



**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

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, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

As more fully discussed in Note 18 to the general purpose financial statements, the District restated its retained earnings in the Enterprise Funds due to prior errors in the calculation of depreciation expense.

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, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Jim Petro
Auditor of State

December 15, 2000

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Revere Local School District
Combined Balance Sheet
All Fund Types and Account Groups
As of June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,899,832	\$ 249,165	\$ 1,044,271	\$ 553,629
Equity in pooled cash and cash equivalents - nonexpendable trust	-	-	-	-
Cash and cash equivalents with fiscal agent	-	-	29,198	-
Receivables:				
Taxes	15,437,614	-	1,875,671	939,442
Accounts	209,555	913	-	-
Intergovernmental	3,050	28,837	-	-
Interfund	33,341	-	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	33,868	-	-	-
Equity in pooled cash and cash equivalents (restricted)	307,301	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
<u>Other debits:</u>				
Amount available in debt service fund for retirement of general obligation bonds	-	-	-	-
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	\$ 17,924,561	\$ 278,915	\$ 2,949,140	\$ 1,493,071
<u>Liabilities, fund equity and other credits:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 185,164	\$ 29,364	\$ -	\$ 117,144
Accrued wages and benefits	1,583,230	14,769	-	-
Compensated absences payable	6,151	-	-	-
Interfund payable	-	33,341	-	-
Intergovernmental payable	322,788	4,056	-	-
Deferred revenue	15,072,250	-	1,837,802	917,826
Undistributed monies	-	-	-	-
Due to students	-	-	-	-
Matured bonds payable	-	-	20,000	-
Matured interest payable	-	-	9,198	-
Notes payable	-	-	-	-
Claims payable	-	-	-	-
Early retirement incentive payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Total liabilities	17,169,583	81,530	1,867,000	1,034,970
<u>Fund equity and other credits:</u>				
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	711,759	59,470	-	158,200
Reserved for inventory	33,868	-	-	-
Reserved for property taxes	365,364	-	37,869	21,616
Reserved for endowment	-	-	-	-
Reserved for debt service	-	-	1,044,271	-
Reserved for budget stabilization	307,301	-	-	-
Unreserved, undesignated	(663,314)	137,915	-	278,285
Total fund equity and other credits	754,978	197,385	1,082,140	458,101
Total liabilities, fund equity and other credits	\$ 17,924,561	\$ 278,915	\$ 2,949,140	\$ 1,493,071

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 150,613	\$ 577,487	\$ 90,774	\$ -	\$ -	\$ 4,565,771
-	-	18,188	-	-	18,188
-	-	-	-	-	29,198
-	-	-	-	-	18,252,727
-	-	-	-	-	210,468
6,775	-	-	-	-	38,662
-	-	-	-	-	33,341
13,346	-	-	-	-	13,346
1,030	-	-	-	-	34,898
-	-	-	-	-	307,301
85,040	-	-	33,646,250	-	33,731,290
-	-	-	-	1,082,140	1,082,140
-	-	-	-	17,573,777	17,573,777
<u>\$ 256,804</u>	<u>\$ 577,487</u>	<u>\$ 108,962</u>	<u>\$ 33,646,250</u>	<u>\$ 18,655,917</u>	<u>\$ 75,891,107</u>
\$ 3,529	\$ -	\$ 6,191	\$ -	\$ -	\$ 341,392
27,128	-	-	-	-	1,625,127
21,036	-	-	-	1,696,516	1,723,703
-	-	-	-	-	33,341
12,245	-	-	-	134,734	473,823
6,008	-	-	-	-	17,833,886
-	-	7,561	-	-	7,561
-	-	78,222	-	-	78,222
-	-	-	-	-	20,000
-	-	-	-	-	9,198
-	-	-	-	520,000	520,000
-	171,670	-	-	-	171,670
-	-	-	-	36,000	36,000
-	-	-	-	16,268,667	16,268,667
<u>69,946</u>	<u>171,670</u>	<u>91,974</u>	<u>-</u>	<u>18,655,917</u>	<u>39,142,590</u>
-	-	-	33,646,250	-	33,646,250
186,858	405,817	-	-	-	592,675
-	-	-	-	-	929,429
-	-	-	-	-	33,868
-	-	-	-	-	424,849
-	-	17,000	-	-	17,000
-	-	-	-	-	1,044,271
-	-	-	-	-	307,301
-	-	(12)	-	-	(247,126)
<u>186,858</u>	<u>405,817</u>	<u>16,988</u>	<u>33,646,250</u>	<u>-</u>	<u>36,748,517</u>
<u>\$ 256,804</u>	<u>\$ 577,487</u>	<u>\$ 108,962</u>	<u>\$ 33,646,250</u>	<u>\$ 18,655,917</u>	<u>\$ 75,891,107</u>

Revere Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Taxes	\$ 15,044,258	\$ -	\$ 1,657,168	\$ 494,433
Intergovernmental	3,854,688	574,537	195,460	56,386
Interest	280,476	4,248	201	7,952
Tuition and fees	318,322	-	-	-
Extracurricular activities	-	261,930	-	-
Gifts and donations	6,562	38,384	-	-
Rent	25,075	-	-	-
Miscellaneous	127,487	6,000	-	-
Total revenues	19,656,868	885,099	1,852,829	558,771
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,065,389	123,216	-	121,396
Special	1,031,626	66,247	-	-
Vocational	472,976	-	-	-
Other	299,947	-	-	-
Support services:				
Pupils	1,038,167	78,185	-	-
Instructional staff	365,240	10,525	-	-
Board of education	361,790	-	-	-
Administration	1,347,613	7,466	-	-
Fiscal	551,548	-	24,374	7,004
Business	70,452	-	-	-
Operation and maintenance of plant	2,512,747	4,363	-	238,890
Pupil transportation	962,788	10,156	-	-
Central	34,561	2,904	-	-
Operation of non-instructional services	-	254,821	-	-
Extracurricular activities	460,035	339,647	-	-
Capital outlay	28,675	802	-	77,355
Debt service:				
Principal retirement	-	-	1,135,000	-
Interest and fiscal charges	-	-	993,770	-
Total expenditures	19,603,554	898,332	2,153,144	444,645
Excess of revenues over (under) expenditures	53,314	(13,233)	(300,315)	114,126
<u>Other financing sources (uses):</u>				
Proceeds of notes	-	-	375,000	145,000
Operating transfers in	-	30,732	-	-
Operating transfers out	(30,732)	-	-	-
Total other financing sources (uses)	(30,732)	30,732	375,000	145,000
Excess of revenues and other financing sources over expenditures and other financing uses	22,582	17,499	74,685	259,126
Fund balance at beginning of year	731,684	179,886	1,007,455	198,975
Increase in reserve for inventory	712	-	-	-
Fund balance at ending of year	\$ 754,978	\$ 197,385	\$ 1,082,140	\$ 458,101

See accompanying notes to the general purpose financial statements.

Totals
(Memorandum
Only)

\$ 17,195,859
4,681,071
292,877
318,322
261,930
44,946
25,075
133,487

22,953,567

10,310,001
1,097,873
472,976
299,947

1,116,352
375,765
361,790
1,355,079
582,926
70,452
2,756,000
972,944
37,465

254,821
799,682
106,832

1,135,000
993,770

23,099,675

(146,108)

520,000
30,732
(30,732)

520,000

373,892

2,118,000

712

\$ 2,492,604

Revere Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual -
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types		
	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Taxes	\$ 15,117,149	\$ 15,124,845	\$ 7,696
Intergovernmental	3,853,663	3,853,438	(225)
Interest	279,857	280,476	619
Tuition and fees	140,364	142,536	2,172
Extracurricular activities	-	-	-
Gifts and donations	8,814	11,914	3,100
Rent	25,022	25,075	53
Miscellaneous	118,554	93,675	(24,879)
Total revenues	19,543,423	19,531,959	(11,464)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	10,366,705	10,201,602	165,103
Special	1,159,598	1,019,350	140,248
Vocational	484,576	478,970	5,606
Other	688,825	688,824	1
Support services:			
Pupils	1,161,507	1,080,822	80,685
Instructional staff	519,923	445,330	74,593
Board of education	383,255	382,902	353
Administration	1,488,383	1,413,032	75,351
Fiscal	595,212	562,368	32,844
Business	87,507	70,831	16,676
Operation and maintenance of plant	2,881,864	2,723,079	158,785
Pupil transportation	1,113,443	1,041,102	72,341
Central	54,300	33,548	20,752
Operation of non-instructional services	-	-	-
Extracurricular activities	475,952	474,939	1,013
Capital outlay	47,548	28,675	18,873
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	21,508,598	20,645,374	863,224
Excess of revenues under expenditures	(1,965,175)	(1,113,415)	851,760
<u>Other financing sources (uses):</u>			
Proceeds of notes	-	-	-
Refund of prior year expenditures	145	145	-
Refund of prior year receipts	-	-	-
Advances in	7,177	7,177	-
Advances out	(33,341)	(33,341)	-
Operating transfers in	-	-	-
Operating transfers out	(30,732)	(30,732)	-
Total other financing sources (uses)	(56,751)	(56,751)	-
Excess of revenues and other financing uses under expenditures and other financing uses	(2,021,926)	(1,170,166)	851,760
Fund balance at beginning of year	2,025,566	2,025,566	-
Prior year encumbrances appropriated	470,225	470,225	-
Fund balance at end of year	\$ 473,865	\$ 1,325,625	\$ 851,760

See accompanying notes to the general purpose financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,667,627	\$ 1,667,627	\$ -
533,568	545,700	12,132	195,489	195,460	(29)
4,155	4,248	93	201	201	-
-	-	-	-	-	-
255,058	260,859	5,801	-	-	-
37,531	38,384	853	-	-	-
-	-	-	-	-	-
6,000	6,000	-	-	-	-
<u>836,312</u>	<u>855,191</u>	<u>18,879</u>	<u>1,863,317</u>	<u>1,863,288</u>	<u>(29)</u>
147,725	126,416	21,309	-	-	-
65,221	65,221	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
119,577	119,577	-	-	-	-
57,652	53,592	4,060	-	-	-
-	-	-	-	-	-
14,696	7,466	7,230	-	-	-
-	-	-	28,036	24,374	3,662
-	-	-	-	-	-
4,365	4,363	2	-	-	-
9,055	9,055	-	-	-	-
8,263	2,909	5,354	-	-	-
271,667	239,075	32,592	-	-	-
395,789	354,579	41,210	-	-	-
802	802	-	-	-	-
-	-	-	1,135,000	1,135,000	-
-	-	-	999,295	999,295	-
<u>1,094,812</u>	<u>983,055</u>	<u>111,757</u>	<u>2,162,331</u>	<u>2,158,669</u>	<u>3,662</u>
<u>(258,500)</u>	<u>(127,864)</u>	<u>130,636</u>	<u>(299,014)</u>	<u>(295,381)</u>	<u>3,633</u>
-	-	-	375,000	375,000	-
155	155	-	-	-	-
(2,497)	(2,497)	-	-	-	-
33,341	33,341	-	-	-	-
(7,177)	(7,177)	-	-	-	-
30,732	30,732	-	-	-	-
-	-	-	-	-	-
<u>54,554</u>	<u>54,554</u>	<u>-</u>	<u>375,000</u>	<u>375,000</u>	<u>-</u>
(203,946)	(73,310)	130,636	75,986	79,619	3,633
170,136	170,136	-	959,124	959,124	-
65,984	65,984	-	5,525	5,525	-
<u>\$ 32,174</u>	<u>\$ 162,810</u>	<u>\$ 130,636</u>	<u>\$ 1,040,635</u>	<u>\$ 1,044,268</u>	<u>\$ 3,633</u>

(Continued)

Revere Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual -
All Governmental Fund Types (Continued)
For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types		
	Capital Projects Funds		Variance
	Revised Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 472,817	\$ 472,817	\$ -
Intergovernmental	56,402	56,386	(16)
Interest	6,671	7,952	1,281
Tuition and fees	-	-	-
Extracurricular activities	-	-	-
Gifts and donations	-	-	-
Rent	-	-	-
Miscellaneous	-	-	-
Total revenues	535,890	537,155	1,265
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	142,465	142,436	29
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support services:			
Pupils	-	-	-
Instructional staff	-	-	-
Board of education	-	-	-
Administration	-	-	-
Fiscal	7,004	7,004	-
Business	-	-	-
Operation and maintenance of plant	369,368	369,367	1
Pupil transportation	-	-	-
Central	-	-	-
Operation of non-instructional services	-	-	-
Extracurricular activities	-	-	-
Capital outlay	179,239	84,037	95,202
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	698,076	602,844	95,232
Excess of revenues under expenditures	(162,186)	(65,689)	96,497
<u>Other financing sources (uses):</u>			
Proceeds of notes	145,000	145,000	-
Refund of prior year expenditures	-	-	-
Refund of prior year receipts	-	-	-
Advances in	-	-	-
Advances out	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	145,000	145,000	-
Excess of revenues and other financing sources over expenditures and other financing uses	(17,186)	79,311	96,497
Fund balance at beginning of year	86,885	86,885	-
Prior year encumbrances appropriated	112,090	112,090	-
Fund balance at end of year	\$ 181,789	\$ 278,286	\$ 96,497

See accompanying notes to the general purpose financial statements.

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 17,257,593	\$ 17,265,289	\$ 7,696
4,639,122	4,650,984	11,862
290,884	292,877	1,993
140,364	142,536	2,172
255,058	260,859	5,801
46,345	50,298	3,953
25,022	25,075	53
124,554	99,675	(24,879)
<u>22,778,942</u>	<u>22,787,593</u>	<u>8,651</u>
10,656,895	10,470,454	186,441
1,224,819	1,084,571	140,248
484,576	478,970	5,606
688,825	688,824	1
1,281,084	1,200,399	80,685
577,575	498,922	78,653
383,255	382,902	353
1,503,079	1,420,498	82,581
630,252	593,746	36,506
87,507	70,831	16,676
3,255,597	3,096,809	158,788
1,122,498	1,050,157	72,341
62,563	36,457	26,106
271,667	239,075	32,592
871,741	829,518	42,223
227,589	113,514	114,075
1,135,000	1,135,000	-
999,295	999,295	-
<u>25,463,817</u>	<u>24,389,942</u>	<u>1,073,875</u>
<u>(2,684,875)</u>	<u>(1,602,349)</u>	<u>1,082,526</u>
520,000	520,000	-
300	300	-
(2,497)	(2,497)	-
40,518	40,518	-
(40,518)	(40,518)	-
30,732	30,732	-
(30,732)	(30,732)	-
<u>517,803</u>	<u>517,803</u>	<u>-</u>
(2,167,072)	(1,084,546)	1,082,526
3,241,711	3,241,711	-
653,824	653,824	-
<u>\$ 1,728,463</u>	<u>\$ 2,810,989</u>	<u>\$ 1,082,526</u>

Revere Local School District
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings/Fund Balance
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<u>Operating revenues:</u>				
Sales	\$ 540,864	\$ -	\$ -	\$ 540,864
Charges for services	-	1,652,320	-	1,652,320
Interest	-	-	853	853
Other operating revenues	62,157	-	-	62,157
Total operating revenue	<u>603,021</u>	<u>1,652,320</u>	<u>853</u>	<u>2,256,194</u>
<u>Operating expenses:</u>				
Salaries	237,890	-	-	237,890
Fringe benefits	73,412	-	-	73,412
Purchased services	7,670	299,165	-	306,835
Materials and supplies	162,353	-	-	162,353
Cost of sales	214,595	-	-	214,595
Depreciation	6,672	-	-	6,672
Claims	-	1,096,085	-	1,096,085
Other operating expenses	735	-	3,200	3,935
Total operating expenses	<u>703,327</u>	<u>1,395,250</u>	<u>3,200</u>	<u>2,101,777</u>
Operating income (loss)	<u>(100,306)</u>	<u>257,070</u>	<u>(2,347)</u>	<u>154,417</u>
<u>Non-operating revenues:</u>				
Federal donated commodities	30,725	-	-	30,725
Operating grants	43,902	-	-	43,902
Interest	1,248	7,167	-	8,415
Total non-operating revenues	<u>75,875</u>	<u>7,167</u>	<u>-</u>	<u>83,042</u>
Net income (loss)	<u>(24,431)</u>	<u>264,237</u>	<u>(2,347)</u>	<u>237,459</u>
Retained earnings/fund balance at beginning of year, as restated	<u>211,289</u>	<u>141,580</u>	<u>19,335</u>	<u>372,204</u>
Retained earnings/fund balance at end of year	<u>\$ 186,858</u>	<u>\$ 405,817</u>	<u>\$ 16,988</u>	<u>\$ 609,663</u>

See accompanying notes to the general purpose financial statements.

Revere Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Year Ended June 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$ 540,864	\$ -	\$ -	\$ 540,864
Cash received from other operating sources	62,377	-	-	62,377
Cash received from quasi-external transactions with other funds	-	1,652,320	-	1,652,320
Cash payments to suppliers for goods and services	(353,704)	(299,164)	-	(652,868)
Cash payments to employees for services	(229,591)	-	-	(229,591)
Cash payments for employee benefits	(93,060)	-	-	(93,060)
Cash payments for claims	-	(1,113,192)	-	(1,113,192)
Cash payments for other operating expenses	(735)	-	(2,000)	(2,735)
Net cash provided by (used for) operating activities	<u>(73,849)</u>	<u>239,964</u>	<u>(2,000)</u>	<u>164,115</u>
<u>Cash flows from noncapital financing activities:</u>				
Operating grants	42,826	-	-	42,826
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(2,377)	-	-	(2,377)
<u>Cash flows from investing activities:</u>				
Interest on investments	1,248	7,167	853	9,268
Net increase (decrease) in cash and cash equivalents	(32,152)	247,131	(1,147)	213,832
Cash and cash equivalents at beginning of year	182,765	330,356	19,335	532,456
Cash and cash equivalents at end of year	<u>\$ 150,613</u>	<u>\$ 577,487</u>	<u>\$ 18,188</u>	<u>\$ 746,288</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>				
Operating income (loss)	\$ (100,306)	\$ 257,070	\$ (2,347)	\$ 154,417
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,672	-	-	6,672
Federal donated commodities	30,725	-	-	30,725
Interest reported as income	-	-	(853)	(853)
Change in assets and liabilities:				
(Increase) decrease in assets:				
Inventory	(1,259)	-	-	(1,259)
Accounts receivable	220	-	-	220
Increase (decrease) in liabilities:				
Accounts payable	3,369	-	1,200	4,569
Accrued wages	(7,217)	-	-	(7,217)
Compensated absences payable	3,271	-	-	3,271
Intergovernmental payable	(7,243)	-	-	(7,243)
Claims payable	-	(17,106)	-	(17,106)
Deferred revenue	(2,081)	-	-	(2,081)
Total adjustments	26,457	(17,106)	347	9,698
Net cash provided by (used for) operating activities	<u>\$ (73,849)</u>	<u>\$ 239,964</u>	<u>\$ (2,000)</u>	<u>\$ 164,115</u>

See accompanying notes to the general purpose financial statements.

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REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

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 100 classified, 205 certificated teaching personnel, and 14 administrators, who provide services to community members and 2,877 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 a jointly governed organizations. See Note 15.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

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

A. Basis of Presentation – Fund Accounting

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

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

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

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

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

Special Revenue Funds – The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to 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, and the payment of, general long-term debt principal, interest, and related costs.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

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

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

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

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include nonexpendable trust and agency funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

B. Measurement Focus and Basis of Accounting

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

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. 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.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

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 Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended Certificate issued during fiscal year 2000.

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.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

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.

D. Cash and Cash Equivalents

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

During fiscal year 2000, 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 three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Inventory

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

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

G. 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 one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not 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 ten years for furniture, fixtures and equipment.

H. 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.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Special Revenue Fund

Textbook and Instructional Materials

Non-Reimbursable Grants

Special Revenue Funds

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

Capital Projects Fund

Ohio School Net Plus
School Net

Reimbursable Grants

General Fund

Driver Education Reimbursement

Enterprise Funds

National School Lunch Program
Government Donated Commodities

I. 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.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

J. 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 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.

K. 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 sixty days after year end are considered not to have been paid with current available 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.

L. 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.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

M. Fund Balance Reserves

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

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

N. 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.

O. Total Columns on General Purpose Financial Statements

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

NOTE 3 – 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).

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

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).

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

<i>Excess of Revenues and Other Financing Sources Over (Under)</i>				
<i>Expenditures and Other Financing Uses</i>				
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>
		<u>Revenue</u>	<u>Service</u>	<u>Projects</u>
<i>GAAP Basis</i>	\$ 22,582	\$ 17,499	\$ 74,685	\$ 259,126
<i>Revenue Accruals</i>	(117,587)	3,588	10,459	(21,616)
<i>Expenditure Accruals</i>	(193,673)	(8,045)	(5,525)	117,145
<i>Encumbrances (Budget Basis)</i>				
<i>Outstanding at year end</i>	<u>(881,488)</u>	<u>(86,352)</u>	<u>-</u>	<u>(275,344)</u>
<i>Budget Basis</i>	<u>\$ (1,170,166)</u>	<u>\$ (73,310)</u>	<u>\$ 79,619</u>	<u>\$ 79,311</u>

NOTE 4 - 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 pass book 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;

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

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;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
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 in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$630,458 and the bank balance was \$930,597. Of the bank balance:

1. \$350,361 was covered by federal depository insurance.
2. \$580,236 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
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

Investments The School District's investments are required to be categorized below 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 carrying and fair value of \$4,290,000 at June 30, 2000.

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 2000 amounted to \$280,476, which includes \$100,676 assigned from other School District funds.

NOTE 5 – 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 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

The assessed values upon which the fiscal year 2000 taxes were collected are:

<u>Property Category</u>	<u>1999</u> <u>Assessed Value</u>	<u>1998</u> <u>Assessed Value</u>
<u>Real Property</u>		
Residential and Agricultural	\$ 516,333,160	\$ 474,853,010
Commercial and Industrial	82,156,980	79,107,510
Public Utilities	-	-
<u>Tangible Personal Property</u>		
General	28,160,568	23,353,160
Public Utilities	29,171,730	32,299,040
Total	<u>\$ 655,822,438</u>	<u>\$ 609,612,720</u>

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, 2000, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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, 2000. 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, 2000, was \$365,364 in the general fund and \$21,616 in the permanent improvement capital projects fund and \$37,869 in the bond retirement debt service fund.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

NOTE 6 - RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts (rent and tuition), 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 general, special revenue, and enterprise fund's intergovernmental receivable at June 30, consisted of \$3,050, \$28,837, and \$6,775 respectively.

NOTE 7 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000 follows:

<u>Classification</u>	<u>Balance</u>
<i>Furniture, fixtures and equipment</i>	\$ 251,308
<i>Less: accumulated depreciation</i>	<u>(166,268)</u>
<i>Net fixed assets</i>	<u><u>\$ 85,040</u></u>

A summary of the changes in general fixed assets during the fiscal year 2000 follows:

<u>Classification</u>	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30</u>
<i>Land and land improvements</i>	\$ 2,123,484	\$ 37,322	\$ -	\$ 2,160,806
<i>Buildings and improvements</i>	26,009,079	276,887	-	26,285,966
<i>Furniture, fixtures and equipment</i>	2,823,389	373,966	(73,979)	3,123,376
<i>Vehicles</i>	1,972,092	-	(13,121)	1,958,971
<i>Construction in progress</i>	<u>-</u>	<u>117,131</u>	<u>-</u>	<u>117,131</u>
<i>Total</i>	<u><u>\$ 32,928,044</u></u>	<u><u>\$ 805,306</u></u>	<u><u>\$ (87,100)</u></u>	<u><u>\$ 33,646,250</u></u>

NOTE 8 – 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 2000, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage (\$44,600,229 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.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

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.

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 \$171,670 reported in the internal service fund at June 30, 2000, 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:

		<i>Balance at beginning of year</i>	<i>Current year claims</i>	<i>Claim payments</i>	<i>Balance at end of year</i>
1999	\$	96,720	1,165,051	1,072,995	188,776
2000	\$	188,776	1,096,085	1,113,191	171,670

NOTE 9 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate of 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$323,720, \$185,512, and \$233,445 respectively; forty-one percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$191,947 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14 percent of annual covered payroll. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of ten percent for members and fourteen percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,340,540, \$1,033,930, and \$996,188, respectively; eighty-four percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$220,097 representing the unpaid contribution for fiscal year 2000 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, 2000, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 10 – POSTEMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The retirement board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$766,023 during the 2000 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$2.783 billion at June 30, 1999, (latest information available). For the year ended June 30, 1999, the net health care costs paid by the STRS were \$249,929,000 and eligible benefit recipients totaled 95,796.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of seventy-five percent of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$176,100, which includes a surcharge of \$21,204 during the 2000 fiscal year.

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, 1999, (latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the SERS's net assets available for payment of health care benefits was \$188.0 million, at cost. The number of participants receiving health care benefits was approximately 51,000.

NOTE 11 – 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 Statements
For fiscal year ended June 30, 2000

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work no less than 12 months, earn ten to twenty-five days of vacation per year, depending upon length of service. Vacation time is not cumulative from year to year. Teachers and administrators who work less than 12 months do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 280 days. Upon retirement, School District employees receive one-fourth of total unused sick leave, up to the maximum, based on the number of credited service years.

C. Special Termination Benefits

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

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

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

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

NOTE 12 – LONG TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2000, were as follows:

<u>General Long Term Obligations</u>	<i>Outstanding</i> <u>7/1/99</u>	<i>Additions</i>	<i>Deductions</i>	<i>Outstanding</i> <u>6/30/00</u>
School Improvement Bonds, 6.50% maturing on December 1, 1999	\$ 170,000	\$ -	\$ (170,000)	\$ -
School Improvement Bonds, 6.04% maturing on December 1, 2016	12,910,000	-	(255,000)	12,655,000
School Improvement Bonds, 5.62% maturing on December 1, 2016	3,633,667	-	(20,000)	3,613,667
School Improvement Notes, 4.30% maturing on December 7, 2000	-	375,000	-	375,000
School Improvement Notes, 4.88% maturing on March 29, 2001	-	145,000	-	145,000
School Improvement Notes, 3.90%	<u>690,000</u>	<u>-</u>	<u>(690,000)</u>	<u>-</u>
Total General Obligation Bonds and Notes	<u>17,403,667</u>	<u>520,000</u>	<u>(1,135,000)</u>	<u>16,788,667</u>
Compensated Absences Payable	1,619,719	76,797	-	1,696,516
Intergovernmental Payable	154,151	134,734	(154,151)	134,734
Early Retirement Incentive	<u>13,000</u>	<u>23,000</u>	<u>-</u>	<u>36,000</u>
Total General Long-Term Obligations	<u>\$ 19,190,537</u>	<u>\$ 754,531</u>	<u>\$ (1,289,151)</u>	<u>\$ 18,655,917</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 \$690,000 school improvement bond anticipation note was rolled over to a \$375,000 school improvement note. Bond anticipation notes that were rolled over prior to the issuance of the financial statements have a new maturity beyond the end of the fiscal year in which the report is issued, have been reported in the general long-term obligations account group and will be paid from the debt service fund.

Principal and interest requirements to retire general obligation bonds and the school improvement notes outstanding at June 30, 2000 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 1,195,000	\$ 954,509	\$ 2,149,509
2002	640,000	877,065	1,517,065
2003	690,000	825,973	1,515,973
2004	735,000	780,366	1,515,366
2005	765,000	741,258	1,506,258
2006-2010	4,008,667	3,580,380	7,589,047
2011-2015	5,835,000	1,747,181	7,582,181
2016-2020	<u>2,920,000</u>	<u>173,606</u>	<u>3,093,606</u>
Total	<u>\$ 16,788,667</u>	<u>\$ 9,680,338</u>	<u>\$ 26,469,005</u>

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

NOTE 13 – 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	\$ 15,514
General	Title I special revenue	8,432
General	Title VI special revenue	8,463
General	Drug Free School special revenue	<u>932</u>
	<i>Total</i>	<u>\$ 33,341</u>

NOTE 14 – 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, 2000

	<u>Food</u>	<u>Uniform</u>	<u>Project</u>	<u>Total</u>
	<u>Service</u>	<u>School</u>	<u>Link</u>	<u>Enterprise</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	<u>441,700</u>	<u>99,674</u>	<u>61,647</u>	<u>603,021</u>
Operating revenues	\$ 441,700	\$ 99,674	\$ 61,647	\$ 603,021
Depreciation	6,672	-	-	6,672
Operating income (loss)	(109,633)	5,843	3,484	(100,306)
Donated commodities	30,725	-	-	30,725
Operating grants	43,902	-	-	43,902
Interest	1,248	-	-	1,248
Net income (loss)	(33,758)	5,843	3,484	(24,431)
Fixed asset additions	2,377	-	-	2,377
Net working capital	(23,607)	38,426	108,034	122,854
Total assets	106,539	38,865	111,400	256,804
Long-term compensated				
absences payable	21,036	-	-	21,036
Total equity	40,397	38,426	108,035	186,858
Encumbrances, June 30, 2000	1,015	1,733	2,787	5,535

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For Fiscal Year ended June 30, 2000

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

A. Northeast Ohio Network for Educational Technology (NEONET)

NEONET is a jointly governed organization among sixteen school districts and the Summit County Educational Service Center, and was formed July 1, 1995. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the Assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating school district is limited to its representation on the Assembly, which elects the Board of Directors, who 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 \$7.60 per student to participating districts and State funding. The School District paid \$22,353 to NEONET during fiscal year 2000. 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 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 seventy school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. The Council sponsors an insurance purchasing plan in which the School District participates. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Ohio Schools Council, 6376 Mill Road, Broadview Heights, Ohio 44147.

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For fiscal year ended June 30, 2000

NOTE 16 - 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 March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 2000, the School District received \$2,224,488 of school foundation support for its general fund.

Since the Court's ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program. The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

REVERE LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the fiscal year ended June 30, 2000

NOTE 17 – STATUTORY RESERVES

The School District is required by State statute to annually set aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. 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 for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Amounts are also to be set aside for budget stabilization if the School District's revenues increase three percent or more from the prior year.

During the fiscal year ended June 30, 2000 the reserve activity was as follows:

	<i>Textbook</i>	<i>Capital</i>	<i>Budget</i>	<i>School</i>	
	<u>Reserve</u>	<u>Maintenance</u>	<u>Stabilization</u>	<u>Buses</u>	<u>Total</u>
<i>Balance, July 1, 1999</i>	\$ -	\$ -	\$ 257,529	\$ -	\$ 257,529
<i>Required Set-Aside</i>	459,412	459,412	3,433	46,339	968,596
<i>Offset Credits</i>	-	(472,111)	-	-	(472,111)
<i>Qualifying Expenditures</i>	(652,708)	(449,068)	-	-	(1,101,776)
<i>Total</i>	<u>\$ (193,296)</u>	<u>\$ (461,767)</u>	<u>\$ 260,962</u>	<u>\$ 46,339</u>	<u>\$ (347,762)</u>
<i>Cash balance carried forward to fiscal year 2001</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,962</u>	<u>\$ 46,339</u>	<u>\$ 307,301</u>

NOTE 18 – PRIOR PERIOD ADJUSTMENT

Following the close of the previous fiscal year an error was found in the calculation and reporting of fixed assets in the Food Service enterprise fund. The beginning balance of fixed assets and accumulated depreciation are required to be restated. Due to this error, retained earnings is restated as follows:

<i>Retained earnings as previously stated 6/30/99</i>	<u>\$ 185,862</u>
<i>Restatement</i>	<u>25,427</u>
<i>Restated July 1, 1999</i>	<u>\$ 211,289</u>



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, 2000, and have issued our report thereon dated December 15, 2000, in which we noted the District restated its Enterprise Funds retained earnings. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of non compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-10977-001. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 15, 2000.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, to be a material weakness.

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

Jim Petro
Auditor of State

December 15, 2000

REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2000

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

FINDING NUMBER 2000-10977-001

Fixed Assets:

The District does not maintain a master listing of the individual fixed assets comprising its General Fixed Asset Account Group and Enterprise Fund fixed asset balances. The District bases its fixed asset balances on the prior year balance plus additions less deletions. There is no reconciliation of the ending balances to a master listing derived from a periodic physical inventory.

The lack of a master listing of individual fixed assets and periodic reconciliation to a physical inventory, could result in the misstatement of fixed assets and related accumulated depreciation.

We recommend that the District:

- ! Perform a comprehensive fixed asset inventory, and develop a policy to perform such an inventory on a regular basis. The District may consider hiring the services of an outside specialist to assist them with the first comprehensive inventory and establishing the fixed assets policy.
- ! Prepare a master listing of the individual fixed assets owned by the District which describes, at a minimum, the assets type, tag number, location, purchasing fund and function, and year of acquisition and accumulated depreciation, as applicable.
- ! Perform an annual reconciliation of the current year additions and deletions to the master fixed asset listing, and develop a policy to perform such reconciliation on an annual basis.

These procedures, if implemented, will help ensure the District's fixed assets are accurate and complete.



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 09, 2001**