	185,231	
0	0	0	0	24,000	24,000	
0	0	0	0	15,593,667	15,593,667	
71,019	185,231	91,834	0	17,593,992	38,254,438	
0	0	0	34,052,207	0	34,052,207	
99,346	378,912	0	0	0	478,258	
0	0	0	0	0	719,507	
0	0	0	0	0	22,534	
0	0	17,000	0	0	17,000	
0	0	0	0	0	465,265	
0	0	0	0	0	1,044,271	
0	0	234	0	0	(605,078)	
99,346	378,912	17,234	34,052,207	0	36,193,964	
\$ 170,365	\$ 564,143	\$ 109,068	\$ 34,052,207	\$ 17,593,992	\$ 74,448,402	

**REVERE LOCAL SCHOOL DISTRICT**

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

**All Governmental Fund Types**

For the Year Ended June 30, 2001

<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b><u>Revenues</u></b>			
Taxes	\$ 14,816,512	\$ 0	\$ 1,929,480
Intergovernmental	3,888,657	607,081	210,914
Investment Income	249,864	2,744	48
Tuition and Fees	73,033	0	0
Extracurricular Activities	0	263,814	0
Miscellaneous	29,099	22,349	0
<b>Total Revenues</b>	<b>19,057,165</b>	<b>895,988</b>	<b>2,140,442</b>
<b><u>Expenditures</u></b>			
Current:			
Instruction			
Regular	10,213,058	102,701	0
Special	1,116,754	76,983	0
Vocational	509,810	0	0
Other	372,834	340	0
Support Services:			
Pupils	901,015	79,310	0
Instructional Staff	433,028	61,344	0
Board of Education	281,704	0	0
Administration	1,559,485	14,019	0
Fiscal	538,209	0	25,490
Business	87,631	0	0
Operation and Maintenance of Plant	2,303,111	225	0
Pupil Transportation	1,083,367	8,765	0
Central	31,615	1,640	0
Operation of Non-Instructional Services	0	233,255	0
Extracurricular Activities	450,106	315,127	0
Capital Outlay	5,504	0	0
Debt Service:			
Principal Retirement	0	0	1,195,000
Interest and Fiscal Charges	0	0	951,256
<b>Total Expenditures</b>	<b>19,887,231</b>	<b>893,709</b>	<b>2,171,746</b>
Excess of Revenues Over (Under) Expenditures	(830,066)	2,279	(31,304)
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds from Sale of Fixed Assets	0	0	0
Operating Transfers In	962,787	22,109	300,000
Operating Transfers Out	(880,594)	(403)	0
<b>Total Other Financing Sources (Uses)</b>	<b>82,193</b>	<b>21,706</b>	<b>300,000</b>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(747,873)	23,985	268,696
Fund Balance (Deficit) at Beginning Of Year	754,978	197,385	1,082,140
Increase (Decrease) in Reserve for Inventory	(11,334)	0	0
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ (4,229)</b>	<b>\$ 221,370</b>	<b>\$ 1,350,836</b>

See accompanying notes to the general purpose financial statements.

		<b>Totals (Memorandum Only)</b>	
<b>Capital Projects</b>			
\$	802,949	\$	17,548,941
	178,109		4,884,761
	6,602		259,258
	0		73,033
	0		263,814
	0		51,448
	<u>987,660</u>		<u>23,081,255</u>
	287,673		10,603,432
	0		1,193,737
	0		509,810
	0		373,174
	42,158		1,022,483
	61,866		556,238
	0		281,704
	0		1,573,504
	13,734		577,433
	0		87,631
	520,438		2,823,774
	0		1,092,132
	0		33,255
	0		233,255
	0		765,233
	144,049		149,553
	0		1,195,000
	0		951,256
	<u>1,069,918</u>		<u>24,022,604</u>
	(82,258)		(941,349)
	2,445		2,445
	0		1,284,896
	<u>(300,000)</u>		<u>(1,180,997)</u>
	<u>(297,555)</u>		<u>106,344</u>
	(379,813)		(835,005)
	458,101		2,492,604
	0		(11,334)
\$	<u>78,288</u>	\$	<u>1,646,265</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 Year Ended June 30, 2001

<b>GENERAL FUND</b>			
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b><u>Revenues</u></b>			
Taxes	\$ 15,431,508	\$ 14,794,599	\$ (636,909)
Intergovernmental	3,776,852	3,891,708	114,856
Investment Income	229,286	249,864	20,578
Tuition and Fees	148,314	73,033	(75,281)
Extracurricular Activities	0	0	0
Rentals	25,828	3,643	(22,185)
Miscellaneous	456,680	219,189	(237,491)
<b>Total Revenues</b>	<b>20,068,468</b>	<b>19,232,036</b>	<b>(836,432)</b>
<b><u>Expenditures</u></b>			
Current:			
Instruction	12,647,200	12,547,074	100,126
Support Services:			
Pupils	940,733	940,733	0
Instructional Staff	427,036	426,946	90
Board of Education	289,130	288,734	396
Administration	1,557,997	1,557,797	200
Fiscal	542,209	542,209	0
Business	109,377	108,826	551
Operation and Maintenance of Plant	2,453,809	2,441,402	12,407
Pupil Transportation	1,090,565	1,090,565	0
Central	32,914	32,914	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	455,462	455,039	423
Capital Outlay	5,504	5,504	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>20,551,936</b>	<b>20,437,743</b>	<b>114,193</b>
Excess of Revenues Over (Under) Expenditures	(483,468)	(1,205,707)	(722,239)
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds from Sale of Bonds	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	0	0	0
Other Financing Sources	0	0	0
Advances In	49,162	49,162	0
Advances Out	(39,274)	(39,274)	0
Operating Transfers In	106,444	962,787	856,343
Operating Transfers Out	(880,594)	(880,594)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(764,262)</b>	<b>92,081</b>	<b>856,343</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,247,730)	(1,113,626)	134,104
Fund Balance (Deficit) at Beginning of Year	1,325,646	1,325,646	0
Prior Year Encumbrances Appropriated	881,488	881,488	0
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ 959,404</b>	<b>\$ 1,093,508</b>	<b>\$ 134,104</b>

See accompanying notes to the general purpose financial statements.

SPECIAL REVENUE FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0
603,184	635,958	32,774
2,683	2,744	61
0	0	0
286,294	263,814	(22,480)
680	680	0
70,007	21,669	(48,338)
<u>962,848</u>	<u>924,865</u>	<u>(37,983)</u>

DEBT SERVICE FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,869,045	\$ 1,917,525	\$ 48,480
188,184	210,914	22,730
201	48	(153)
0	0	0
0	0	0
0	0	0
0	0	0
<u>2,057,430</u>	<u>2,128,487</u>	<u>71,057</u>

222,898	197,021	25,877
0	0	0
90,562	90,562	0
121,739	114,102	7,637
3,500	1,924	1,576
15,861	12,095	3,766
0	0	0
0	0	0
779	779	0
8,655	8,655	0
6,508	3,282	3,226
275,233	269,332	5,901
382,289	326,025	56,264
0	0	0
0	0	0
<u>1,128,024</u>	<u>1,023,777</u>	<u>104,247</u>
(165,176)	(98,912)	66,264

0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
25,490	25,490	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
1,195,000	1,195,000	0
951,256	951,256	0
<u>2,171,746</u>	<u>2,171,746</u>	<u>0</u>
(114,316)	(43,259)	71,057

0	0	0
0	811	811
(182)	0	182
0	(40)	(40)
1,280	38,452	37,172
(33,340)	(33,340)	0
22,109	22,109	0
(403)	(403)	0
<u>(10,536)</u>	<u>27,589</u>	<u>38,125</u>

300,000	0	(300,000)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	300,000	300,000
0	0	0
<u>300,000</u>	<u>300,000</u>	<u>0</u>

(175,712)	(71,323)	104,389
162,810	162,810	0
86,351	86,351	0

185,684	256,741	71,057
1,044,268	1,044,268	0
0	0	0

\$ 73,449	\$ 177,838	\$ 104,389
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\$ 1,229,952	\$ 1,301,009	\$ 71,057
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(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 Year Ended June 30, 2001

<b>CAPITAL PROJECTS FUND</b>			
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Taxes	\$ 929,736	\$ 796,400	\$ (133,336)
Intergovernmental	10,067	162,649	152,582
Investment Income	7,952	6,602	(1,350)
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Rentals	0	0	0
Miscellaneous	0	2,445	2,445
<b>Total Revenues</b>	<b>947,755</b>	<b>968,096</b>	<b>20,341</b>
<b>Expenditures</b>			
Current:			
Instruction	397,840	391,813	6,027
Support Services:			
Pupils	47,441	42,158	5,283
Instructional Staff	67,116	61,866	5,250
Board of Education	0	0	0
Administration	0	0	0
Fiscal	13,734	13,734	0
Business	0	0	0
Operation and Maintenance of Plant	718,376	718,376	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	147,659	147,659	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>1,392,166</b>	<b>1,375,606</b>	<b>16,560</b>
Excess of Revenues Over (Under) Expenditures	(444,411)	(407,510)	36,901
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Bonds	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	0	0	0
Other Financing Sources	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	(300,000)	(300,000)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(300,000)</b>	<b>(300,000)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(444,411)	(707,510)	(263,099)
Fund Balance (Deficit) at Beginning of Year	278,286	278,286	0
Prior Year Encumbrances Appropriated	275,344	275,344	0
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ 109,219</b>	<b>\$ (153,880)</b>	<b>\$ (263,099)</b>

See accompanying notes to the general purpose financial statements.

**TOTALS**  
**(MEMORANDUM ONLY)**

<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$ 18,230,289	\$ 17,508,524	\$ (721,765)
4,578,287	4,901,229	322,942
240,122	259,258	19,136
148,314	73,033	(75,281)
286,294	263,814	(22,480)
26,508	4,323	(22,185)
526,687	243,303	(283,384)
<u>24,036,501</u>	<u>23,253,484</u>	<u>(783,017)</u>
13,267,938	13,135,908	132,030
988,174	982,891	5,283
584,714	579,374	5,340
410,869	402,836	8,033
1,561,497	1,559,721	1,776
597,294	593,528	3,766
109,377	108,826	551
3,172,185	3,159,778	12,407
1,091,344	1,091,344	0
41,569	41,569	0
6,508	3,282	3,226
730,695	724,371	6,324
535,452	479,188	56,264
1,195,000	1,195,000	0
951,256	951,256	0
<u>25,243,872</u>	<u>25,008,872</u>	<u>235,000</u>
(1,207,371)	(1,755,388)	(548,017)
300,000	0	(300,000)
0	811	811
(182)	0	182
0	(40)	(40)
50,442	87,614	37,172
(72,614)	(72,614)	0
128,553	1,284,896	1,156,343
(880,997)	(1,180,997)	(300,000)
<u>(474,798)</u>	<u>119,670</u>	<u>594,468</u>
(1,682,169)	(1,635,718)	46,451
2,811,010	2,811,010	0
1,243,183	1,243,183	0
<u>2,372,024</u>	<u>2,418,475</u>	<u>46,451</u>

**REVERE LOCAL SCHOOL DISTRICT**

*Combined Statement of Revenues,  
Expenses, and Changes in Fund Equity*

**All Proprietary Fund Types and Non-Expendable Trust Funds**

For the Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
<b><u>Operating Revenues</u></b>				
Sales	\$ 599,251	\$ 0	\$ 0	\$ 599,251
Charges for Services	0	1,397,017	0	1,397,017
Investment Income	0	0	846	846
<b><i>Total Operating Revenues</i></b>	<b>599,251</b>	<b>1,397,017</b>	<b>846</b>	<b>1,997,114</b>
<b><u>Operating Expenses</u></b>				
Salaries	205,077	0	0	205,077
Fringe Benefits	81,782	0	0	81,782
Purchased Services	9,495	302,025	0	311,520
Materials and Supplies	145,195	0	0	145,195
Cost of Goods Sold	162,076	0	0	162,076
Depreciation	62,762	0	0	62,762
Claims	0	1,141,229	0	1,141,229
Other Operating Expenses	700	0	600	1,300
<b><i>Total Operating Expenses</i></b>	<b>667,087</b>	<b>1,443,254</b>	<b>600</b>	<b>2,110,941</b>
Operating Income (Loss)	(67,836)	(46,237)	246	(113,827)
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Operating Grants	49,256	0	0	49,256
Federal Donated Commodities	36,123	0	0	36,123
Interest	287	17,631	0	17,918
<b><i>Total Non-Operating Revenues (Expenses)</i></b>	<b>85,666</b>	<b>17,631</b>	<b>0</b>	<b>103,297</b>
Income (Loss) Before Operating Transfers	17,830	(28,606)	246	(10,530)
Operating Transfers In	0	1,701	0	1,701
Operating Transfers Out	(105,342)	0	0	(105,342)
Net Income (Loss)	(87,512)	(26,905)	246	(114,171)
Retained Earnings/Fund Balance at Beginning of Year	186,858	405,817	16,988	609,663
<b>Total Fund Equity at End of Year</b>	<b>\$ 99,346</b>	<b>\$ 378,912</b>	<b>\$ 17,234</b>	<b>\$ 495,492</b>

See accompanying notes to the general purpose financial statements.



REVERE LOCAL SCHOOL DISTRICT

Combined Statement of Cash Flows  
All Proprietary Fund Types and Non-Expendable Trust Funds

For the Year Ended June 30, 2001

	Proprietary Fund Types			Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	Fund Type	
<b>Cash Flows From Operating Activities</b>					
Cash Received from Customers	\$ 598,632	\$ 0	\$ 846	\$	599,478
Cash Received from Quasi-External Transaction With Other Funds	0	1,397,017	0		1,397,017
Cash Paid for Goods and Services	(274,791)	(302,025)	(1,200)		(578,016)
Cash Paid to Employees	(288,198)	0	0		(288,198)
Other Operating Expenses	0	0	(600)		(600)
Cash Paid for Claims	0	(1,127,668)	0		(1,127,668)
<i>Net Cash Provided By (Used For) Operating Activities</i>	35,643	(32,676)	(954)		2,013
<b>Cash Flows From Investing Activities</b>					
Investment Earnings	287	17,631	0		17,918
<i>Net Cash Provided By Investing Activities</i>	287	17,631	0		17,918
<b>Cash Flows From Non-Capital Financing Activities</b>					
Grants	49,256	0	0		49,256
Transfers In	0	1,701	0		1,701
Transfers Out	(105,342)	0	0		(105,342)
<i>Net Cash Provided By Non-Capital Activities</i>	(56,086)	1,701	0		(54,385)
<b>Cash Flows From Capital and Related Financing Activities</b>					
Payments for Capital Acquisitions	(78,809)	0	0		(78,809)
<i>Net Cash Provided By (Used For) Capital and Related Financing Activities</i>	(78,809)	0	0		(78,809)
Net Increase (Decrease) in Cash and Cash Equivalents	(98,965)	(13,344)	(954)		(113,263)
Cash and Cash Equivalents at Beginning of Year	150,613	577,487	18,188		746,288
<i>Cash and Cash Equivalents at End of Year</i>	\$ 51,648	\$ 564,143	\$ 17,234	\$	633,025
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>					
Operating Income (Loss)	\$ (67,836)	\$ (46,237)	\$ 246	\$	(113,827)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>					
Depreciation	62,762	0	0		62,762
Donated Federal Commodities	36,123	0	0		36,123
(Increase) Decrease in Assets:					
Intergovernmental Receivable	(152)	0	0		(152)
Inventory	3,673	0	0		3,673
Increase (Decrease) in Liabilities:					
Accounts Payable	(2,877)	0	(1,200)		(4,077)
Intergovernmental Payable	5,506	0	0		5,506
Interfund Payable	250	0	0		250
Deferred Revenue	(467)	0	0		(467)
Wages and Benefits	(2,403)	0	0		(2,403)
Compensated Absences	1,064	0	0		1,064
Claims	0	13,561	0		13,561
<i>Total Adjustments</i>	103,479	13,561	(1,200)		115,840
<i>Net Cash Provided By (Used For) Operating Activities</i>	\$ 35,643	\$ (32,676)	\$ (954)	\$	2,013
Reconciliation of Non-Expendable Trust Fund Cash Balance as of June 30, 2001:					
Total Cash and Cash Equivalents per Balance Sheet, Trust and Agency Funds			\$ 109,068		
Cash and Cash Equivalents Agency Fund			(91,834)		
Cash and Cash Equivalents Non-Expendable Trust Funds			17,234		

See accompanying notes to the general purpose financial statements.

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**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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***NOTE 1- DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY***

The 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 98 classified 205 certificated teaching personnel, and 14 administrators, who provide services to community members and 2,822 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 organizations' 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 organizations' 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.

***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 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

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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

*A. Measurement Focus, Basis of Accounting, and Basis of Presentation*

The accounts of the District are organized and operated on the basis of funds and account groups to report on its financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

*Governmental Fund Types* Governmental fund types are used to account for the District's general government activities. Governmental fund types and the expendable trust funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied (see note 6). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which are levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds

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**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

*General Fund* - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or 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 the payment of general long-term obligation principal, interest, and related costs.

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

*Proprietary Fund Types* The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. 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. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary fund types include the following 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 of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Internal Service Fund* - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other governmental units, on a cost-reimbursement basis.

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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*Fiduciary Fund Types* Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

*Non-expendable Trust Funds* – The non-expendable trust funds are accounted for in essentially the same manner as the proprietary fund types.

*Agency Funds* – The agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the District holds for others in an agency capacity.

*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 District, other than those accounted for in proprietary or nonexpendable trust funds.

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

*B. Budgets and Budgetary Accounting*

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 is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

*Estimated Resources* Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the County Auditor'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

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**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended Certificate issued during fiscal year 2001.

*Appropriations* Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary; the annual Appropriation Resolution is 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 and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation 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 year, two 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. Under Ohio law advances are not required to be budgeted.

*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 reappropriated.

*C. 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 utilizes a financial institution to service bonded debt 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 Agents."

During fiscal year 2001, investments were limited to repurchase agreements and certificates of deposit. These nonparticipating investment contracts are reported at cost.

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 maturity of 3 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 3 months that are not purchased from the pool are reported as investments.

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**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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*D. 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.

*E. Fixed Assets and Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not 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, fixtures, 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 10 years for furniture, fixtures, and equipment.

*F. 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 became 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
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**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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***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

***Reimbursable Grants***

*General Fund*

- Driver Education Reimbursement

*Enterprise Funds*

- National School Lunch Program
- Government Donated Commodities

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

Short-term interfund loans are classified as "interfund receivables" and "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.

***H. Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are 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 vesting 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

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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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.

*I. 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 available expendable financial resources. In general, amounts paid more than 60 days after year end are considered not to have been paid with current available resources. Bonds and capital leases are reported as a liability of the General Long-Term Obligations Account Group until due.

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

*J. Interfund Transactions*

Quasi-external transactions are accounted for as revenues, 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. During FY 2001, there were transfers out in the agency fund. Since agency funds do not present operating statements, transfers in and transfers out do not balance.

*K. Fund Balance Reserves*

The School District records reservations for portions of fund balance 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 balance which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, inventory, property taxes, endowment, and debt service.

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.

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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*L. Estimates*

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

*M. 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 - COMPLIANCE AND ACCOUNTABILITY**

*Fund Deficits*

Fund Balances at June 30, 2001 included the following individual fund deficits:

	Deficit <u>Fund Balance</u>
General Fund	\$ (4,229)

The above fund deficit was caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above 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 is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
  2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
  3. Encumbrances are treated as expenditures 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).
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**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for all governmental fund types.

**Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)**  
**Reconciliation of Budget Basis to GAAP Basis**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Budget Basis	\$ (1,113,626)	\$ (71,323)	\$ 256,741	\$ (707,510)
Adjustments, increase (decrease)				
Revenue accruals	(224,033)	(68,146)	11,955	22,009
Expenditures accruals	95,083	41,238	0	117,143
Encumbrances	494,703	122,216	0	188,545
GAAP basis, as reported	<u>\$ (747,873)</u>	<u>\$ 23,985</u>	<u>\$ 268,696</u>	<u>\$ (379,813)</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.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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3. Written repurchase agreements in the securities listed above, provided that the market value of the securities must exceed the principal value by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 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 custodial 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 \$712,871 and the bank balance was \$936,540. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$736,540 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.

**REVERE LOCAL SCHOOL DISTRICT**  
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*Investments* - The School District's investments are required to be categorized to give an indication of the level of custodial credit risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the School District's name. The School District had outstanding repurchase agreements (Category 3) with a carrying and fair value of \$3,565,000 at June 30, 2001.

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 2001 amounted to \$249,864.

**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 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 the calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 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 35 percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

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

The property valuation consisted of:

Real Property - 2000	
Residential/Agricultural	\$ 526,573,920
Commercial/Industrial	82,239,770
Tangible Personal Property - 2000	
General	26,094,529
Public Utilities	<u>27,162,530</u>
Total valuation	<u>\$ 662,070,749</u>

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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, 2001 are available to finance fiscal year 2002 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 the 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, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 2001, was \$387,277 in the General Fund, and \$28,164 in the permanent improvement Capital Projects Fund and \$49,824 in the bond retirement Debt Service Fund.

***NOTE 7 - RECEIVABLES***

Receivables at June 30, 2001, consisted of taxes, intergovernmental grants and interfund. 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. The capital project and enterprise funds' intergovernmental receivable at June 30, consisted of \$15,460 and \$6,927, respectively.

***NOTE 8 - FIXED ASSETS***

A summary of the enterprise funds' fixed assets at June 30, 2001 follows:

<u>Enterprise</u>	<u>June 30, 2001</u>
Equipment	\$ 330,117
Less Accum Depreciation	<u>(229,030)</u>
	<u>\$ 101,087</u>

**REVERE LOCAL SCHOOL DISTRICT**  
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A summary of the changes in general fixed assets during the fiscal year 2001 follows:

	Balance 7/1/2000	Additions	Disposals	Balance 6/30/2001
Land and Land Improvements	\$ 1,900,942	\$ 0	\$ 0	\$ 1,900,942
Buildings and Improvements	25,140,200	117,131	0	25,257,331
Furniture and Equipment	4,529,006	902,085	541,510	4,889,581
Vehicles	1,958,971	50,382	5,000	2,004,353
Construction in Progress	117,131	0	117,131	0
	<u>\$ 33,646,250</u>	<u>\$ 1,069,598</u>	<u>\$ 663,641</u>	<u>\$ 34,052,207</u>

During the year, the District had a reappraisal performed over its fixed assets which resulted in certain general fixed assets being reclassified between Land and Land Improvements, Building and Improvements, and Furniture and Equipment.

**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. These risks are covered by commercial insurance purchased from independent third parties. During fiscal year 2001, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage (\$45,938,238 blanket combined building and personal property, \$5,000 deductible), and with another insurance company for commercial auto coverage (\$1,000,000 combined single limit, \$100 comprehensive/\$250 collision deductible). 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*

The School District pays the State Workers' Compensation system a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

*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.



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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 \$185,231 reported in the internal service fund at June 30, 2001, 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:

Changes in the fund's claims liability amount in 2000 and 2001 were:

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2000	\$ 188,776	\$ 1,096,085	\$ 1,113,191	\$ 171,670
2001	\$ 171,670	\$ 1,141,229	\$ 1,127,668	\$ 185,231

**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 public employee retirement defined benefit pension plan. SERS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and the School District are established by and may be amended by the SERS Board of Trustees. The School District's contributions to SERS for the years ended June 30, 2001, 2000, and 1999 were \$368,214, \$323,720, and \$185,512, respectively; 41 percent has been contributed for fiscal year 2001 and 100 percent for fiscal year 2000 and 1999. The amount representing the unpaid contribution for fiscal year 2001, \$187,224, is recorded as a liability within the respective funds and the general long-term obligations account group.

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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*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 defined benefit pension plan operated by the State of Ohio. STRS provides basic retirement and disability, survivor, health care benefits, and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the STRS Board of Trustees. STRS issues a publicly available 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 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and the School District are established by and may be amended by the STRS Board of Trustees. The School District's contributions to STRS for the years ended June 30, 2001, 2000, and 1999 were \$1,549,164, \$1,340,540, and, \$1,033,930 respectively; 84 percent has been contributed for fiscal year 2001 and 100 percent for fiscal year 2000 and 1999. The amount representing the unpaid contribution for fiscal year 2001, \$255,156 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 Retirement System/State Teachers Retirement System. As of June 30, 2001, 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**

*A. School Employees Retirement System*

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with 10 or more years of qualifying service. Members retiring on or after August 1, 1989, with less than 25 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% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2000, (the latest information available) the allocation rate was 8.45%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay pro-rated for partial service credit. For fiscal 2000, the minimum pay was established as \$12,400.

Health care benefits are financed on a pay-as-you-go basis.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million.

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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At June 30, 2000, the Retirement System's net assets available for payment of health care benefits was \$252.3 million, at cost. The number of participants currently receiving health care benefits is approximately 50,000 statewide. The District's contributions that were used to fund postemployment benefits was \$246,194.

*B. State Teachers Retirement System*

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipient and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8.0% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000, (the latest information available). For the year ended June 30, 2000, the net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

**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:

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

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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*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 10 to 25 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:

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

Full time certified employees with 15 years of service receive \$4,000 regardless of age.

The plan is open to all employees who have a minimum of 15 years of 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 Statement

**June 30, 2001**

**NOTE 13 – LONG TERM OBLIGATIONS**

Changes in long-term obligations of the School District during fiscal year 2001, were as follows:

	Outstanding June 30, 2000	Additions	Reductions	Outstanding June 30, 2001
<b>Notes Payable</b>				
School Improvement Note, 4.30% maturing on December 7, 2000	\$ 375,000	\$ 0	\$ 375,000	\$ 0
School Improvement Note, 4.88% maturing on March 29, 2001	145,000	0	145,000	0
	<u>520,000</u>	<u>0</u>	<u>520,000</u>	<u>0</u>
<b>General Obligation Bonds</b>				
School Improvement Bonds, 6.04% maturing on December 1, 2016	12,655,000	0	400,000	12,255,000
School Improvement Bonds, 5.62% maturing on December 1, 2016	3,613,667	0	275,000	3,338,667
	<u>16,268,667</u>	<u>0</u>	<u>675,000</u>	<u>15,593,667</u>
Compensated Absences	1,696,516	143,806	0	1,840,322
Intergovernmental payables	134,734	136,003	134,734	136,003
Early Retirement Incentive	36,000	0	12,000	24,000
	<u>\$ 18,655,917</u>	<u>\$ 279,809</u>	<u>\$ 1,341,734</u>	<u>\$ 17,593,992</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 \$375,000 school improvement bond anticipation note was rolled over to a \$300,000 school improvement note. This note was retired by the District during December of 2001, and is shown as a Fund liability.

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

Principal and interest requirements to retire general obligation bonds and the school improvement notes outstanding at June 30, 2001 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 640,000	\$ 892,215	\$ 1,532,215
2003	690,000	825,973	1,515,973
2004	735,000	780,366	1,515,366
2005	765,000	741,258	1,506,258
2006	711,986	807,737	1,519,723
Thereafter	<u>12,051,681</u>	<u>4,693,433</u>	<u>16,745,114</u>
	<u>\$ 15,593,667</u>	<u>\$ 8,740,982</u>	<u>\$ 24,334,649</u>

***NOTE 14 - INTERFUND TRANSACTIONS***

Interfund balances at year end consist of the following individual fund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Title VI-B Special Revenue	\$ 37,172
General	Middle School Athletics Special Revenue	1,280
General	Food Services Enterprise	250
General	Class of 2000 Agency	<u>572</u>
		<u>\$ 39,274</u>

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

**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 School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Services</u>	<u>Uniform Supplies</u>	<u>Project Link</u>	<u>Total</u>
Operating revenues	<u>\$ 492,304</u>	<u>\$ 100,125</u>	<u>\$ 6,822</u>	<u>\$ 599,251</u>
Operating expenses				
Salaries and wages	204,347	0	730	205,077
Fringe benefits	81,300	0	482	81,782
Purchased services	9,053	0	442	9,495
Materials and supplies	42,695	102,230	270	145,195
Cost of goods sold	162,076	0	0	162,076
Depreciation	62,762	0	0	62,762
Other operating expenses	<u>700</u>	<u>0</u>	<u>0</u>	<u>700</u>
Total operating expenses	<u>562,933</u>	<u>102,230</u>	<u>1,924</u>	<u>667,087</u>
Operating income (loss)	(70,629)	(2,105)	4,898	(67,836)
Non-operating revenues, net	85,666	0	0	85,666
Net transfers	<u>0</u>	<u>0</u>	<u>(105,342)</u>	<u>(105,342)</u>
Net income (loss)	<u>\$ 15,037</u>	<u>\$ (2,105)</u>	<u>\$ (100,444)</u>	<u>\$ (87,512)</u>
Other information				
Net working capital	\$ (45,649)	\$ 36,320	\$ 7,588	\$ (1,741)
Fixed assets, net	\$ 101,087	\$ 0	\$ 0	\$ 101,087
Total assets	\$ 125,881	\$ 36,896	\$ 7,588	\$ 170,365
Total equity	\$ 55,438	\$ 36,320	\$ 7,588	\$ 99,346

**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

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

NEONET is a jointly governed organization among 16 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 exercise 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 \$7.70 per student to participating districts and State funding. The School District paid \$33,696 to NEONET during fiscal year 2001. The 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 2000, Cuyahoga Falls, Ohio 44221.

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

The Cuyahoga Valley Career Center (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 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. The Ohio Schools Council (Council)*

The Ohio Schools Council (Council) is a jointly governed organization among 70 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.



**REVERE LOCAL SCHOOL DISTRICT**  
Notes to the General Purpose Financial Statement

**June 30, 2001**

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***NOTE 17 - CONTINGENCIES***

*A. Grants*

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 year end.

*B. Litigation*

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

*C. School Funding*

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 12, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**REVERE LOCAL SCHOOL DISTRICT**  
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**June 30, 2001**

**NOTE 18 - STATUTORY RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks. Negative amounts are therefore not presented as being carried forward to the next fiscal year. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The District had qualifying disbursements during the year that exceeded the required set asides and the reserve balance.

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance July 1, 2000	\$ 0	\$ 0	\$ 307,301	\$ 307,301
Required Set-Aside	474,150	474,150	0	948,300
Change in Law	0	0	(199,476)	(199,476)
Qualifying Expenditures	<u>(833,551)</u>	<u>(1,047,797)</u>	<u>(107,825)</u>	<u>(1,989,173)</u>
Balance June 30, 2001	<u>\$ (359,401)</u>	<u>\$ (573,647)</u>	<u>\$ 0</u>	<u>\$ (933,048)</u>

The State rescinded the requirement to set aside for budgetary stabilization. The Budget Stabilization Reserve at July 1, 2000, included \$107,825 refund from the Bureau of Workers' Compensation. This portion was used to purchase instructional supplies during FY 2001. The remaining \$199,476 of the Budget Stabilization Reserve reverted back to the General Fund Unreserved Fund Balance.

**NOTE 19 – NOTES PAYABLE**

A summary of the note transactions for the year ended June 30, 2001 follows:

	<u>Balance 7/1/2000</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2001</u>
School Improvement Note 5.05%	\$ 0	\$ 300,000	\$ 0	\$ 300,000

The note liability was reflected in the fund which received the proceeds. The note is backed by the full faith and credit of the District and will mature within 1 year.

REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity	Pass Through Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
<i>Passed through the Ohio Department of Education</i>							
Child Nutrition Cluster:							
Food Distribution	050054	NA	10.550		\$35,675		\$36,123
National School Lunch Program	050054	LL-P1,P4 2000	10.555	\$12,292		\$12,292	
	050054	LL-P1,P4 2001		35,464		35,464	
Total U.S. Department of Agriculture - Child Nutrition Cluster				<u>47,756</u>	<u>35,675</u>	<u>47,756</u>	<u>36,123</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>							
<i>Passed through the Summit County Educational Service Center</i>							
Technology Innovation Challenge Grant		C2-S1 00	84.303			225	
		C2-S1 01		1,807		7,646	
Total Technology Innovation Challenge Grant				<u>1,807</u>		<u>7,871</u>	
<i>Passed through the Ohio Department of Education</i>							
Title I, Grants to Local Education Agencies	050054	C1-S1 2000	84.010	19,337		20,446	
	050054	C1-S1 2001		58,285		42,291	
Total Title I, Grants to Local Education Agencies				<u>77,622</u>		<u>62,737</u>	
Special Education Cluster:							
Special Education Cluster	050054	6B-SF 2000	84.027	25,260		51,741	
	050054	6B-SF 2001		97,581		72,979	
Total Special Education Cluster				<u>122,841</u>		<u>124,720</u>	
Safe and Drug-Free Schools and Communities	050054	DR-S1 2000	84.186	1,525		647	
	050054	DR-S1 2001		13,773		12,817	
				<u>15,298</u>		<u>13,464</u>	
Eisenhower Professional Development	050054	MS-S1 2000	84.281	6,212		8,112	
	050054	MS-S1 2001		8,218		4,359	
				<u>14,430</u>		<u>12,471</u>	
Innovative Education Program Strategies	050054	C2-S1 1999	84.298			1,488	
	050054	C2-S1 2000		6,832		6,199	
	050054	C2-S1 2001		14,342		10,309	
Total Innovative Education Program Strategies				<u>21,174</u>		<u>17,996</u>	
Class Size Reduction Subsidy	050054	CR-S1 2000	84.340	17,114		24,448	
	050054	CR-S1 2001		26,225		24,504	
Total Class Size Reduction Subsidy				<u>43,339</u>		<u>48,952</u>	
Total Passed through the Ohio Department of Education				<u>294,704</u>		<u>280,340</u>	
Total U.S. Department of Education				<u>296,511</u>		<u>288,211</u>	
<b>Totals</b>				<u><u>\$344,267</u></u>	<u><u>\$35,675</u></u>	<u><u>\$335,967</u></u>	<u><u>\$36,123</u></u>

*The Notes to the Schedule of Receipts and Expenditures of Federal Awards are an integral part of this statement.*

**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first. At June 30, 2001, the District had \$5,541 of food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**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 44210-0340

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, 2001, and have issued our report thereon dated December 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of non compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 12, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in as separate letter dated December 12, 2001.

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, the Board of Education and federal awarding agencies and pas-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 12, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Revere Local School District  
Summit County  
3496 Everett Road  
Bath, Ohio 44210-0340

To the Board of Education:

### **Compliance**

We have audited the compliance of Revere Local School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is discussed in the accompanying Schedule of Findings as item 2001-10977-001.

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal controls over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 12, 2001



**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Special Education Cluster CFDA 84.027 Child Nutrition Cluster/CFDAs 10.550 and 10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**FINDING NUMBER 2001-10977-001**

**Free and Reduced Lunch Applications**

7 C.F.R. 245.6 provides that for a child to qualify for meals/milk served free or at reduced price under the National School Lunch Program, the child's family must submit an application to the District. The application must be approved and maintained on file. The application establishes that the child's family income and family size place him/her within income eligibility standards issued by the State Department of Education in accordance with guidelines published by Food and Nutrition Service.

During our testing of Federal compliance requirements over the National School Lunch Program, we found that 4 of 30 student applications for free and reduced lunches were not approved by the designated individuals (building principals). In addition, we also found that 14 of 66 students receiving free and reduced lunch benefits in the District had incorrect eligibility determinations based on the income requirements established by the Ohio Department of Education in the Income Eligibility Scale. These students received free lunches when the family size and income information on the free and reduced application form qualified them only for reduced lunches. Of the 14 students with improper determinations, 2 were not approved by the building principal and 12 were improperly approved by the building principals.

Failure to properly determine student eligibility could have resulted in a 40 cent per pupil over reimbursement by the Ohio Department of Education totaling \$1,008, assuming all 14 students received a free lunch each of the 180 school days. In addition, the District may have incurred a 40 cent loss of program revenue for each free lunch served in place of reduced lunch, for another \$1,008, again assuming that all 14 students received a free lunch every day of the school year.

Failure to approve free and reduced lunch applications and failure to follow the income guidelines established by the Ohio Department of Education, may subject the District to possible liability and/or loss of funding for federal programs.

We recommend that the District establish a policy to ensure that all free and reduced lunch applications are properly approved in accordance with the guidelines established by the Ohio Department of Education and that eligibility is properly determined.

**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid, <b>Explain</b>
2000-10977-001	The District did not maintain a master listing of individual fixed assets comprising its General Fixed Asset Account Group and Enterprise Fund fixed asset balances.	Yes	

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**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
FISCAL YEAR END JUNE 30, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10977-001	<p>All students receive applications at the beginning of the school year. The students return the applications to the building secretary. The student is given immediate temporary approval as required by the School Lunch Program . The applications are forwarded to the Business Office and Mr. Matowitz reviews the applications for incomplete information including qualifying income and family size. Applications with errors as well as fully completed ones are returned to the Building Principal. At this time the Building Principal, who is the Approval Official, completes the information that is required at their level, signs and dates the form and sends home with the student a letter of notification regarding school meals stating that the family is approved for free/reduced benefits or denied stating the reason for the denial. All applications are returned to the Business Office where they are matched against the pending file. At this time the approved application is compared with copies of the original temporarily approved applications and given a final review for previously noted errors as well as the Building Principal's approval. The copies of the approved applications are kept on file for one year in the Business Office. The original applications are kept for four years at the Building.</p> <p>Applications received during the school year follow the same procedure.</p> <p>Every month the CN7 (School lunch daily worksheet that is used for reporting lunches to the Department of Education) is compared by the Business Office to the applications we have on file. If the number of free/reduced approved students do not match, the Cashier at the Building, the Secretary at the Building and the Secretary at the Business Office immediately compare figures to find the difference.</p> <p>These guidelines were implemented at the start of the 2001-2002 school year.</p>	Sept 2001 & Forward	Kevin Matowitz, Business Coordinator, and Building Principals





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**REVERE LOCAL SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 15, 2002**