



Mary Taylor, CPA
Auditor of State

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	17
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual General Fund.....	19
Statement of Net Assets Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Fund	21
Statement of Cash Flows Proprietary Fund	22
Statement of Fiduciary Net Assets Fiduciary Funds	23
Statement of Changes in Fiduciary Net Assets Fiduciary Funds	24
Notes to the Basic Financial Statements	25
Federal Awards Receipts and Expenditures Schedule.....	51
Notes to the Federal Awards Receipts and Expenditures Schedule	52
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	55
Schedule of Findings.....	57

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Revere Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Revere Local School District, Summit County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Robert R. Hinkle, CPA
Chief Deputy Auditor

November 5, 2010

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(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, 2010. 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 2010 are as follows:

- General Revenues accounted for \$32.7 million in revenue or 91% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3.3 million or 9% of total revenues of \$36 million.
- Total program expenses for governmental activities were \$35.3 million.
- Net assets increased \$.7 million or 3% over 2009.
- Outstanding bonded debt and related liabilities decreased from \$9.6 million to \$8.6 million through the payment of bond principal.

Using this Annual Report

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and fund financial statements.

The *Statement of Net Assets* 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 highlight the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Revere Local School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains 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 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* excluding fiduciary funds 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.

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets 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

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

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 Assets and the Statement of Activities, the School District activities are reported as governmental:

- Governmental Activities - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is the School District's only major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 15.

Proprietary Funds - 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 health insurance benefits and it has been included within the governmental activities in the government-wide financial statements.

The proprietary fund financial statements begin on page 20.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements begin on page 23.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2010 compared to 2009:

(Table 1)
Net Assets

	Governmental Activities	
	2010	2009
Assets		
Current and Other Assets	\$ 44,796,571	\$ 45,494,186
Capital Assets	17,720,623	16,881,011
Total Assets	62,517,194	62,375,197
Liabilities		
Long-Term Liabilities	11,178,472	11,802,086
Current and Other Liabilities	27,039,920	26,979,711
Total Liabilities	38,218,392	38,781,797
Net Assets		
Invested in Capital		
Assets Net of Related Debt	9,716,237	7,824,345
Restricted	2,742,566	2,917,232
Unrestricted	11,839,999	12,851,823
Total Net Assets	\$ 24,298,802	\$ 23,593,400

Total assets increased \$.1 million and current liabilities increased \$.06 million from fiscal year 2009. Long term liabilities, consisting mostly of debt obligations, decreased by \$.6 million through principal payments. Net assets increased \$.7 million or 3% over fiscal year 2009. An increase in capital assets of \$.8 million represents additional purchases exceeding depreciation.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Table 2 shows the changes in net assets for fiscal year 2010 compared to 2009.

(Table 2)
Governmental Activities

	2010	2009
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,478,499	\$ 1,089,363
Operating Grants	1,563,283	1,110,404
Capital Grants	216,395	0
<i>General Revenue:</i>		
Property Taxes	25,134,505	25,282,586
Grants and Entitlements	7,362,489	6,970,572
Other	234,993	535,129
Total Revenues	35,990,164	34,988,054
 Program Expenses		
Instruction	19,389,117	19,244,971
Support Services	13,127,277	12,396,260
Operation of Non-Instructional	281,501	274,345
Extracurricular Activities	1,179,508	1,077,207
Food Services	883,003	774,313
Interest and Fiscal Charges	424,356	538,329
Total Expenses	35,284,762	34,305,425
 Increase in Net Assets	 \$ 705,402	 \$ 682,629

Revenues increased \$1 million or 2.9% over fiscal year 2009 with intergovernmental revenues and charges for services accounting for that increase. Support service expenses showed a 5.9% increase over fiscal year 2009 while the other expenses remained fairly stable.

Governmental Activities

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. All governmental activity had total revenues of \$36 million and expenses of \$35.3 million.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

(Table 3)
Governmental Activities

	2010		2009	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 19,389,117	\$ 18,632,054	\$ 19,244,971	\$ 18,823,075
Support Services:				
Pupil and Instructional Staff	2,810,808	2,223,606	2,435,597	2,029,504
Board of Education, Administration Fiscal and Business	3,911,498	3,835,387	3,616,549	3,616,549
Operation and Maintenance of Plant	3,895,831	3,880,086	4,000,082	3,981,482
Pupil Transportation and Central	2,509,140	2,277,307	2,344,032	2,335,608
Operation of Non-Instructional Services and Food Service Operations	1,164,504	40,564	1,048,658	(61,121)
Extracurricular Activities	1,179,508	713,225	1,077,207	842,232
Interest and Fiscal Charges	424,356	424,356	538,329	538,329
Total	\$ 35,284,762	\$ 32,026,585	\$ 34,305,425	\$ 32,105,658

Instruction and pupil and instructional support services comprise the majority of governmental program expenses totaling \$22.2 million or 62.9%. Interest/Fiscal charges were 1.2%. Interest expense was attributable to the outstanding bonds, and fiscal expenses include payments to the County Fiscal Officer for administrative fees. Administrative expenses and operation and maintenance of the facilities accounts for \$7.8 million or 22.1% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. 91% of expenses are not supported by program specific revenues. The community, as a whole, is by far the primary support for Revere Local School District students.

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School District's net resources available for spending at year-end.

The School District's governmental funds (as presented on the balance sheet on page 15) reported a total fund balance of \$15.3 million, which is \$1.4 million or 8.4% under last year's balance of \$16.7 million. The most significant change within the School District's funds was reported in the major General fund with a decrease in fund balance of \$1.2 million.

Major Fund

The general fund is the main operating fund of the School District. At the end of fiscal year 2010, the fund balance in the general fund was \$12.5 million. Tax revenue decreased from fiscal year 2009 by \$4 million. Expenditures increased \$2 million over fiscal year 2009 mostly in the instructional area. The decrease in fund balance remained fairly consistent with fiscal year 2009.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

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, which is designed to tightly control total expenditures but provide flexibility for administrators at the building level. Total expenditures in the general fund were 5.2% or \$1.7 million under the final budget adopted by the Board of Education. The most significant favorable variance occurred in regular and special instruction. For the general fund, original budget basis revenue was \$29.1 million compared to the final budget of \$30.2 million with a significant difference in taxes which went down \$2.5 million and intergovernmental revenue which went up by \$3.4 million.

A detailed Statement of Revenue and Expenditures report is prepared by the Treasurer's Office annually for the Board of Education and Administrative Team. This report is utilized to present the annual budget for approval and to track historical performance. The budget to actual reports, SM1 and SM2, are the budgetary tools used for revenue/expenditure analysis and tracking during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the School District had \$17.7 million invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles for the governmental activities. Table 4 shows fiscal year 2010 balances compared with 2009 net of depreciation.

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

	<u>2010</u>	<u>2009</u>
Land and Construction in Progress	\$ 1,900,942	\$ 2,244,038
Land Improvements	2,540,547	1,159,713
Buildings and Improvements	11,528,465	12,060,746
Furniture and Equipment	856,392	704,056
Vehicles	<u>894,277</u>	<u>712,458</u>
Totals	<u>\$ 17,720,623</u>	<u>\$ 16,881,011</u>

The \$.8 million increase in capital assets was attributable to additional purchases exceeding depreciation expense. For additional information, see Note 8.

Debt

At June 30, 2010, the School District had \$8.2 million in bonds outstanding and \$.4 million in unamortized bond premiums with \$1.1 million due within one year. During fiscal year 2010, \$1.1 million of general obligation bonds were retired. Table 5 summarizes bonds outstanding.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

(Table 5)
Outstanding Debt, at June 30

	2010	2009
General Obligation Bonds:		
Bond Refunding	\$ 7,210,000	\$ 8,240,000
Capital Appreciation Bonds	599,880	599,880
Accretion on Capital		
Appreciation Bonds	341,556	278,493
Unamortized Bond Premiums	416,745	483,424
Totals	\$ 8,568,181	\$ 9,601,797

In October 2003, based upon a favorable interest rate environment, the School District refinanced the majority of the bonds. In a refinance transaction the original term and current dollar amount of bonds cannot exceed the original issuance. The savings to the constituents of the School District through the refinance transaction was \$1.8 million. Through the refinance transaction the School District's bond rating was upgraded from Baa1 to A2 from Moody's rating committee.

The School District's legal debt margin for fiscal year 2010 was \$80,989,409. See Note 13 for additional information.

Current Issues

Under the prior funding model, the Revere Local School District was a "zero percent" State share district and received State funding on what is called the funding guarantee up until the new biennium budget which became effective July 1, 2009. The funding guarantee payment was fixed and represented only 4.30 % of general fund revenue if excluding the transportation reimbursement component of \$649,000. This prior status, as a zero share district, was assigned to the School District because of high property values. In the funding formula property values were divided by student enrollment which results in a valuation figure on a per pupil basis. The School District's valuation per pupil at \$350,000 is significantly above the State average. The assessed property values for calendar year 2009 payable in 2010 are \$982,180,740. The ramifications associated with being a "zero percent" school district are extremely detrimental as it relates to the amount of funding received from the State. The major ramifications are as follows: our State funding was capped without needed increases to offset inflationary pressures, we received no new money as new students enter the School District, there was no supplemental funding for special needs students and the funding burden was shifted to local tax payers instead of being a shared responsibility with the State.

Understanding where we have been related to school funding is important to the understanding of where we are today under the new funding formula. The legislature implemented a new school funding model called an Evidence Based Model (EBM). The EBM links funding to a design that defines how a model effective school should be structured regarding staffing from administrators to teacher ratios to support staff. With the new EBM the funding side is referred to as the PASS formula. Under the PASS funding model the guarantee which prevented our meager payment from the State from being eroded and which held us harmless, has been eliminated. In addition, there is a funding multiplier which takes revenue away from the district when compared to the prior years' assistance from the State of Ohio under the prior funding model. This multiplier is derived at by using statistics related to poverty levels, the number of

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

people in the community with higher education degrees, property values and average Federal income. Since our poverty level is lower than most districts and we rank high in the other categories we lose money. That loss is projected to be \$767,000 when fully implemented. Weighing heavily on the revenue assumptions is the legislature's ability to further modify the payment to Revere and other schools state wide based upon the poor economic health of the State of Ohio and our State's severe economic downturn.

The name of the State's school funding formula may change but the impact remains the same, actually worse, based upon the socio-economic profile of the Revere Local School District.

The School District continues to receive strong 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 property taxpayers. The last operating levy for new money passed by the residents of the School District was a 6.9 mill, fixed term, five year Emergency Levy in August 2001. That levy generates \$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. At the time of passage in 2001 it was projected that this levy would provide adequate operating revenue to support district operations, without any additional new levies, through fiscal year 2004. Based upon the current five year forecast this levy will support current operations through fiscal year 2012 at which time new money will be needed. This emergency levy was placed on the ballot in November of 2005 for renewal and was approved overwhelmingly with a vote of 2 to 1. The most recent five year forecast approved in August of 2010 and the related assumptions indicate that the School District will request a new operating levy in calendar year 2010 with a collection effective in calendar year 2011, at 4.85 mills. This would first impact fiscal year 2011 with an approximate 50% collection or half year of revenue on that levy. It must be noted that the School District has been able to stretch out its levy cycle, the time span between requests for new money, to over ten years which is unprecedented based upon the school funding model in Ohio. This was accomplished through effective budget management as well as continuous growth in the School District's property tax base.

Another huge uncertainty contained within the EBM relates to the mandatory implementation of all day kindergarten. This one unfunded mandate alone when combined with other unfunded educational programming changes contained in the evidence based model impose significant budgetary constraints' which would ultimately become the responsibility of the local taxpayer to fund as opposed to the State of Ohio. With the introduction of the EBM the debate over how to fund our schools still continues although it appears as if the debate from the programmatic side may be resolved. Any reader of these financial statements must also be cognizant of the significant economic decline facing our country and most significantly the State of Ohio. Only with the introduction of Federal Stimulus money by the State of Ohio, which was re-directed to prop up public schools and based upon significant cuts in other sectors has our State been able to maintain some sense of status quo of the services heretofore provided at the State level.

With House Bill 920 (passed in 1976) current levies do not provide inflationary revenue growth as valuation increases with the exception of inside millage and new construction. As an example, a homeowner with a home valued at \$100,000 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 (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. The impact of HB 920 is negated when the School District falls to what is referred to as the 20 Mill Floor. Based on property value increases due to re-appraisal, the Revere LSD has moved to the 20 mill floor on residential property classes but not on all classes of property. Consequently, the School District has initiated an informational campaign to explain this phenomenon to its constituents. The re-appraisal conducted in Summit County in 2008 resulted in a

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

slight increase in value rather than the anticipated loss which will have favorable ramifications in regard to the 20 mill floor concept touched on above.

Thus, as a School District heavily dependent upon property taxes, we are hampered by a lack of revenue growth yet faced with annual increases in cost that cannot be controlled (health care, utilities, negotiated agreements, fuel costs) and must return to the voters to maintain the current level of service as a high academic achieving district. Property taxes and reimbursements make up 88% of revenues for governmental activities for the School District in fiscal year 2010. Within the frame work of both short range and long range planning, management has diligently worked to control expenses and reduce costs where possible. With this effort we have been able to extend the period of time before which a new operating levy will be placed on the ballot. The ability to control costs is made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, national health care trends and the unfunded mandates associated with the new Evidenced Based Funding Model.

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 even under the EBM. The number of school systems on the ballot grows each year which is symptomatic of the root problems in school funding in Ohio.

As discussed above the Revere Local School District does not anticipate any meaningful growth in income from State revenue but rather will experience a significant loss in revenue. Under the new biennium budget the State is re-allocating resources based upon each district's property wealth. This will have a significant impact on the Revere Local School District. How the legislature plans to fund educational programs with a revised tax structure under HB 66 and a weakened economy remains a concern especially when federal subsidies expire. This concern is further heightened by the real estate market both regionally and nationally especially in light of the School District's over reliance on property tax values.

All scenarios require management 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 it's 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 the Treasurer of Revere Local School District, P.O. Box 340, Bath, OH 44210.

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Revere Local School District

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$ 18,545,710
Cash and Cash Equivalents:	
With Fiscal Agents	11,761
Receivables:	
Taxes	25,819,511
Interest	12,922
Intergovernmental	176,807
Deferred Charge - Issuance Costs	229,860
Nondepreciable Capital Assets	1,900,942
Depreciable Capital Assets (Net)	<u>15,819,681</u>
<i>Total Assets</i>	<u>62,517,194</u>
Liabilities	
Accounts Payable	278,641
Accrued Wages and Benefits	2,842,197
Vacation Benefits Payable	76,971
Intergovernmental Payable	872,055
Deferred Revenue	22,483,036
Matured Bonds Payable	10,000
Matured Interest Payable	1,761
Accrued Interest Payable	28,836
Claims Payable	229,632
Matured Compensated Absences	216,791
Long Term Liabilities:	
Due Within One Year	1,422,749
Due In More Than One Year	<u>9,755,723</u>
<i>Total Liabilities</i>	<u>38,218,392</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	9,716,237
Restricted for:	
Capital Outlay	1,888,256
Debt Service	744,370
Other Purposes	109,940
Unrestricted	<u>11,839,999</u>
<i>Total Net Assets</i>	<u>\$ 24,298,802</u>

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$ 15,078,494	\$ 478,555	\$ 225,631	\$ 0	\$ (14,374,308)
Special	1,454,904	0	52,877	0	(1,402,027)
Vocational	446,763	0	0	0	(446,763)
Student intervention services	1,447,523	0	0	0	(1,447,523)
Other	961,433	0	0	0	(961,433)
Support services:					
Pupils	1,548,753	0	292,999	0	(1,255,754)
Instructional staff	1,262,055	0	294,203	0	(967,852)
Board of education	367,650	0	0	0	(367,650)
Administration	2,451,911	0	76,111	0	(2,375,800)
Fiscal	1,029,634	0	0	0	(1,029,634)
Business	62,303	0	0	0	(62,303)
Operation and maintenance of plant	3,895,831	6,600	9,145	0	(3,880,086)
Pupil transportation	2,233,841	0	226,613	0	(2,007,228)
Central	275,299	0	5,220	0	(270,079)
Operation of non-instructional services	281,501	128,952	277,591	0	125,042
Food service operations	883,003	634,926	82,471	0	(165,606)
Extracurricular activities	1,179,508	229,466	20,422	216,395	(713,225)
Interest and fiscal charges	424,356	0	0	0	(424,356)
<i>Total Governmental Activities</i>	<u>\$ 35,284,762</u>	<u>\$ 1,478,499</u>	<u>\$ 1,563,283</u>	<u>\$ 216,395</u>	<u>(32,026,585)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	22,880,826
Debt Service	1,179,442
Capital Outlay	1,074,237
Grants and Entitlements not Restricted to Specific Programs	
	7,362,489
Investment Earnings	147,228
Miscellaneous	87,765
Total General Revenues	32,731,987
Change in Net Assets	705,402
Net Assets Beginning of Year	23,593,400
Net Assets End of Year	\$ 24,298,802

See accompanying notes to the basic financial statements.

Revere Local School District

Balance Sheet

Governmental Funds

June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Investments	\$ 14,147,919	\$ 2,577,554	\$ 16,725,473
Cash and Cash Equivalents:			
With Fiscal Agents	0	11,761	11,761
Receivables:			
Taxes	23,265,924	2,553,587	25,819,511
Interest	12,922	0	12,922
Intergovernmental	38,119	138,688	176,807
<i>Total Assets</i>	<u>\$ 37,464,884</u>	<u>\$ 5,281,590</u>	<u>\$ 42,746,474</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 244,447	\$ 23,131	\$ 267,578
Accrued Wages and Benefits	2,797,899	44,298	2,842,197
Intergovernmental Payable	838,505	33,550	872,055
Deferred Revenue	20,822,573	2,413,838	23,236,411
Matured Compensated Absences	214,623	2,168	216,791
Matured Bonds Payable	0	10,000	10,000
Matured Interest Payable	0	1,761	1,761
<i>Total Liabilities</i>	24,918,047	2,528,746	27,446,793
Fund Balances			
Fund Balance:			
Reserved for Encumbrances	602,566	22,013	624,579
Reserved for Tax Revenue Unavailable for Appropriation	2,481,470	278,437	2,759,907
Unreserved, Undesignated, Reported in:			
General Fund	9,462,801	0	9,462,801
Special Revenue Funds	0	123,359	123,359
Debt Service Fund	0	598,220	598,220
Capital Projects Funds	0	1,730,815	1,730,815
<i>Total Fund Balances</i>	<u>12,546,837</u>	<u>2,752,844</u>	<u>15,299,681</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 37,464,884</u>	<u>\$ 5,281,590</u>	<u>\$ 42,746,474</u>

See accompanying notes to the basic financial statements.

Revere Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities*
 June 30, 2010

Total Governmental Fund Balances		\$ 15,299,681
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,720,623
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 176,807	
Delinquent Property Taxes	576,568	
Refunding Issuance Costs - Deferred Charges	229,860	983,235
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(7,210,000)	
Capital Appreciation Bonds	(599,880)	
Unamortized Premium	(416,745)	
Accretion on Capital Appreciation Bonds	(341,556)	
Capital Lease Payable	(7,621)	
Compensated Absences	(2,602,670)	
Accrued Interest Payable	(28,836)	
Vacation Benefits Payable	(76,971)	(11,284,279)
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 assets.		1,579,542
Net Assets of Governmental Activities		\$ 24,298,802

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 22,529,647	\$ 2,461,607	\$ 24,991,254
Intergovernmental	6,990,154	1,903,005	8,893,159
Investment income	147,123	106	147,229
Tuition and fees	353,933	128,953	482,886
Extracurricular activities	9,364	219,558	228,922
Rentals	86,504	6,600	93,104
Charges for services	1,448	634,927	636,375
Gifts and donations	0	237,362	237,362
Miscellaneous	31,721	10,043	41,764
<i>Total Revenues</i>	<u>30,149,894</u>	<u>5,602,161</u>	<u>35,752,055</u>
Expenditures:			
Current:			
Instruction:			
Regular	14,274,540	322,939	14,597,479
Special	1,415,083	180,892	1,595,975
Vocational	467,968	0	467,968
Student intervention services	1,357,828	0	1,357,828
Other	949,904	11,529	961,433
Support services:			
Pupils	1,315,643	248,077	1,563,720
Instructional staff	1,185,855	276,334	1,462,189
Board of education	367,650	0	367,650
Administration	2,274,678	77,531	2,352,209
Fiscal	979,521	38,039	1,017,560
Business	62,303	0	62,303
Operation and maintenance of plant	3,450,411	1,575,546	5,025,957
Pupil transportation	2,057,911	331,396	2,389,307
Central	264,829	5,220	270,049
Operation of non-instructional services:			
Community services	0	281,501	281,501
Food service operations	0	879,787	879,787
Extracurricular Activities	830,995	281,484	1,112,479
Capital Outlay	3,600	5,000	8,600
Debt service:			
Principal retirement	12,459	1,030,000	1,042,459
Interest and fiscal charges	870	361,488	362,358
<i>Total Expenditures</i>	<u>31,272,048</u>	<u>5,906,763</u>	<u>37,178,811</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,122,154)	(304,602)	(1,426,756)
Other Financing Sources (Uses):			
Transfers in	0	102,000	102,000
Proceeds from Sale of Capital Assets	580	0	580
Inception of Capital Lease	20,080	0	20,080
Transfers out	(102,000)	0	(102,000)
<i>Total Other Financing Sources and (Uses)</i>	<u>(81,340)</u>	<u>102,000</u>	<u>20,660</u>
<i>Net Change in Fund Balance</i>	(1,203,494)	(202,602)	(1,406,096)
<i>Fund balance (deficit) at beginning of year</i>	<u>13,750,331</u>	<u>2,955,446</u>	<u>16,705,777</u>
<i>Fund balance (deficit) at end of year</i>	<u>\$ 12,546,837</u>	<u>\$ 2,752,844</u>	<u>\$ 15,299,681</u>

See accompanying notes to the basic financial statements.

Revere Local School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds	\$	(1,406,096)
 <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. This is the amount by which additions exceeded depreciation in the current period.		
Capital Asset Additions	\$ 1,779,943	
Current Year Depreciation	<u>(940,331)</u>	839,612
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Grants	94,863	
Delinquent Property Taxes	<u>143,246</u>	238,109
 The issuance of a long term lease provides current financial resources to governmental funds and is, therefore, not reported as revenue in the statement of activities.		
		(20,080)
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal	1,030,000	
Capital Lease	<u>12,459</u>	1,042,459
 Some expenses reported in the statement of net activities do not use the current financial resources and therefore are not reported as expenditures in governmental funds.		
(Increase) Decrease in Bond Accretion	(63,063)	
(Increase) Decrease in Bond Premium Amortization	66,679	
Increase (Decrease) in Amortization of Bond Issuance Costs	(36,778)	
(Increase) Decrease in Compensated Absences	(402,381)	
(Increase) Decrease in Vacation Benefits Payable	12,293	
(Increase) Decrease in Accrued Interest Payable	<u>(28,836)</u>	(452,086)
 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. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>463,484</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>705,402</u></u>

See accompanying notes to the basic financial statements.

Revere Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 25,097,553	\$ 22,563,458	\$ 22,563,458	\$ 0
Intergovernmental	3,550,843	6,945,601	6,945,601	0
Investment income	145,039	212,017	214,802	2,785
Tuition and fees	238,984	353,933	353,933	0
Rentals	58,409	86,504	86,504	0
Extracurricular activities	6,323	9,364	9,364	0
Charges for services	0	1,448	1,448	0
Miscellaneous	22,396	34,507	31,721	(2,786)
<i>Total Revenues</i>	29,119,547	30,206,832	30,206,831	(1)
Expenditures:				
Current				
Instruction:				
Regular	14,684,197	15,306,331	14,318,546	987,785
Special	1,854,520	2,077,247	1,747,235	330,012
Vocational	490,053	481,518	480,927	591
Student intervention services	1,123,430	1,102,589	1,102,590	(1)
Other	1,341,377	979,397	972,985	6,412
Support services:				
Pupils	1,455,624	1,421,752	1,413,939	7,813
Instructional staff	1,405,473	1,378,964	1,230,443	148,521
Board of education	639,392	516,799	464,822	51,977
Administration	2,313,939	2,297,576	2,259,602	37,974
Fiscal	999,124	1,054,541	968,532	86,009
Business	92,347	112,836	80,703	32,133
Operation and maintenance of plant	3,879,584	3,660,590	3,635,424	25,166
Pupil transportation	2,218,516	2,094,101	2,085,372	8,729
Central	266,548	271,047	261,272	9,775
Extracurricular activities	825,339	814,443	810,029	4,414
Capital outlay	4,268	15,000	3,600	11,400
<i>Total Expenditures</i>	33,593,731	33,584,731	31,836,021	1,748,710
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,474,184)	(3,377,899)	(1,629,190)	1,748,709
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	392	580	580	0
Refund of prior year expenditures	35,609	52,737	52,737	0
Advances in	304,348	450,737	450,737	0
Advances out	(241,000)	(250,000)	(250,000)	0
Transfers out	(125,000)	(125,000)	(102,000)	23,000
<i>Total Other Financing Sources (Uses)</i>	(25,651)	129,054	152,054	23,000
<i>Net Change in Fund Balance</i>	(4,499,835)	(3,248,845)	(1,477,136)	1,771,709
<i>Fund Balance (Deficit) at Beginning of Year</i>	13,623,609	13,623,609	13,623,609	0
<i>Prior Year Encumbrances Appropriated</i>	1,155,986	1,155,986	1,155,986	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 10,279,760	\$ 11,530,750	\$ 13,302,459	\$ 1,771,709

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Net Assets
Proprietary Fund
June 30, 2010

	Governmental Activities Internal Service Fund
Assets	
<i>Current</i>	
Equity in Pooled Cash and Investments	\$ 1,820,237
<i>Total Assets</i>	1,820,237
Liabilities	
<i>Current</i>	
Accounts Payable	11,063
Claims Payable	229,632
<i>Total Liabilities</i>	240,695
Net Assets	
Unrestricted	1,579,542
Total Net Assets	\$ 1,579,542

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Charges for services	\$ 3,802,436
<i>Total Operating Revenues</i>	3,802,436
Operating Expenses:	
Purchased services	525,257
Materials and supplies	1,695
Claims	2,799,964
Other	12,036
<i>Total Operating Expenses</i>	3,338,952
<i>Change in Net Assets</i>	463,484
<i>Net Assets (Deficit) Beginning of Year</i>	1,116,058
<i>Net Assets (Deficit) End of Year</i>	\$ 1,579,542

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities:	
Cash Received from Charges for Services	\$ 3,802,436
Cash Paid for Goods and Services	(527,925)
Cash Paid for Claims	(3,086,603)
<i>Net Cash Provided By (Used For) Operating Activities</i>	187,908
<i>Net Increase (Decrease) in Cash and Investments</i>	187,908
<i>Cash and Investments at Beginning of Year</i>	1,632,329
<i>Cash and Investments at End of Year</i>	\$ 1,820,237
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Operating Income (Loss)	\$ 463,484
Adjustments:	
Increase (Decrease) in Liabilities	
Accounts Payable	11,063
Claims Payable	(286,639)
<i>Total Adjustments</i>	(275,576)
<i>Net Cash Provided By (Used For) Operating Activities</i>	\$ 187,908

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 17,087	\$ 87,970
Liabilities		
Undistributed Monies	0	\$ 1,968
Due to Students	0	86,002
<i>Total Liabilities</i>	0	\$ 87,970
Net Assets		
Held in Trust for Scholarships	17,087	
<i>Total Net Assets</i>	\$ 17,087	

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$ 23
Deductions	
Payments in Accordance with Trust Agreements	200
<i>Change in Net Assets</i>	(177)
<i>Net Assets Beginning of Year</i>	17,264
<i>Net Assets End of Year</i>	\$ 17,087

See accompanying notes to the basic financial statements.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 staffed by 107 classified personnel, 204 certificated teaching personnel, and 18 administrators, who provide services to community members and 2,860 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 Northeastern Ohio Network, the Cuyahoga Valley Career Center and the Ohio Schools Council, which are defined as jointly governed organizations. See Note 16.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

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 assets 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 assets 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 assets 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 liabilities 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.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net asset, 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 medical, dental, and prescription drug benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. 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 scholarship fund and agency funds. The School District's agency funds account for student advance placement testing 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 all liabilities associated with the operation of the School District are included on the statement of net assets.

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 current liabilities 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. 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 revenue, 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 thirty 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.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 and Contributions" 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". 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."

During fiscal year 2010, investments were limited to repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan MC, Federal National Mortgage, Commercial Paper, Federal Farm Credit Bank Note and STAROhio, (the State Treasurer's Investment Pool).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

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 2010 amounted to \$147,123, which includes \$24,029 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. Restricted assets include amounts required by statute to be set-aside for the purchase of textbooks and capital improvements. See Note 18 for additional information regarding set asides. The School District has no restricted assets for 2010.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 assets but are not reported in the fund financial statements.

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 and construction in progress 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 20 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 and compensated absences 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.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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. Net assets are 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. Net assets restricted for other purposes are primarily for instruction of students.

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

K. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances and tax revenue unavailable for appropriation.

L. 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

M. 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.

N. 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 2010.

O. 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.

P. 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 District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 2010.

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 reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

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 – Accountability

Fund balances at June 30, 2010 included a fund deficit of \$58,427 in the food service fund and a fund deficit of \$524 in the Title II-A Fund.

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

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/net assets on the basis of generally accepted accounting principles (GAAP), the budgetary basis

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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) rather than as a reservation of fund balance (GAAP).

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

	General
GAAP Basis	\$ (1,203,494)
Net Adjustment for Revenue Accruals	89,594
Advance In	450,737
Advance Out	(250,000)
Net Adjustment for Expenditure Accruals	266,374
Adjustment for Encumbrances	(830,347)
Budget Basis	\$ (1,477,136)

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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

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 (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt 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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

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% 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%. 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.

Cash on Hand At year end, the School District had \$100 in undeposited cash on hand which is included on the financial statements of the School District as part of equity in pooled cash and investments.

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$11,380,788 and the bank balance was \$11,692,428. Additionally, \$11,761 was held by a fiscal agent for a coupon bond.

Of the bank balance:

1. \$4,506,001 was covered by depository insurance; and
2. \$7,186,427 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Investments

Investments are reported at fair value. As of June 30, 2010, the School District had the following investments:

Rating by Moody	Entity	Fair Value	Investment Maturities in months			Percentage of Total Investment
			(0-6)	(7-12)	(13-24)	
AAAm**	STAROhio	\$ 104	\$ 104	\$ 0	\$ 0	0.00%
A1+	GE Capital Corp	2,497,585	2,497,585	0	0	34.36%
Aaa	Federal Farm Credit Bank	1,265,490	0	1,265,490	0	17.41%
Aaa	Federal Home Loan Bank	1,501,410	0	1,501,410	0	20.65%
Aaa	T-Bill	998,410	0	998,410	0	13.73%
Aaa	T-Note	1,006,880	0	0	1,006,880	13.85%
		<u>\$ 7,269,879</u>	<u>\$ 2,497,689</u>	<u>\$ 3,765,310</u>	<u>\$ 1,006,880</u>	<u>100.00%</u>

** Rated by Standard and Poor's

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.

Credit Risk: The School District's investments credit ratings are summarized above.

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. The investment percentages are listed above.

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's 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.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2010 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 revenue.

The amount available as an advance at June 30, 2010, was \$2,481,470 in the General Fund, \$146,358 in the Debt Service Fund, and \$132,079 in the Permanent Improvement Capital Projects Fund.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$956,085,320	98.35%	\$965,473,350	98.30%
Public Utility Personal	14,516,700	1.49%	15,939,460	1.62%
Tangible Personal Property	1,603,786	0.16%	767,930	0.08%
Total	\$972,205,806	100.00%	\$982,180,740	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$57.47		 \$57.45	

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 7 - Receivables

Receivables at June 30, 2010, consisted of taxes, interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of General Fund of \$38,119 related to excess costs and Other Governmental Funds of \$138,688 related to federal grants.

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/2009	Additions	Reductions	Balance 6/30/2010
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,900,942	\$ 0	\$ 0	\$ 1,900,942
Construction in Progress	343,096	0	(343,096)	0
Total Capital Assets not being depreciated	2,244,038	0	(343,096)	1,900,942
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,595,512	1,494,426	0	3,089,938
Buildings and Improvements	25,940,722	12,758	0	25,953,480
Furniture and Equipment	2,492,210	276,737	(6,888)	2,762,059
Vehicles	2,852,532	339,118	(158,136)	3,033,514
Total Capital Assets, being depreciated	32,880,976	2,123,039	(165,024)	34,838,991
Less Accumulated Depreciation:				
Land Improvements	(435,799)	(113,592)	0	(549,391)
Buildings and Improvements	(13,879,976)	(545,039)	0	(14,425,015)
Furniture and Equipment	(1,788,154)	(124,401)	6,888	(1,905,667)
Vehicles	(2,140,074)	(157,299)	158,136	(2,139,237)
Total Accumulated Depreciation	(18,244,003)	(940,331)	165,024	(19,019,310)
Total Capital Assets being depreciated, net	14,636,973	1,182,708	0	15,819,681
Governmental Activities Capital Assets, Net	\$ 16,881,011	\$ 1,182,708	\$ (343,096)	\$ 17,720,623

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 587,971
Special	898
Support Services:	
Pupils	6,183
Instructional	27,099
Fiscal	1,408
Operation and Maintenance of Plant	96,423
Pupil Transportation	156,181
Operation of Non Instructional Services	1,554
Extracurricular Activities	<u>62,614</u>
Total Depreciation	<u><u>\$ 940,331</u></u>

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, 2009, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage (\$89,533,166 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 \$5,000,000 umbrella, \$500 comprehensive/\$1,000 collision deductible for vehicles, \$1,000 comprehensive/\$1,000 collision deductible for buses). Settled claims have not exceeded this commercial coverage in any of the past three years. There has been an increase 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 \$.5124 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Employee Medical Benefits

Medical and prescription coverage is provided on a self-insured basis through Anthem Blue Cross and Blue Shield of Ohio. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document. Monthly premiums are as follows:

	Family	Single
Preferred Provider Organization (PPO) Enhanced	\$ 1,140.25	\$ 440.81

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Dental coverage is provided on a self-insured basis through Anthem Blue Cross and Blue Shield of Ohio. Monthly premiums are \$94.53 for family coverage and \$37.81 for single coverage. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims liability of \$229,632 reported in the internal service fund at June 30, 2010, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third-party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2010 and 2009 were:

		<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2009	\$	524,199	\$ 2,888,651	\$ 2,896,579	\$ 516,271
2010	\$	516,271	\$ 2,799,964	\$ 3,086,603	\$ 229,632

Note 10 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at ohsers.org, under *Employers/Audit Resources*.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 9.09% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2009 the amount was 9.09% and for fiscal year 2008 the amount was 9.16%. The contributions to SERS for pension obligations for the fiscal years ended June 30, 2010, 2009, and 2008 were \$427,951, \$374,161 and \$387,735, respectively; 50% has been contributed for fiscal year 2010 and 100% for the fiscal years 2009 and 2008. \$329,556 represents the unpaid contribution for fiscal year 2010, and is recorded as a liability.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling 1-800-227-7877, or by visiting STRS Ohio website at 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. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one-time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2010, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the years ended June 30, 2010, 2009, and 2008 were \$2,036,111, \$1,978,736 and \$1,872,080, respectively. The full amount has been contributed for 2009 and 2008. For 2010, 84% has been contributed. Contributions to the DC and Combined Plans for fiscal year 2010 are available upon request. \$356,492 represents the unpaid contribution for fiscal year 2010, and is recorded as a liability within the respective funds.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2010, three members of the Board of Education have elected Social Security and two members chose the School Employees Retirement System. The Board's liability is 6.2% of wages paid.

Note 11 - Postemployment Benefits

A. State Teachers Retirement System

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

Ohio law authorized 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 Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to Health Care Stabilization Fund for the years ended June 30, 2010, 2009 and 2008. The School District's contributions for health care for fiscal years ended June 30, 2010, 2009 and 2008 were \$156,624, \$155,724 and \$136,250, respectively.

B. School Employees Retirement System

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2010, the health care allocation was 4.16%. At June 30, 2009 and 2008 the health care allocation was 4.16% and 4.18%, respectively. The School District's contributions for the years ended June 30, 2010, 2009 and 2008 were \$195,850, \$171,233 and \$176,936, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. For the School District during fiscal year 2010 this amounted to \$62,066.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2010, the actuarially required allocation was .75% and for fiscal years 2009 and 2008 the required allocation was .75% and .66%, respectively. The School District contributions for the fiscal years 2010, 2009 and 2008 were \$35,309, \$30,871 and \$27,937, respectively.

Note 12 – Other Employee Benefits

A. Life Insurance

The School District provides life insurance to employees through the Ohio Schools Council, Anthem, in the amount of \$100,000 for administrators, twice the salary for the treasurer and superintendent capped at \$300,000 and \$30,000 for all classified employees and \$35,000 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 the classified employee in the first year of eligibility, \$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 6/30/2009	Additions	Reductions	Outstanding 6/30/2010	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2003 Bond Refunding 2.00% - 5.25%	\$ 8,240,000	\$ 0	\$ 1,030,000	\$ 7,210,000	\$ 1,055,000
2003 Capital Appreciation Bonds	599,880	0	0	599,880	0
Accretion on Capital Appreciation Bonds	278,493	63,063	0	341,556	0
Unamortized Bond Premium	483,424	0	66,679	416,745	0
Total General Obligation Bonds	<u>9,601,797</u>	<u>63,063</u>	<u>1,096,679</u>	<u>8,568,181</u>	<u>1,055,000</u>
<i>Capital Lease:</i>					
Key Government Finance-5 Copiers					
6.0% 6/2009 - 1/2011	0	20,080	12,459	7,621	7,621
Compensated Absences	<u>2,200,289</u>	<u>612,753</u>	<u>210,372</u>	<u>2,602,670</u>	<u>360,128</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 11,802,086</u>	<u>\$ 695,896</u>	<u>\$ 1,319,510</u>	<u>\$ 11,178,472</u>	<u>\$ 1,422,749</u>

2003 General Obligation Bond Refunding

In 2003, the School District issued \$13,084,880 in bonds for the advance refunding of the remaining callable 1993 school improvement bonds.

The 2003 general obligation bonds include serial and capital appreciation bonds. The additions were \$63,063 which represents the annual accretion of discounted interest. The final amount of the capital appreciation bonds will be \$1,200,000.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from various governmental funds, primarily the general and food service funds.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	General Obligation		Capital Appreciation		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/Accretion
2011	\$ 1,055,000	\$ 324,938	\$ 0	\$ 0	\$ 1,055,000	\$ 324,938
2012	1,095,000	283,306	0	0	1,095,000	283,306
2013	1,150,000	234,025	0	0	1,150,000	234,025
2014	0	205,275	599,880	600,120	599,880	805,395
2015	1,225,000	173,119	0	0	1,225,000	173,119
2016 - 2017	2,685,000	143,194	0	0	2,685,000	143,194
	<u>\$ 7,210,000</u>	<u>\$ 1,363,857</u>	<u>\$ 599,880</u>	<u>\$ 600,120</u>	<u>\$ 7,809,880</u>	<u>\$ 1,963,977</u>

Note 14 – Capital Leases

The School District has entered into a capitalized lease for copiers. This lease meets the criteria of a capital lease as defined by accounting standards, which defines a capital lease generally as one which transfers benefits and risks of ownership of the lessee.

Capital assets consisting of furniture and fixtures have been capitalized in the amount of \$25,041. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments during fiscal year 2010 totaled \$12,459 from the general fund. The following is a schedule of the future minimum lease payments as of June 30, 2010.

Fiscal Year Ending June 30,	Amount
2011	\$ 7,775
Less: Amount Representing Interest	(154)
Present Value of Net Minimum Payments	<u>\$ 7,621</u>

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 15 - Interfund Transfers

Transfers made during fiscal year 2010 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 102,000
Nonmajor Governmental Funds	102,000	0
Total	\$ 102,000	\$ 102,000

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

Note 16 - Jointly Governed Organizations

A. Northeastern Ohio Network

The Northeastern Ohio Network (NEOnet) is a jointly governed organization comprised of 20 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 a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2010, the School District paid \$87,298 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. 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 89 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Financial information can be obtained by contacting Ohio Schools Council, Rockside Square, Building 2, 6133 Rockside Road, Independence, Ohio 44131.

Note 17 - Contingencies

A. Grants

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

B. Litigation

The School District is not currently a party to any significant legal proceedings.

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 purchase of textbooks and other instructional materials and an equal amount for 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 textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set-Aside Carryover Balance as of June 30, 2009	\$ 0	\$ (1,319,989)
Current Year Set-Aside Requirement	470,981	470,981
Qualifying Disbursements	(834,754)	(653,682)
Current Year Off-sets	(1,324,267)	0
Total	\$ (1,688,040)	\$ (1,502,690)
 Set-Aside Balance Carried Forward to Future Fiscal Years	 \$ 0	 \$ (1,502,690)
 Set-Aside Reserve Balance as of June 30, 2010	 \$ 0	 \$ 0

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. These extra amounts may be used to reduce the set-aside requirement in future fiscal years.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 19 – Subsequent Event

In July 2010, an Agreement went into effect whereas the School District and four other school districts established a regional council of governments known as the Summit Regional Health Care Consortium (“SRHCC”) for the purpose of promoting cooperative agreements and activities among its members in purchasing supplies and services and dealing with problems of mutual concern. The members have determined to undertake a program (“Health Benefits Program”) on a cooperative basis for the provision of certain medical, hospitalization, dental, prescription drug, vision, life, and disability income benefits for their employees and the eligible dependents of those employees. As part of this agreement, each member is required to share in the programs costs by making monthly premium and claims payments to cover the program costs. Also, each member is required to maintain a Reserve Amount with the Fiscal Agent of the SRHCC, as determined by the SRHCC’s legislative body. In July 2010, the School District made this reserve payment to the Fiscal Agent in the amount of \$904,356.

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**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	2009	84.027	\$ 13,439		\$ 239,983	
	2010		553,211		523,581	
ARRA - Special Education - Grants to States	2010	84.391	279,031		279,031	
Total Special Education Cluster			845,681		1,042,595	
Title I Grants to Local Educational Agencies	2009	84.010	8,123		12,160	
	2010		99,786		93,087	
Total Title I Grants to Local Educational Agencies			107,909		105,247	
State Grants for Innovative Programs	2009	84.298	1,141		2,455	
Safe and Drug-Free Schools and Communities - State Grants	2010	84.186	5,959		5,959	
Education Technology State Grants	2009	84.318	(151)		-	
	2010		243		-	
Total Education Technology State Grants			92		-	
Improving Teacher Quality State Grants	2009	84.367	(1,276)		43	
	2010		59,751		58,392	
Total Improving Teacher Quality State Grants			58,475		58,435	
ARRA - State Fiscal Stabilization Fund -Education State Grants	2010	84.394	147,808		147,808	
<i>Passed Through the Brecksville-Broadview Heights City Schools.</i>						
English Language Acquisition Grants	2010	84.365	7,264		7,264	
Total U.S. Department of Education			1,115,854		1,369,763	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	2010	10.555		\$ 34,798		\$ 34,798
Cash Assistance:						
National School Lunch Program	2010	10.555	105,840		105,840	
Total U.S. Department of Agriculture			105,840	34,798	105,840	34,798
Totals			\$ 1,221,694	\$ 34,798	\$ 1,475,603	\$ 34,798

The accompanying notes are an integral part of this schedule.

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Revere Local School District, Summit County, Ohio (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - 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 C - FOOD DONATION PROGRAM

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

NOTE D - 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. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2009 to 2010 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2009 to 2010</u>
Education Technology State Grants	84.318	\$ 151
Improving Teacher Quality State Grant	84.367	1,276



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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
Bath, Ohio 44210-0340

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Revere Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 5, 2010.

We intend this report solely for the information and use of management, the audit committee, Board of Education, and federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.



Robert R. Hinkle, CPA
Chief Deputy Auditor

November 5, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of the Revere Local School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Revere Local School District's major federal program for the year ended June 30, 2010. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Revere Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated November 5, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Robert R. Hinkle, CPA
Chief Deputy Auditor

November 5, 2010

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses 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	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education - Grants to States CFDA# 84.027 & 84.391
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**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

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Mary Taylor, CPA
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
DECEMBER 7, 2010**