



Dave Yost • Auditor of State



**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY  
JUNE 30, 2017**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	17
Statement of Activities .....	18
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds .....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund .....	23
Statement of Fund Net Position	
Proprietary Funds .....	24
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds .....	25
Statement of Cash Flows	
Proprietary Funds .....	26
Statement of Fiduciary Fund Net Position	
Fiduciary Funds .....	27
Statement of Changes in Fiduciary Fund Net Position	
Private Purpose Trust Fund .....	28
Notes to the Basic Financial Statements .....	29

REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY  
JUNE 30, 2017

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Required Supplementary Information:	
Schedule of the Employer's Proportionate Share of the Net Pension Liability (School Employees Retirement System and State Teachers Retirement System) .....	67
Schedule of the Employer's Contributions (School Employees Retirement System and State Teachers Retirement System) .....	68
Schedule of Receipts and Expenditures of Federal Awards .....	71
Notes to the Schedule of Receipts and Expenditures of Federal Awards.....	72
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	73
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	75
Schedule of Findings.....	77



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Revere Local School District  
Summit County  
3496 Everett Road  
Richfield, Ohio 44286

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Revere Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Revere Local School District, Summit County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2016, the District re-evaluated the reporting of health, dental and vision expenses resulting in a reclassification between the General Fund and Internal Service Fund. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2018, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 18, 2018

**THIS PAGE INTENTIONALLY LEFT BLANK.**



**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

---

---

The discussion and analysis of the Revere Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2017 are as follows:

- Net position decreased \$4,123,929, which represents a 37 percent decrease from 2016.
- Capital assets decreased \$685,573 during fiscal year 2017.
- During the year, outstanding debt increased \$66,560,000 due to the issuance of new general obligation bonds by the School District.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Revere Local School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Revere Local School District, the general fund and building fund are by far the most significant funds.

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

---

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and non-instructional services, e.g., food service operations.

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

The major funds financial statements begin on page 19. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the building fund.

***Governmental Funds*** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Proprietary Fund*** The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its vision insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 24.

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 27 and 28. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2017 compared to 2016:

**Table 1**  
**Net Position**

	Governmental Activities	
	2017	2016
<b>Assets</b>		
Current and Other Assets	\$ 138,576,221	\$ 56,856,502
Capital Assets	13,120,998	13,806,571
<i>Total Assets</i>	151,697,219	70,663,073
<b>Deferred Outflows of Resources</b>		
Pension	10,661,710	4,396,665
<b>Liabilities</b>		
Other Liabilities	4,613,257	3,880,857
Long-Term Liabilities	139,352,566	55,235,960
<i>Total Liabilities</i>	143,965,823	59,116,817
<b>Deferred Inflows of Resources</b>		
Property Taxes Levied for the Next Year	32,140,432	22,908,940
Revenue in Lieu of Taxes for the Next Year	391,679	415,069
Pension	1,004,967	3,638,955
<i>Total Deferred Inflows of Resources</i>	33,537,078	26,962,964
<b>Net Position</b>		
Net Investment in Capital Assets	13,096,998	12,466,571
Restricted	7,131,872	5,056,660
Unrestricted	(35,372,842)	(28,543,274)
<i>Total Net Position</i>	\$ (15,143,972)	\$ (11,020,043)

During 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

---

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows of resources.

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

---

---

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

At year end, capital assets represented 9 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Net investment in capital assets was \$13,096,998 at June 30, 2017. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$7,131,872, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit of \$35,372,842, which is primarily caused by the implementation of GASB 68.

The increase in current and other assets and long term liabilities were primarily caused by the issuance of new general obligation bonds during 2017. Cash and investments increased because the bond proceeds have not yet been spent. The School District passed a new tax levy in November 2016 which increased property taxes receivable as well as deferred inflows of resources for property taxes. There was also an increase in deferred inflows of resources and increase in deferred outflows of resources for pension that were caused by changes related to net pension liability during 2017.

*This space intentionally left blank.*

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2017 and 2016.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2017	2016
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,635,790	\$ 1,726,013
Operating Grants	1,631,391	1,728,593
Capital Grants	66,416	21,500
<i>Total Program Revenues</i>	<u>3,333,597</u>	<u>3,476,106</u>
<i>General Revenues:</i>		
Property Taxes	28,658,890	30,108,411
Revenue in Lieu of Taxes	651,039	457,837
Grants and Entitlements Not Restricted	5,893,188	6,131,170
Other	240,714	145,659
<i>Total General Revenues</i>	<u>35,443,831</u>	<u>36,843,077</u>
<i>Total Revenues</i>	<u>38,777,428</u>	<u>40,319,183</u>
<b>Program Expenses</b>		
Instruction:		
Regular	17,282,780	16,066,906
Special	5,233,216	4,191,263
Vocational	285,249	248,015
Student Intervention Services	261,505	246,091
Other	19,197	505,175
Support Services:		
Pupils	1,888,276	1,676,125
Instructional Staff	3,516,943	2,022,897
Board of Education	277,168	428,189
Administration	2,632,224	2,196,226
Fiscal	1,313,031	1,132,517
Business	34,965	57,907
Operation and Maintenance of Plant	3,598,126	4,243,396
Pupil Transportation	2,411,169	2,190,633
Central	304,763	224,475
Operation of Non-Instructional Services:		
Food Service Operations	942,740	878,465
Community Services	341,490	340,200
Extracurricular Activities	1,397,326	1,245,043
Debt Service:		
Interest and Fiscal Charges	688,352	195,268
Issuance Costs	472,837	0
<i>Total Expenses</i>	<u>42,901,357</u>	<u>38,088,791</u>
<i>Increase (Decrease) in Net Position</i>	(4,123,929)	2,230,392
<i>Net Position at Beginning of Year</i>	<u>(11,020,043)</u>	<u>(13,250,435)</u>
<i>Net Position at End of Year</i>	<u>\$ (15,143,972)</u>	<u>\$ (11,020,043)</u>

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

The increase in special education expenses is primarily due to increased services purchased from Educational Service Centers and the Kidslink Neurobehavioral Center. The decrease in other instruction was caused by the reclassification of community school and open enrollment tuition expenses. The School District leased laptops and software during 2017 that were not capitalized, increasing instructional staff support expenses by more than \$1 million. Administration staff support saw an increase in payroll and benefit related expenses and accruals for 2017. Operation and maintenance of plant decreased because there were fewer repair and maintenance projects during the year. Interest expense increased due to the increase in long-term debt liability.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2017	2016	2017	2016
Instruction:				
Regular	\$ 17,282,780	\$ 16,066,906	\$ 16,622,816	\$ 15,362,242
Special	5,233,216	4,191,263	4,663,169	3,616,974
Vocational	285,249	248,015	285,249	247,405
Student Intervention Services	261,505	246,091	69,517	56,816
Other	19,197	505,175	19,197	505,175
Support Services:				
Pupils	1,888,276	1,676,125	1,749,158	1,556,730
Instructional Staff	3,516,943	2,022,897	3,515,746	2,017,149
Board of Education	277,168	428,189	277,168	428,189
Administration	2,632,224	2,196,226	2,583,339	2,155,501
Fiscal	1,313,031	1,132,517	1,313,031	1,132,517
Business	34,965	57,907	34,965	57,907
Operation and Maintenance of Plant	3,598,126	4,243,396	3,524,510	4,236,017
Pupil Transportation	2,411,169	2,190,633	2,411,169	2,131,198
Central	304,763	224,475	304,763	224,475
Operation of Non-Instructional Services:				
Food Service Operations	942,740	878,465	177,330	43,072
Community Services	341,490	340,200	(31,835)	(15,347)
Extracurricular Activities	1,397,326	1,245,043	1,041,643	833,502
Debt Service:				
Interest and Fiscal Charges	688,352	195,268	533,988	23,163
Issuance Costs	472,837	0	472,837	0
<i>Total Expenses</i>	<b>\$ 42,901,357</b>	<b>\$ 38,088,791</b>	<b>\$ 39,567,760</b>	<b>\$ 34,612,685</b>

The dependence upon general revenues for governmental activities is apparent. Over 90 percent of governmental activities are supported through taxes and other general revenues; such revenues are 91 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

---

---

***Governmental Funds***

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. The net change in fund balance for the fiscal year was an increase of \$72,205,200 for all governmental funds.

The general fund's net change in fund balance for fiscal year 2017 was a decrease of \$3,448,774. Property tax revenue decreased due to a large decrease in amounts available for advance. Regular instruction increased due to the reclassification of community school and open enrollment tuition expenses and instructional staff support expenses increased due to the laptops and software leased during 2017.

The building fund's net change in fund balance for fiscal year 2017 was an increase of \$68,221,215. This was caused by the issuance of the new general obligation bonds, which were not expended during the year.

***General Fund Budgeting Highlights***

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

The School District uses site-based budgeting. Budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue and other financing sources of \$35,055,875 was \$187,125 lower than the final budget basis revenue of \$35,243,000.

Final budget revenues and other financing sources were \$977,526 lower than original budget revenues and other financing sources. This was primarily caused by an underestimation of property tax revenue due in the original budget.

Final expenditure appropriations of \$37,472,662 were \$1,909,832 higher than the actual expenditures and other financing uses of \$35,562,830, as cost savings were recognized throughout the year.

*This space intentionally left blank.*



**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2017, the School District had \$13,120,998 invested in capital assets. Table 4 shows fiscal year 2017 balances compared with 2016.

**Table 4**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	Governmental Activities	
	2017	2016
Land	\$ 1,001,740	\$ 1,001,740
Construction in Progress	24,000	0
Land Improvements	1,760,638	1,914,230
Buildings and Improvements	8,227,297	8,754,341
Furniture and Equipment	408,223	473,686
Vehicles	1,699,100	1,662,574
<i>Totals</i>	<u>\$ 13,120,998</u>	<u>\$ 13,806,571</u>

The \$685,573 decrease in capital assets was attributable to current depreciation and disposals exceeding additional purchases. See Note 8 for more information about the capital assets of the School District.

**Debt**

At June 30, 2017, the School District had \$71,125,768 in debt outstanding. See Note 13 for additional details. Table 5 summarizes bonds outstanding.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2017	2016
2011 Energy Conservation Improvement Bond	\$ 3,225,768	\$ 3,225,768
2013 Refunding Bond	0	1,340,000
2017 General Obligation Bonds	67,900,000	0
<i>Total</i>	<u>\$ 71,125,768</u>	<u>\$ 4,565,768</u>

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

---

---

***Current Issues***

The School District's students continue to achieve at the highest levels academically which is our primary mission. These results are clearly derived from the combined effort of our students, staff, parental support and the community. The students come prepared to learn, the staff is highly qualified and the parents, along with the community support education.

As stewards of public dollars, the School District's fiscal policy continues to be that of doing more with less by finding creative ways to reduce or contain costs. We have worked to address all expenditures within our control. Some of the key steps taken in this regard include the formation of a health care consortium, implementing a severance incentive plan designed to reduce salary costs, applying technology to reduce operating costs, increasing participation in buying consortiums and exploring opportunities to apply the concept of shared services. In regard to shared services, we have successfully partnered on a wide range of services with our information technology center, NEOnet, including telephony and virtualization of servers. Both of these examples have reduced equipment acquisition, operating costs and maintenance costs.

Since fiscal year 2011 the Board has worked to address the growth of salaries since staffing related costs including benefits are the single largest component of the General Fund budget. For fiscal year 2017 salaries and benefits were 77 percent of the budget or \$26.7 M. The School District has successfully addressed salary related costs through its hiring practices, the introduction of a severance incentive program, through union negotiations and by taking advantage of the changes to the State's retirement system which incentivized tenured teachers to retire or accept less attractive retirement terms. With these strategies salaries were close to flat-lined for 7 fiscal years, fiscal year 2009 through fiscal year 2015. The change in salaries from fiscal year 2017 compared to fiscal year 2016 was 1.89% which was less than the cost of the negotiated base increase and step.

Under the longstanding funding model in the State of Ohio, the School District has been penalized based on high, local property values as measured on a per pupil basis. We have traditionally been defined as a "zero percent" State share district and received State funding on a reduced basis under a formula involving what is called the Funding Guarantee. In other words we do not receive state funding on a per pupil basis in the amount approved by the legislature. This payment under the funding guarantee was capped at a fixed amount and this was put in place to prevent a total loss of funding based on property values which is a key component of the funding formula. Under the funding formula, property values are divided by student enrollment which results in a valuation figure on a per pupil basis.

The School District's valuation per pupil is significantly above the State average and this drives the term "High Wealth District." The assessed property value for taxes paid in CY 2017, the most recent property evaluation number is \$930 M. For fiscal year 2016 our valuation per pupil is \$339,077 compared to the State average of \$144,660. The trend in property values, starting in calendar year 2010 going forward, have either seen a reduction or minimal growth in contrast to the prior 15 years.

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

---

The governor and legislators continue to examine the methodology under which k-12 public education is funded. Through this process the elimination of the guarantee, mentioned above, continues to be examined and could result in a revenue loss to the School District of just over \$2 M. Of significant impact to the School District was the loss of the tangible and public utility tax and then the phase out of the hold harmless payments. In the way of review, the State modified its tax structure to encourage business investment in Ohio. Initially, with the changes to the tax base structure, important sources of revenue were eliminated but there was an agreement by the legislature to put in place a hold harmless reimbursement structure for public schools. Subsequently, with the elimination of the majority of the hold harmless payments, under the public utility payments the School District lost \$445,000 per year in revenue and under the tangible property tax the School District lost \$5.2 million in revenue accumulatively since fiscal year 2011. The impact to the District regarding the biennial budget effective July 1, 2017 is still under review an analysis.

The Revere School System continues to receive support from the residents of the School District through local property taxes. As the preceding information describes, the School District relies heavily on its local taxpayers. In reviewing the School District's ballot activity over the past 15 years, new money was passed by the residents of the School District in August 2001. This levy was in the amount of 6.9 mills, for a fixed term, under a five year emergency levy. That levy generated \$4.6 million annually. As an emergency levy, the annual collection remains flat and does not grow as new value is added through new construction. This emergency levy has been since been renewed 3 times. The last renewal of this levy, with no new taxes, was again before the voters in calendar year 2016 and passed with strong support. Note the levy term was changed to 10 years to reduce ballot related costs and to prevent two levies from coming due in the same year.

Based on the five year forecast the School District had identified the need for new money and weighed that need against the fact that the school system had not previously gone back to the community with a request for new operating money for ten years. Driving this request was the loss of the hold harmless payments noted above, reductions in State funding, slowed property growth and reduction in property tax values, the possible expansion of vouchers (currently an open topic), including programs for special needs students and inflationary growth impacting the annual budget. The School District was therefore on the ballot for a new 10 year emergency levy with a collection in the amount of \$4.76 million annually. This levy equated to 4.83 mills and was supported by our voters after multiple attempts in May 2011.

As noted above, the School District has been able to stretch out its levy cycle, the time span between requests for new money, to ten years which is unprecedented based upon the school funding model in Ohio. This was accomplished through effective fiscal management as well as continuous growth in the School District's property tax base. The stated goal of the Board of Education is to stretch the levy cycle; the time elapsed between requests for new money, as long as possible.

In the 2012-2013 school year, all-day kindergarten was implemented with 4 classes on a full day schedule. Under the current governor, all-day kindergarten is not required but remains a local decision. This pendulum, regarding all-day kindergarten, has swung back and forth depending upon the party in office. The option of all-day kindergarten has continued to grow in enrollment and for the fiscal year 2017-2018 school year we will have 7 all-day kindergarten classes.

**Revere Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2017*  
*(Unaudited)*

---

---

With House Bill 920 (passed in 1976) current levies do not provide inflationary revenue growth as valuation increases, with the exception of the un-voted, inside millage. New construction does represent new value and new revenue, as those properties come onto the tax duplicate. As an example of HB 920, a homeowner with a home valued at \$100,000 with an assessed value of \$35,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and the home's market value increased to \$200,000 with an assessed value of \$70,000 (assuming this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. As a School District heavily dependent upon property taxes and related growth trends, we are hampered by a lack of revenue growth yet faced with annual increases in costs that cannot be entirely controlled (health care, utilities, instructional supplies, upkeep of facilities and fuel costs). Property taxes continue to make up 77.78 percent of revenues for the general fund in fiscal year 2017. Within the frame work of both short range and long range planning, management has diligently worked to control expenses and reduce costs where possible.

The School District also collaborated with five other schools to form a health care consortium to control medical costs and implemented an aggressive wellness plan aimed at decreasing utilization. The ability to control costs is made increasingly difficult with mandates in gifted education, testing, curriculum changes, rising utility costs, increased special education services required for our students, national health care trends and the unfunded mandates which continue to grow.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March of 1997 and in three subsequent rulings to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable." Although some recent changes have been made in school funding it is still being asked whether or not the State has met the directives mandated by the Ohio Supreme Court. The number of school systems which must go on the ballot as their sole means of increasing revenue grows each year which is symptomatic of the root problems in school funding in Ohio.

All scenarios require district management and school boards to plan carefully and prudently to provide the resources to meet student needs over the upcoming years. Decisions cannot be made by looking only at the impact to the current years financial forecast but must be projected forward on a long term basis to fully understand the impact and feasibility of current fiscal strategies.

The School District is fortunate that its systems of budgeting and internal controls are well regarded and embraced by the Board of Education, its administrative team and staff. All of the School District's financial abilities and resources will be needed to meet the challenges of the future for the benefit of our students.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Rick Berdine, Treasurer of Revere Local School District, P.O. Box 340, Bath, OH 44210 or [rberdine@revereschools.org](mailto:rberdine@revereschools.org).

**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Net Position*  
*June 30, 2017*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 31,473,311
Cash and Cash Equivalents with Fiscal Agent	11,761
Cash and Cash Equivalents with Trustee	1,075,255
Investments in Segregated Accounts	69,231,692
Receivables:	
Accrued Interest	26,662
Accounts	72,722
Intergovernmental	339,117
Revenue in Lieu of Taxes	391,679
Property Taxes	35,917,416
Prepaid Items	36,606
Nondepreciable Capital Assets	1,025,740
Depreciable Capital Assets (Net)	12,095,258
<i>Total Assets</i>	151,697,219
<b>Deferred Outflows of Resources</b>	
Pension	10,661,710
<b>Liabilities</b>	
Accounts Payable	398,897
Accrued Wages and Benefits	3,106,694
Contracts Payable	24,000
Intergovernmental Payable	588,211
Accrued Vacation Leave Payable	80,041
Matured Compensated Absences Payable	93,185
Accrued Interest Payable	306,539
Matured Interest Payable	1,761
Matured Bonds Payable	10,000
Claims Payable	3,929
Long Term Liabilities:	
Due Within One Year	3,612,799
Due In More Than One Year	
Net Pension Liability (See Note 10)	58,628,413
Other Amounts Due In More Than One Year	77,111,354
<i>Total Liabilities</i>	143,965,823
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	32,140,432
Revenue in Lieu of Taxes for the Next Year	391,679
Pension	1,004,967
<i>Total Deferred Inflows of Resources</i>	33,537,078
<b>Net Position</b>	
Net Investment in Capital Assets	13,096,998
Restricted For:	
Capital Outlay	6,677,152
Other Purposes	454,720
Unrestricted	(35,372,842)
<i>Total Net Position</i>	\$ (15,143,972)

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2017

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
			Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 17,282,780	\$ 595,001	\$ 64,963	\$ 0
Special	5,233,216	82,480	487,567	0
Vocational	285,249	0	0	0
Student Intervention Services	261,505	0	191,988	0
Other	19,197	0	0	0
Support Services:				
Pupils	1,888,276	0	139,118	0
Instructional Staff	3,516,943	0	1,197	0
Board of Education	277,168	0	0	0
Administration	2,632,224	0	48,885	0
Fiscal	1,313,031	0	0	0
Business	34,965	0	0	0
Operation and Maintenance of Plant	3,598,126	0	7,200	66,416
Pupil Transportation	2,411,169	0	0	0
Central	304,763	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	942,740	627,818	137,592	0
Community Services	341,490	0	373,325	0
Extracurricular Activities	1,397,326	330,491	25,192	0
Debt Service:				
Interest and Fiscal Charges	688,352	0	154,364	0
Issuance Costs	472,837	0	0	0
<b>Total</b>	<b>\$ 42,901,357</b>	<b>\$ 1,635,790</b>	<b>\$ 1,631,391</b>	<b>\$ 66,416</b>
				<b>(39,567,760)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	24,868,096
Debt Service	2,674,296
Capital Outlay	1,116,498
Revenue in Lieu of Taxes	651,039
Grants and Entitlements Not Restricted to Specific Programs	5,893,188
Gain on Sale of Capital Assets	4,800
Investment Earnings	114,215
Miscellaneous	121,699
<b>Total General Revenues</b>	<b>35,443,831</b>

*Change in Net Position* (4,123,929)

*Net Position Beginning of Year* (11,020,043)

*Net Position End of Year* **\$ (15,143,972)**

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2017*

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 20,849,835	\$ 4,317,346	\$ 6,297,129	\$ 31,464,310
Cash and Cash Equivalents with Fiscal Agent	0	0	11,761	11,761
Cash and Cash Equivalents with Trustee	1,075,255	0	0	1,075,255
Investments in Segregated Accounts	0	63,940,562	5,291,130	69,231,692
Receivables:				
Accrued Interest	0	26,662	0	26,662
Accounts	72,722	0	0	72,722
Interfund	31,598	0	0	31,598
Intergovernmental	48,763	0	290,354	339,117
Revenue in Lieu of Taxes	391,679	0	0	391,679
Property Taxes	31,257,382	0	4,660,034	35,917,416
Prepaid Items	36,024	0	582	36,606
<i>Total Assets</i>	<u>\$ 53,763,258</u>	<u>\$ 68,284,570</u>	<u>\$ 16,550,990</u>	<u>\$ 138,598,818</u>
<b>Liabilities</b>				
Accounts Payable	\$ 361,600	\$ 0	\$ 37,297	\$ 398,897
Accrued Wages and Benefits	3,016,048	0	90,646	3,106,694
Contracts Payable	0	24,000	0	24,000
Intergovernmental Payable	571,274	0	16,937	588,211
Matured Compensated Absences Payable	93,185	0	0	93,185
Matured Interest Payable	0	0	1,761	1,761
Matured Bonds Payable	0	0	10,000	10,000
Interfund Payable	0	0	31,598	31,598
<i>Total Liabilities</i>	<u>4,042,107</u>	<u>24,000</u>	<u>188,239</u>	<u>4,254,346</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	28,034,453	0	4,105,979	32,140,432
Revenue in Lieu of Taxes for the Next Year	391,679	0	0	391,679
Unavailable Revenue	385,393	0	304,970	690,363
<i>Total Deferred Inflows of Resources</i>	<u>28,811,525</u>	<u>0</u>	<u>4,410,949</u>	<u>33,222,474</u>
<b>Fund Balances</b>				
Nonspendable	7,338	0	0	7,338
Restricted	1,075,255	68,260,570	12,013,845	81,349,670
Committed	0	0	1,120	1,120
Assigned	727,581	0	0	727,581
Unassigned	19,099,452	0	(63,163)	19,036,289
<i>Total Fund Balances</i>	<u>20,909,626</u>	<u>68,260,570</u>	<u>11,951,802</u>	<u>101,121,998</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 53,763,258</u>	<u>\$ 68,284,570</u>	<u>\$ 16,550,990</u>	<u>\$ 138,598,818</u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2017*

<b>Total Governmental Fund Balances</b>		\$ 101,121,998
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,120,998
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 242,040	
Property Taxes	448,323	690,363
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows - Pension	10,661,710	
Deferred Inflows - Pension	(1,004,967)	
Net Pension Liability	(58,628,413)	(48,971,670)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		5,072
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		(306,539)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Improvement Bonds	(3,225,768)	
General Obligation Bonds	(67,900,000)	
Bond Premium	(5,975,284)	
Capital Lease Obligation	(1,070,071)	
Vacations Payable	(80,041)	
Compensated Absences	(2,553,030)	(80,804,194)
<i>Net Position of Governmental Activities</i>		<u><u>\$ (15,143,972)</u></u>

See accompanying notes to the basic financial statements.



**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2017*

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 24,876,399	\$ 0	\$ 3,765,773	\$ 28,642,172
Intergovernmental	5,781,119	0	2,249,426	8,030,545
Investment Income	114,215	53,471	13,389	181,075
Tuition and Fees	497,182	0	0	497,182
Extracurricular Activities	93,987	0	236,507	330,494
Rentals	125,940	0	0	125,940
Charges for Services	54,357	0	627,819	682,176
Contributions and Donations	23,944	0	7,558	31,502
Revenue in Lieu of Taxes	325,520	0	0	325,520
Miscellaneous	88,161	0	33,538	121,699
<i>Total Revenues</i>	<u>31,980,824</u>	<u>53,471</u>	<u>6,934,010</u>	<u>38,968,305</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	15,797,403	0	78,121	15,875,524
Special	4,688,408	0	403,311	5,091,719
Vocational	268,884	0	0	268,884
Student Intervention Services	37,880	0	200,527	238,407
Other	19,197	0	0	19,197
Support Services:				
Pupils	1,622,329	0	159,234	1,781,563
Instructional Staff	3,453,892	0	4,206	3,458,098
Board of Education	276,126	0	0	276,126
Administration	2,406,258	0	55,966	2,462,224
Fiscal	1,251,861	417	75,711	1,327,989
Business	34,965	0	0	34,965
Operation and Maintenance of Plant	3,174,727	7,839	195,150	3,377,716
Pupil Transportation	2,113,096	0	232,370	2,345,466
Central	290,320	0	0	290,320
Extracurricular Activities	1,036,763	0	293,814	1,330,577
Operation of Non-Instructional Services:				
Food Service Operations	0	0	916,919	916,919
Community Services	0	0	341,490	341,490
Capital Outlay	0	24,000	0	24,000
Debt Service:				
Principal Retirement	159,092	8,200,000	1,841,816	10,200,908
Interest and Fiscal Charges	11,176	0	559,744	570,920
Issuance Costs	0	0	472,837	472,837
<i>Total Expenditures</i>	<u>36,642,377</u>	<u>8,232,256</u>	<u>5,831,216</u>	<u>50,705,849</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,661,553)</u>	<u>(8,178,785)</u>	<u>1,102,794</u>	<u>(11,737,544)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	4,800	0	0	4,800
Proceeds of General Obligation Bonds	0	67,900,000	0	67,900,000
Proceeds of Bond Anticipation Notes	0	8,500,000	0	8,500,000
Premium on General Obligation Bonds	0	0	6,102,631	6,102,631
Premium on Bond Anticipation Note	0	0	4,334	4,334
Inception of Capital Lease	1,430,979	0	0	1,430,979
Transfers In	0	0	223,000	223,000
Transfers Out	(223,000)	0	0	(223,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,212,779</u>	<u>76,400,000</u>	<u>6,329,965</u>	<u>83,942,744</u>
<i>Net Change in Fund Balance</i>	(3,448,774)	68,221,215	7,432,759	72,205,200
<i>Fund Balances Beginning of Year - Restated, See Note 3</i>	<u>24,358,400</u>	<u>39,355</u>	<u>4,519,043</u>	<u>28,916,798</u>
<i>Fund Balances End of Year</i>	<u>\$ 20,909,626</u>	<u>\$ 68,260,570</u>	<u>\$ 11,951,802</u>	<u>\$ 101,121,998</u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2017*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	72,205,200
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 303,823	
Current Year Depreciation	<u>(989,396)</u>	(685,573)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	16,717	
Intergovernmental	<u>(212,394)</u>	(195,677)
Issuance of bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net position as long-term liabilities.		
Premium on General Obligation Bonds		(6,102,631)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bond Principal	9,840,000	
Capital Lease Principal	360,908	10,200,908
Debt proceeds issued in the governmental funds that increase long-term in the statement of net position are not reported as revenues.		
Inception of Capital Leases	(1,430,979)	
Bond Anticipation Notes	(8,500,000)	
General Obligation Bonds	<u>(67,900,000)</u>	(77,830,979)
Amortization of bond premiums and gain/loss on refundings on the bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		
		127,347
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		3,005,155
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(4,257,282)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable		(249,114)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		15,192
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Vacation Payable	(360,091)	
Compensated Absences	<u>3,616</u>	<u>(356,475)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>(4,123,929)</u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues and Other Financing Sources	\$ 34,265,474	\$ 35,243,000	\$ 35,055,875	\$ (187,125)
Expenditures and Other Financing Uses	<u>37,412,662</u>	<u>37,472,662</u>	<u>35,562,830</u>	<u>1,909,832</u>
Net Change in Fund Balance	(3,147,188)	(2,229,662)	(506,955)	1,722,707
<i>Fund Balance Beginning of Year - Restated, See Note 3</i>	19,885,726	19,885,726	19,885,726	0
Prior Year Encumbrances Appropriated	<u>563,659</u>	<u>563,659</u>	<u>563,659</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 17,302,197</u></u>	<u><u>\$ 18,219,723</u></u>	<u><u>\$ 19,942,430</u></u>	<u><u>\$ 1,722,707</u></u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2017*

---

	Governmental Activities - Internal Service Fund
<b>Assets</b>	
<i>Current Assets</i>	
Equity in Pooled Cash and Investments	\$ 9,001
<b>Liabilities</b>	
<i>Current Liabilities</i>	
Claims Payable	3,929
<b>Net Position</b>	
Unrestricted	\$ 5,072

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2017*

---

	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating Revenues</b>	
Charges for Services	<u>\$ 55,548</u>
<b>Operating Expenses</b>	
Purchased Services	16,902
Claims	<u>23,454</u>
<i>Total Operating Expenses</i>	<u>40,356</u>
 <i>Change in Net Position</i>	 15,192
 <i>Net Position Beginning of Year - Restated, See Note 3</i>	 <u>(10,120)</u>
 <i>Net Position End of Year</i>	 <u><u>\$ 5,072</u></u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 55,548
Cash Paid for Goods and Services	(16,902)
Cash Paid for Claims	(23,577)
<i>Net Cash Provided by Operating Activities</i>	<u>15,069</u>
 <b>Cash Flows From Non-Capital Financing Activities</b>	
Advances to Other Funds	<u>(6,500)</u>
 <i>Net Increase in Cash and Investments</i>	8,569
 <i>Cash and Investments, Beginning of Year - Restated, See Note 3</i>	<u>432</u>
 <i>Cash and Investments, End of Year</i>	<u><u>\$ 9,001</u></u>
 <b>Reconciliation of Operating Gain to Net Cash Provided by Operating Activities</b>	
Operating Gain	\$ 15,192
Decrease in Liabilities:	
Claims Payable	<u>(123)</u>
 <i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 15,069</u></u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2017*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 53,859	\$ 159,490
<b>Liabilities</b>		
Accounts Payable	0	\$ 378
Undistributed Monies	0	32,069
Due to Students	0	127,043
<i>Total Liabilities</i>	0	\$ 159,490
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 53,859	

See accompanying notes to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2017*

	Private Purpose Trust
<b>Additions</b>	
Gifts and Contributions	\$ 14,650
Investment Earnings	300
	14,950
<i>Total Additions</i>	<i>14,950</i>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	44,807
	(29,857)
<i>Change in Net Position</i>	<i>(29,857)</i>
<i>Net Position Beginning of Year</i>	<i>83,716</i>
<i>Net Position End of Year</i>	<i>\$ 53,859</i>

See accompanying notes to the basic financial statements.



**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

**Note 1 – Description of the School District**

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 that provide services to community members and students.

***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units.

The following activities are included within the reporting entity:

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

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

The School District participates in the Summit Regional Health Care Consortium ("SRHCC"). This organization is presented in Note 9 to the basic financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

**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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The most significant of the School District's accounting policies are described below.

***A. Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

***Fund Financial Statements*** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the School District's only major governmental fund:

**General Fund** The general fund accounts 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.

**Building Fund** The building fund is used to account for the receipts and expenditures related to the construction and renovations of facilities of the School District being financed through debt proceeds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

**Proprietary Fund Type** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The following is the School District's only proprietary fund type:

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee vision benefits.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are private purpose trust funds and agency funds. The private purpose trust funds account for scholarships and the School District's agency funds account for student advance placement testing, Ohio High School Athletic Association tournaments, health insurance premiums, Consortium payments and student activities.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities. Private-purpose trust funds are reported using the economic resources management focus.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

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

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

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

***Deferred Inflows of Resources and Deferred Outflows of Resources*** - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, revenue in lieu of taxes, pension, and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 10).

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

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

***E. Pooled Cash and Investments***

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 Investments."

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

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 Financial Statements as "Cash and Cash Equivalents with Fiscal Agent."

The School District is also setting aside monies in a sinking fund investment account with Huntington Bank that will be used to fund the scheduled balloon payment on their 2011 Energy Conservation Improvement Bonds described in Note 13. These amounts are reported on the financial statements as "Cash and Cash Equivalents with Trustee."

The School District issued General Obligation Bonds in April 2017 as described in Note 13. The unspent proceeds relating to this issuance are held in investment accounts, as described in Note 5, and presented on the financial statements as "Investments in Segregated Accounts".

During fiscal year 2017, investments were limited to STAR Ohio, (the State Treasurer's Investment Pool), money market accounts, certificates of deposit, commercial paper and federal agency securities. Except for nonparticipating investment contracts, such as repurchase agreements, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Certificates of deposit are reported at fair value.

For presentation on the financial statements, 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 presented on the financial statements as cash. Investments with an initial maturity of more than three months are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$114,215 which includes \$19,667 assigned from other School District funds.

***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

***G. Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five 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.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	10 - 50 Years
Buildings and Improvements	25 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	5 - 20 Years

***H. Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB 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 employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

***I. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

***J. Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

***K. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***L. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.



**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***M. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues include charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

***N. Interfund Activity***

Transfers between governmental activities on the government-wide statements are eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

***O. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2017.

***P. 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.

***Q. Budgetary Data***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternative 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. Throughout the fiscal year, the primary level of budgetary control was at the fund level. Budgetary modifications may only be made by resolution of the Board of Education.

***Tax Budget*** Prior to January 15, the Superintendent and Treasurer submit to the Board 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*** The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2017.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

**Appropriations** A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at the legal 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 provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**Encumbrances** As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are included as an assignment of fund balance, for the general fund only, for the intended use of previously unassigned funds.

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

**Note 3 – Implementation of New Accounting Principles and Restatement of Fund Balance**

For the fiscal year ended June 30, 2017, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the School District's financial statements as the School District does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School District.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School District.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2017, the District re-evaluated the reporting of health, dental and vision expenses. This resulted in a reclassification between the general fund and the internal service fund.

	Internal Service Fund
Previously Reported Net Position	\$ 84,233
Reclassification of expenditures	(94,353)
Restated Net Position, June 30, 2016	\$ (10,120)

	Modified General Fund	Budget Basis General Fund
Previously Reported Fund Balance	\$ 24,264,047	\$ 19,794,913
Reclassification of expenditures	94,353	94,353
Prior year encumbrances appropriated	0	(3,540)
Restated Fund Balance, June 30, 2016	\$ 24,358,400	\$ 19,885,726

**Note 4 – Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance/net position 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund 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 and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

**Net Change in Fund Balance**

GAAP Basis	\$	(3,448,774)
Net Adjustment for Revenue Accruals		1,872,408
Net Adjustment for Expenditure Accruals		1,723,649
Funds Budgeted Elsewhere **		(5,103)
Adjustment for Encumbrances		<u>(649,135)</u>
Budget Basis	<u>\$</u>	<u>(506,955)</u>

\*\*As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform supplies fund, the unclaimed money fund, the public school support fund and the project link fund.

**Note 5 – Deposits and Investments**

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

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

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

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

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

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed two hundred seventy days from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's investment in repurchase agreement is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2 percent. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$12,283,998, which excludes \$500 cash on hand. The bank balance was \$12,564,002, which includes \$11,761 held by a fiscal agent for a coupon bond. Additionally, \$1,075,255 is held by a trustee for future bond payments.

Of the bank balance, \$250,000 was covered by depository insurance and \$12,314,002 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, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments**

Rating by S&P Global Ratings	Entity	Measurement Amount	Investment Maturities			Percentage of Total Investment
			Less than 1 Year	1 to 3 Years	More than 3 Years	
AAAm	STAR Ohio	\$ 4,303,878	\$ 4,303,878	\$ 0	\$ 0	4.86%
AAAm	Money Market	8,198,003	8,198,003	0	0	9.25%
A-1	Commercial Paper	32,182,980	32,182,980	0	0	36.31%
N/A	Negotiable Certificates of Deposit	11,267,667	3,959,357	7,308,310	0	12.70%
AA+	Federal Farm Credit	2,992,875	0	2,992,875	0	3.38%
AA+	Federal Home Loan Mortgage	5,285,727	499,070	4,786,657		5.96%
AA+	Federal Home Loan	20,245,714	1,514,439	18,731,275	0	22.84%
AA+	Federal National Mortgage	4,168,771	0	3,925,086	243,685	4.70%
		<u>\$ 88,645,615</u>	<u>\$ 50,657,727</u>	<u>\$ 37,744,203</u>	<u>\$ 243,685</u>	<u>100.00%</u>

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, the repurchase agreement is reported at cost and STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days.

**Concentration of Credit Risk:** The School District places no limit on the amount the School District may invest in any one issuer. Investments of the School District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity; a specific issue or a specific class of securities, strategies to achieve this are determined and revised periodically.

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.



**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

The School District receives property taxes from Summit County. The Fiscal Officer 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, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 in the general, debt service and permanent improvement funds was \$2,837,536, \$358,488, and \$132,637, respectively. The amount available for advance at June 30, 2016, in the general, debt service and permanent improvement funds was \$5,589,792, \$274,539, and \$264,537, respectively. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 884,331,210	97.41%	\$ 905,707,110	97.32%
Public Utility Personal Property	23,535,980	2.59%	24,976,890	2.68%
<b>Total</b>	<b>\$ 907,867,190</b>	<b>100.00%</b>	<b>\$ 930,684,000</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	<u>\$ 63.24</u>		<u>\$ 65.49</u>	

**Note 7 - Receivables**

Receivables at June 30, 2017, consisted of property taxes, accounts, accrued interest, interfund, revenue in lieu of taxes, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

**Note 8 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017
<b>Governmental Activities</b>				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 1,001,740	\$ 0	\$ 0	\$ 1,001,740
Construction in Progress	0	24,000	0	24,000
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,001,740</b>	<b>24,000</b>	<b>0</b>	<b>1,025,740</b>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	4,025,412	0	0	4,025,412
Buildings and Improvements	26,013,917	26,241	0	26,040,158
Furniture and Equipment	4,394,021	21,212	(6,142)	4,409,091
Vehicles	3,568,713	232,370	(136,706)	3,664,377
<b>Total Capital Assets, Being Depreciated</b>	<b>38,002,063</b>	<b>279,823</b>	<b>(142,848)</b>	<b>38,139,038</b>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(2,111,182)	(153,592)	0	(2,264,774)
Buildings and Improvements	(17,259,576)	(553,285)	0	(17,812,861)
Furniture and Equipment	(3,920,335)	(86,675)	6,142	(4,000,868)
Vehicles	(1,906,139)	(195,844)	136,706	(1,965,277)
<b>Total Accumulated Depreciation</b>	<b>(25,197,232)</b>	<b>(989,396) *</b>	<b>142,848</b>	<b>(26,043,780)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>12,804,831</b>	<b>(709,573)</b>	<b>0</b>	<b>12,095,258</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 13,806,571</b>	<b>\$ (685,573)</b>	<b>\$ 0</b>	<b>\$ 13,120,998</b>

\*Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$ 616,106
Special	3,100
<b>Support Services:</b>	
Instructional	26,511
Operation and Maintenance of Plant	135,643
Pupil Transportation	193,741
Food Service	3,784
Extracurricular Activities	10,511
<b>Total Depreciation</b>	<b>\$ 989,396</b>

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

**Note 9 – Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. For the 12 month period beginning August 1, 2016, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage (\$96,159,402 blanket combined building and personal property, \$5,000 deductible), for commercial auto coverage (\$1,000,000 combined single limit for bodily injury and property damage with a \$8,000,000 umbrella, \$500 comprehensive/\$1,000 collision deductible for vehicles, \$500 comprehensive/\$1,000 collision deductible for buses). Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant decrease in insurance coverage from the prior year.

***B. Workers' Compensation***

The School District pays the State Workers' Compensation system a premium based on a rate of \$0.49 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***C. Employee Vision Benefits***

Vision coverage is provided on a self-insured basis. 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 \$3,929 reported in the internal service fund at June 30, 2017, 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 estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

The School District joined the Summit Regional Health Care Consortium for health and dental insurance as of July 1, 2010. The School District remains self-insured for vision insurance only.

Changes in the fund's claims liability amount in 2017 and 2016 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2016	\$ 3,560	\$ 24,806	\$ 24,314	\$ 4,052
2017	\$ 4,052	\$ 23,454	\$ 23,577	\$ 3,929

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

***D. Health Insurance***

On July 1, 2010, the School District became a participant in the Summit Regional Health Care Consortium (“SRHCC”) for the purpose of obtaining benefits at a reduced premium for health and dental care. The program for health care is administered by Anthem Blue Cross and Blue Shield. Payments are made to the SRHCC for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal officer of the SRHCC is the Treasurer of the Copley Fairlawn City Schools. The fiscal agent pays Anthem monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges.

**Note 10 - Defined Benefit Pension Plans**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2017.

The School District’s contractually required contribution to SERS was \$653,952 for fiscal year 2017. Of this amount, \$43,246 is reported as an intergovernmental payable.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$2,351,203 for fiscal year 2017. Of this amount, \$386,092 is reported as an intergovernmental payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions***

The net pension liability was measured as of July 1 2016, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability was based on the employer’s share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Employer contributions were determined based on the 14 percent employer rate and total member contributions from employer payroll reports for the year ended June 30, 2016:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 47,941,792	\$ 10,686,621	\$ 58,628,413
Proportion of the Net Pension Liability:			
Current Measurement Date	0.14322520%	0.14601050%	
Prior Measurement Date	<u>0.14474776%</u>	<u>0.14849390%</u>	
Change in Proportionate Share	<u>-0.00152256%</u>	<u>-0.00248340%</u>	
 Pension Expense	 \$ 3,243,073	 \$ 1,014,209	 \$ 4,257,282

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District’s proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 1,937,080	\$ 144,138	\$ 2,081,218
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,980,456	881,491	4,861,947
Changes of Assumptions	0	713,390	713,390
School District Contributions Subsequent to the Measurement Date	<u>2,351,203</u>	<u>653,952</u>	<u>3,005,155</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 8,268,739</u></b>	<b><u>\$ 2,392,971</u></b>	<b><u>\$ 10,661,710</u></b>
<b>Deferred Inflows of Resources</b>			
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>\$ 799,739</u>	<u>\$ 205,228</u>	<u>\$ 1,004,967</u>

\$3,005,155 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2018	\$ 716,759	\$ 353,041	\$ 1,069,800
2019	716,758	352,404	1,069,162
2020	2,244,172	574,952	2,819,124
2021	<u>1,440,108</u>	<u>253,394</u>	<u>1,693,502</u>
	<b><u>\$ 5,117,797</u></b>	<b><u>\$ 1,533,791</u></b>	<b><u>\$ 6,651,588</u></b>

**Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.



**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among the disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The discount rate, assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the June 30, 2016 actuarial valuation. The rates of withdrawal, retirement and disability and mortality rates were also updated to more closely reflect actual experience.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
	100.00 %	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	\$ 14,148,421	\$ 10,686,621	\$ 7,788,951

**Actuarial Assumptions - STRS**

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected Salary Increase	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year, for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	<u>3.00</u>
	<u>100.00 %</u>	<u>7.61 %</u>

\*10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's Proportionate Share of the Net Pension Liability	\$ 63,710,746	\$ 47,941,792	\$ 34,639,750

***Changes Between Measurement Date and Report Date***

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's net pension liability is expected to be significant.

**Note 11 - Postemployment Benefits**

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

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2017, 2016, and 2015 were \$73,018, \$69,308 and \$105,726, respectively. For fiscal year 2017, the entire contribution is being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

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

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the School District did not contribute to health care in the last three fiscal years.

**Note 12 – Other Employee Benefits**

***A. Life Insurance***

The School District provides life insurance to employees through Lincoln Life in the amount of \$100,000 for administrators, twice the salary for the treasurer and superintendent capped at \$300,000, \$50,000 for all classified employees and \$50,000 for teachers.

***B. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work no less than 12 months, earn 10 to 25 days of vacation per year depending upon length of service. Employees with 15 years of service or more may carry over 5 unused vacation days with written approval. 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 295 days for certificated and classified employees. 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.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

**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. Those employees eligible to retire received \$10,000 for certified staff and \$7,000 for support staff in the first year of eligibility and \$4,000 for certificated and \$3,000 for support staff in any other year. For classified employee who retire in the first year of eligibility, the amounts are \$7,000 for 12 month employees and \$3,500 for 9 month employees.

**Note 13 - Long - Term Obligations**

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/2016	Additions	Reductions	Outstanding 6/30/2017	Amounts Due in One Year
<b>Governmental Activities:</b>					
<i>General Obligation Bonds:</i>					
Energy Conservation Improvement Bonds, Series 2011	\$ 3,225,768	\$ 0	\$ 0	\$ 3,225,768	\$ 0
2013 Bond Refunding 1.85%	1,340,000	0	1,340,000	0	0
2017 Series A Bond 2 -5%	0	59,700,000	0	59,700,000	3,000,000
Unamortized Bond Premium	0	5,972,299	124,423	5,847,876	0
2017 Series B Bond 2 -4%	0	8,200,000	0	8,200,000	50,000
Unamortized Bond Premium	0	130,332	2,924	127,408	0
<i>Total General Obligation Bonds</i>	<u>4,565,768</u>	<u>74,002,631</u>	<u>1,467,347</u>	<u>77,101,052</u>	<u>3,050,000</u>
<i>Bond Anticipation Note</i>					
2017 Series B Bond Anticipation Note	<u>0</u>	<u>8,500,000</u>	<u>8,500,000</u>	<u>0</u>	<u>0</u>
<i>Net Pension Liability</i>					
STRS	40,004,047	7,937,745	0	47,941,792	0
SERS	8,473,206	2,213,415	0	10,686,621	0
<i>Total Net Pension Liability</i>	<u>48,477,253</u>	<u>10,151,160</u>	<u>0</u>	<u>58,628,413</u>	<u>0</u>
Compensated Absences	2,192,939	380,844	20,753	2,553,030	208,205
Capital Leases	<u>0</u>	<u>1,430,979</u>	<u>360,908</u>	<u>1,070,071</u>	<u>354,594</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 55,235,960</u>	<u>\$94,465,614</u>	<u>\$ 10,349,008</u>	<u>\$139,352,566</u>	<u>\$ 3,612,799</u>

Compensated absences will be paid from various governmental funds, primarily the general and food service funds. The School District pays obligations related to employee compensation from the fund benefitting from their service.

*2017 Bond Anticipation Note*

In December 2016, the School District issued \$8,500,000 in bond anticipation notes for the purpose of new construction and building improvements throughout the School District. These bonds were issued with a premium of \$4,334. In April 2017, the bonds were refinanced on a long-term basis with the issuance of the 2017 Series B General Obligation Bonds, as described below.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

*2017 Series A General Obligation Bonds*

In April 2017 the School District issued \$59,700,000 in general obligation bonds. The proceeds of the bonds will be used for new construction and building improvements throughout the School District. The bonds were issued for a 30 year period with final maturity at December 1, 2045. These bonds were issued with a premium of \$5,972,299, which was recorded as revenue.

General obligation bonds are direct obligations of the School District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the School District.

The bonds will be retired from the debt service fund.

*2017 Series B General Obligation Bonds*

In April 2017 the School District issued \$8,200,000 in general obligation bonds. The proceeds of the bonds will be used for new construction and building improvements throughout the School District. The bonds were issued for a 28 year period with final maturity at December 1, 2043. These bonds were issued with a premium of \$130,332, which was recorded as revenue.

General obligation bonds are direct obligations of the School District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the School District.

The bonds will be retired from the debt service fund.

Principal and interest requirements to retire the 2017 general obligation bonds outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2018	\$ 3,050,000	3,065,675
2019	3,350,000	2,959,850
2020	1,620,000	2,877,200
2021	820,000	2,828,400
2022	890,000	2,790,000
2023-2027	6,140,000	13,141,250
2028-2032	8,700,000	11,354,125
2033-2037	11,705,000	9,079,500
2038-2042	15,595,000	5,916,750
2043-2046	16,030,000	1,645,375
	\$ 67,900,000	\$ 55,658,125

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

*2014 General Obligation Bond Refunding*

In September 2014 the School District issued \$3,910,000 in refunded general obligation bonds. The proceeds of the bonds were used to refund \$3,910,000 of the School District's remaining callable 2003 school improvement bonds. The bonds were issued for a 3 year period with final maturity at December 1, 2016. At the date of the refunding, \$4,012,637 was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. This bond matured in fiscal year 2017.

These refunding bonds were issued with a premium of \$51,557, which was recorded as revenue. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$259,523. The issuance resulted in an economic gain of \$254,446.

General obligation bonds are direct obligations of the School District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the School District.

These general obligation bonds were retired within the debt service fund.

*2011 Energy Conservation Improvement Bonds*

In fiscal year 2012, the School District issued \$3,225,768 in federally taxable, Qualified School Construction Bonds for the purpose of energy conservation improvements to district buildings. The bonds were issued as all current interest sinking fund bonds and will mature in the principal amount on December 1, 2026 and bear an interest rate of 5.14 percent. The bonds are subject to mandatory sinking fund requirements each year on December 1, 2012 through 2025 in the amount of \$215,051.

The bonds maturing on and after December 1, 2022 are subject to prior redemption by and at the sole option of the School District, in whole or in part, on or after December 1, 2021, at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date.

The bonds shall be subject to extraordinary optional redemption, by and at the sole option of the School District, in whole or in part on any date at a redemption price of 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, in the event that the direct payments cease or are reduced.

Principal and interest requirements to retire energy conservation bonds outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30,	2011 QSCB Bond	
	Principal	Interest
2018	\$ 0	\$ 165,804
2019	0	165,804
2020	0	165,804
2021	0	165,804
2022	0	165,804
2023-2027	3,225,768	746,126
	\$ 3,225,768	\$ 1,575,146



**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

**Note 14 – Leases**

**A. Operating Leases**

In prior years, the School District (the “Lessee”) has entered into an operating lease for a five year period commencing on February 15, 2012. The lease is with MT Business Technologies (the “Lessor”) for 18 copiers. Current year lease payments were \$57,979. The cost of the copiers should be recognized on the straight-line basis over the term of the lease because no economic justification can be offered for the lease payments. The lease payments are paid from the general and auxiliary services funds. This lease ended in June 2017 with the final payment of \$15,212 being made in July 2017.

The School District (the “Lessee”) has entered into a new operating lease for a three year period commencing on June 28, 2017. The lease is with MT Business Technologies (the “Lessor”) for 19 copiers. The cost of the copiers should be recognized on the straight-line basis over the term of the lease because no economic justification can be offered for the lease payments. The lease payments will be paid from the general and auxiliary services funds beginning in fiscal year 2018.

The following is a schedule of future minimum lease payments required under the lease as of June 30, 2017.

			Total Payments
Fiscal year ending June 30,	2018	\$	51,000
	2019		61,200
	2020		61,200
	2021		10,200
Total lease payments		\$	183,600

**B. Capital Lease**

The School District has entered into a lease with Apple, Inc. for the acquisition of laptops and software. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures for the general fund in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The assets acquired by this lease have not been capitalized because they do not meet the School District’s per item capitalization threshold.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2017:

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

		Capital Leases
Fiscal Year Ending June 30,	2018	\$ 360,908
	2019	360,908
	2020	360,908
		1,082,724
Less: Amount Representing Interest		(12,653)
Present Value of Minimum Lease Payments		\$ 1,070,071

**Note 15 - Interfund**

***A. Interfund Transfers***

Transfers made during fiscal year 2017 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 223,000
Nonmajor Governmental Funds	223,000	0
Total	\$ 223,000	\$ 223,000

These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

***B. Interfund Receivable/Payable***

Interfund receivable/payables at June 30, 2017 consisted of the following:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 31,598	\$ 0
Nonmajor Governmental Funds	0	31,598
Total	\$ 31,598	\$ 31,598

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2017, all interfund loans outstanding are anticipated to be repaid in fiscal year 2018.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

**Note 16 - Jointly Governed Organizations**

***A. Northeast Ohio Network for Educational Technology***

The Northeast Ohio Network for Educational Technology (NEOnet) is a jointly governed organization comprised of 30 school districts. 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 for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of the chairman of each operating committee and membership from the members. There are a total of 9 board members, 3 of which are Treasurers. Financial information can be obtained by contacting the Treasurer NEOnet which serves as fiscal agent, located at 700 Graham Road, Cuyahoga Falls, Ohio 44221. During the fiscal year ended June 30, 2017, the School District paid \$175,315 to NEOnet for basic service charges.

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

The Cuyahoga Valley Career Center (Career Center), a joint vocational school, is a jointly governed organization operated under a nine 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 but does receive property taxes based on member district's valuations. 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. Ohio Schools Council (Council)***

The Ohio Schools Council (Council) is a jointly governed organization among 210 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, 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

**Note 17 – Contingencies and Significant Commitments**

***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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

---

***B. Litigation***

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

***C. School District Funding***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

***D. Encumbrance Commitments***

Outstanding encumbrances for governmental funds include \$502,319 in the general fund and \$123,128 in the non-major governmental funds.

**Note 18 - Set-Asides**

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

The following cash basis information describes the change in the year end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvement Reserve
Set-Aside Restricted Balance as of June 30, 2016	\$ 0
Current Year Set-Aside Requirement	463,198
Current Year Offsets	(1,684,846)
Total	\$ (1,221,648)
Balance Carried Forward to Fiscal Year 2018	\$ 0
Set-Aside Reserve Balance June 30, 2017	\$ 0

For the capital improvement reserve, current year offsets exceeding the set aside requirement may not be carried forward to the next fiscal year.

**Revere Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2017*

**Note 19 – Fund Balance**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for:				
Unclaimed Funds	\$ 7,338	\$ 0	\$ 0	\$ 7,338
Restricted for:				
Debt Service	1,075,255	0	7,632,789	8,708,044
Capital Outlay	0	68,260,570	4,146,112	72,406,682
Special Education	0	0	973	973
Other Purposes	0	0	233,971	233,971
Total Restricted	<u>1,075,255</u>	<u>68,260,570</u>	<u>12,013,845</u>	<u>81,349,670</u>
Committed to:				
Other Purposes	0	0	1,120	1,120
Total Committed	<u>0</u>	<u>0</u>	<u>1,120</u>	<u>1,120</u>
Assigned for:				
Encumbrances:				
Instruction	74,552	0	0	74,552
Support Services	423,241	0	0	423,241
Extracurricular	4,526	0	0	4,526
Other Purposes	225,262	0	0	225,262
Total Assigned	<u>727,581</u>	<u>0</u>	<u>0</u>	<u>727,581</u>
Unassigned (Deficit)	<u>19,099,452</u>	<u>0</u>	<u>(63,163)</u>	<u>19,036,289</u>
Total Fund Balance (Deficit)	<u>\$ 20,909,626</u>	<u>\$ 68,260,570</u>	<u>\$ 11,951,802</u>	<u>\$ 101,121,998</u>

Fund balances at June 30, 2017 included fund deficits in the food service and the IDEA Part B funds in the amount of \$46,425 and \$16,738, respectively.

The deficits in these governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit and will provide transfers when cash is required, not when accruals occur.

**Note 20 – Subsequent Event**

The School District refunded \$50,220,000 of school facilities improvement bonds on December 12, 2017.

This page intentionally left blank

**Revere Local School District**  
**Summit County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*Last Four Fiscal Years (1)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net Pension Liability	0.14322520%	0.14474776%	0.14616303%	0.14616303%
School District's Proportionate Share of the Net Pension Liability	\$ 47,941,792	\$ 40,004,047	\$ 35,551,907	\$ 42,349,199
School District's Covered Payroll	\$ 13,181,886	\$ 15,940,086	\$ 16,376,823	\$ 14,818,238
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	363.69%	250.97%	217.09%	285.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net Pension Liability	0.14601050%	0.14849390%	0.15067000%	0.15067000%
School District's Proportionate Share of the Net Pension Liability	\$ 10,686,621	\$ 8,473,206	\$ 7,625,323	\$ 8,959,861
School District's Covered Payroll	\$ 4,199,293	\$ 4,728,141	\$ 5,189,986	\$ 4,511,980
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	254.49%	179.21%	146.92%	198.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

**Notes:**

***School Employees Retirement System (SERS)***

*Changes of Benefit Terms:* None.

*Changes of Assumptions:* Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

**Revere Local School District**  
**Summit County, Ohio**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 2,351,203	\$ 1,845,464	\$ 2,231,612	\$ 2,128,987
Contributions in Relation to the Contractually Required Contribution	<u>(2,351,203)</u>	<u>(1,845,464)</u>	<u>(2,231,612)</u>	<u>(2,128,987)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 16,794,307	\$ 13,181,886	\$ 15,940,086	\$ 16,376,823
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 653,952	\$ 587,901	\$ 623,169	\$ 719,332
Contributions in Relation to the Contractually Required Contribution	<u>(653,952)</u>	<u>(587,901)</u>	<u>(623,169)</u>	<u>(719,332)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 4,671,086	\$ 4,199,293	\$ 4,728,141	\$ 5,189,986
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%



<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,926,371	\$ 1,911,371	\$ 2,031,439	\$ 2,036,111	\$ 1,978,736	\$ 1,872,080
<u>(1,926,371)</u>	<u>(1,911,371)</u>	<u>(2,031,439)</u>	<u>(2,036,111)</u>	<u>(1,978,736)</u>	<u>(1,872,080)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 14,818,238	\$ 14,702,854	\$ 15,626,454	\$ 15,662,392	\$ 15,221,046	\$ 14,400,615
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ 624,458	\$ 594,319	\$ 548,528	\$ 637,453	\$ 405,032	\$ 425,672
<u>(624,458)</u>	<u>(594,319)</u>	<u>(548,528)</u>	<u>(637,453)</u>	<u>(405,032)</u>	<u>(425,672)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 4,511,980	\$ 4,418,729	\$ 4,363,787	\$ 4,707,925	\$ 4,116,179	\$ 4,334,745
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Grant Year</b>	<b>Total Federal Receipts</b>	<b>Non-Cash Receipts</b>	<b>Total Federal Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
National School Lunch Program	10.555	2017	\$ 95,718	\$ 40,598	\$ 95,718	\$ 40,599
Total Child Nutrition Cluster			95,718		95,718	40,599
<b>Total U.S. Department of Agriculture</b>			<u>95,718</u>	<u>40,598</u>	<u>95,718</u>	<u>40,599</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies Cluster:						
Title I Grants to Local Educational Agencies	84.010	2017	159,510	-	111,174	-
Title I Grants to Local Educational Agencies	84.010	2016	136,636	-	114,312	-
Total Title I Grants to Local Educational Agencies			296,146		225,486	
Special Education Cluster:						
Special Education Grants to States	84.027	2017	568,987	-	600,585	-
Special Education Grants to States	84.027	2016	172,043	-	77,322	-
IDEA Early Childhood Special Education	84.173	2016	10,225	-	10,225	-
Total Special Education Grants to States			751,255		688,132	
English Language Acquisition Grant						
Total English Language Acquisition Grant	84.365	2016				
Improving Teacher Quality State Grants						
Improving Teacher Quality State Grants	84.367	2017	46,328	-	46,328	-
Improving Teacher Quality State Grants	84.367	2016	14,800	-	11,840	-
Total Improving Teacher Quality State Grants			61,128	-	58,168	-
<b>Total U.S. Department of Education</b>			<u>1,108,529</u>	<u>-</u>	<u>971,786</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$1,204,247</u>	<u>\$ 40,598</u>	<u>\$1,067,504</u>	<u>\$ 40,599</u>

*The accompanying notes are an integral part of this schedule.*

**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED June 30, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Revere Local School District (the District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2017 to 2018 programs:

<b>Program Title</b>	<b>CFDA Number</b>	<b>Amt. Transferred</b>
Title I Grants to Local Educational Agencies	84.010	\$ 92,937
Special Education - Grants to States	84.027	\$ 128,647
Improving Teacher Quality	84.367	\$ 16,451



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Revere Local School District  
Summit County  
3496 Everett Road  
Richfield, Ohio 44286

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Revere Local School District, Summit County, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2018, wherein we noted the District restated its fund balance within the General and Internal Service Funds due to the re-evaluation of health, dental and vision expenses reporting. We did not modify our opinion regarding this matter.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 18, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Revere Local School District  
Summit County  
3496 Everett Road  
Richfield, Ohio 44286

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Revere Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Revere Local School's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Major Federal Program***

In our opinion, the Revere Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 18, 2018



**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2017**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR §200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Grants to States Cluster – CFDA # 84.027 and #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

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

None

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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  
FEBRUARY 13, 2018