



**Auditor of State
Betty Montgomery**

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

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Auditor of State Betty Montgomery

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, 2004, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As further described in Note 3, the District restated its net assets at June 30, 2003, to account for the reclassification of its business-type activities to governmental activities.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Receipts and Expenditures of Federal Awards 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 28, 2005

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The discussion and analysis of the Revere Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. 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 2004 are as follows:

- ❑ General Revenues accounted for \$27.4 million in revenue or 93% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2.1 million or 7% of total revenues of \$29.5 million.
- ❑ Total program expenses for governmental activities were \$28.8 million.
- ❑ Net assets increased \$.6 million or 4.5% over 2003.
- ❑ Outstanding bonded debt decreased from \$14.3 million to \$13.2 million through the payment of bond principal and debt refunding.

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 2004?" 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 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.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

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.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

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 2004 compared to 2003:

(Table 1)
Net Assets

	Governmental Activities	
	2004	2003
Assets		
Current and Other Assets	\$ 35,751,192	\$ 32,469,199
Capital Assets	19,544,874	20,305,715
Total Assets	55,296,066	52,774,914
Liabilities		
Long-Term Liabilities	(15,728,814)	(16,624,713)
Other Liabilities	(26,255,762)	(23,464,435)
Total Liabilities	(41,984,576)	(40,089,148)
Net Assets		
Invested in Capital		
Assets Net of Debt	5,955,033	5,594,505
Restricted	1,040,434	1,896,880
Unrestricted (Deficit)	6,316,023	5,194,381
Total Net Assets	\$ 13,311,490	\$ 12,685,766

Total assets increased by \$2.5 million and liabilities increased \$1.9 million with net assets increasing \$.6 million. A decrease in capital assets of \$.8 million represents depreciation exceeding additional purchases.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Table 2 shows the changes in net assets for fiscal year 2004 compared to 2003.

(Table 2)
Governmental Activities

	2004	2003
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,089,186	\$ 1,117,887
Operating Grants	984,716	892,782
<i>General Revenue:</i>		
Property Taxes	21,689,030	23,300,086
Grants and Entitlements	5,589,156	5,117,302
Other	122,364	662,630
<i>Total Revenues</i>	29,474,452	31,090,687
Program Expenses		
Instruction	15,963,361	15,247,114
Support Services	10,036,875	9,440,134
Operation of Non-Instructional	377,503	261,564
Extracurricular Activities	921,901	850,089
Interest and Fiscal Charges	707,941	825,973
Food Services	713,057	641,274
Uniform School Supplies	128,090	114,120
Rental Property	0	2,563
<i>Total Expenses</i>	28,848,728	27,382,831
Increase in Net Assets	\$ 625,724	\$ 3,707,856

The property tax advance decreased \$1.3 million from 2003 which accounts for the decrease in property tax revenue in 2004.

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 \$29.5 million and expenses of \$28.8 million.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

(Table 3)
Governmental Activities

	2004		2003	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 15,963,361	\$ 15,594,365	\$ 15,247,114	\$ 14,734,028
Support Services:				
Pupil and Instructional Staff	1,771,637	1,493,164	1,552,514	1,319,300
Board of Education, Administration				
Fiscal and Business	2,964,713	2,895,351	2,794,284	2,794,284
Operation and Maintenance of Plant	3,613,111	3,600,481	3,635,375	3,634,212
Pupil Transportation and Central	1,687,414	1,670,419	1,457,961	1,437,982
Operation of Non-Instructional Services	1,218,650	161,512	1,019,521	58,512
Extracurricular Activities	921,901	651,593	850,089	567,871
Interest and Fiscal Charges	707,941	707,941	825,973	825,973
Total	\$ 28,848,728	\$ 26,774,826	\$ 27,382,831	\$ 25,372,162

Instruction and Student Support Services comprise 61.5% of governmental program expenses. Interest/Fiscal charges were 2.4%. Interest expense was attributable to the outstanding bonds, and fiscal expenses include payments to the County Fiscal Officer for administrative fees. Pupil transportation and the operation/maintenance of plant accounts for 18.4% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Revere Local School District students.

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.

During fiscal year 2004, total salaries and benefits increased on average by 7%. These increases are largely dictated by contractual terms contained within the negotiated agreements. Health care costs were below national trends due to health care plan design changes which were negotiated with the certified staff. Instructional supplies almost doubled going from \$180,000 to \$359,000 based on both a foreign language and music curriculum adoption. The School District uses site-based budgeting, which is designed to tightly control total expenditures but provide flexibility for site management. Total expenditures in the general fund were 3.3% or \$846,069 under the final budgeted amount of \$25.8 million. The most significant favorable variance occurred in personnel in the amount of \$417,114 which was attributable to changes in staff composition prior to the start of the school year. For the general fund, budget basis revenue was \$26.4 million with no material variance to actual. A detailed Statement of Revenue and Expenses 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.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$19.5 million invested in land, buildings, and equipment for the governmental activities. Table 4 shows fiscal year 2004 balances compared with 2003 net of depreciation.

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

	<u>2004</u>	<u>2003</u>
Land	\$ 1,900,942	\$ 1,900,942
Land Improvements	223,990	218,969
Buildings and Improvements	15,915,765	15,711,455
Furniture and Equipment	1,099,167	2,037,842
Vehicles	<u>405,010</u>	<u>436,507</u>
Totals	<u>\$ 19,544,874</u>	<u>\$ 20,305,715</u>

The \$.8 million decrease in capital assets was attributable to depreciation expense exceeding additional purchases.

A change in Ohio law required school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2004, this amounted to \$402,802 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements and textbooks. See Note 21 for additional information.

Debt

At June 30, 2004, the School District had \$13,219,708 in bonds outstanding with \$920,000 due within one year. During fiscal year 2004, \$679,289 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, 2004
Unaudited

(Table 5)
Outstanding Debt, at June 30

	2004	2003
General Obligation Bonds:		
1993 Additions/Renovations	\$ 0	\$ 11,310,000
1993 Additions/Renovations	438,667	2,953,667
Bond Refunding	12,160,000	0
Capital Appreciation Bonds	599,880	0
Accretion on Capital Appreciation Bonds	21,161	0
Totals	\$ 13,219,708	\$ 14,263,667

The proceeds of the 1993 bond issues were utilized for renovations of Hillcrest Elementary, the Middle School and the High School.

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 \$1,800,000. Through the refinance transaction the School District's bond rating was upgraded from Baa1 to A2 from Moody's rating committee. See Note 14 for additional information.

Current Issues

The Revere Local School District is a "zero percent" State share district and receives State funding on what is called a funding guarantee. The funding guarantee payment is fixed and represents only 6% of general fund revenue. This status is assigned to the School District because of property values that are significantly above the State average. The property value for calendar year 2003, the most recent figure available, is \$787,443,000. The ramifications associated with being a "zero percent" School District are extremely detrimental as it relates to funding from the State. The major ramifications are as follows: our State funding is capped, we receive no new money as new students enter the School District, and there is no supplemental funding for special needs students.

The School District continues to receive strong support from the residents of the school district. As the preceding information describes, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the School District was a 6.9 mill, fixed term, five year Emergency Levy in August 2001, the 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 through fiscal year 2004. Based upon the most recent five year forecast, the School District would recommend the renewal of the Emergency Levy no later than calendar year 2006 and require additional, new operating money in calendar year 2007. The millage requirement for this new levy would be in the range

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

of 6 to 9 mills depending upon several factors including the growth of new valuation both residential and commercial.

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.

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 can not be controlled (health care, utilities, negotiated agreements) and must regularly return to the voters to maintain a constant level of service. Property taxes made up 78% of revenues for governmental activities for the School District in fiscal year 2004.

The School District has also been negatively affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. In both fiscal year 2001 and 2003 we have had losses in tangible and real estate revenue attributable to overpayments from amended tangible returns, a loss of valuation due to properties being reclassified from taxable to exempt, and loss in tangible value due to significant economic downturn. Management has diligently worked to control expenses and reduce costs where possible with this effort extending 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, and significant increases in health insurance and property/liability/fleet insurance. On the horizon, the legislature is contemplating still further reductions to the tangible personal property tax base.

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

The School District does not anticipate any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the Revere Local School District. Another School District concern will be the State Legislative approval of the biennial budget, effective July 1, 2005. How the legislature plans to fund education programs during a weakened economy remains a concern.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

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.

Revere Local School District
Statement of Net Assets
June 30, 2004

		Governmental Activities
Assets		
Equity in Pooled Cash and Cash Equivalents	\$	11,279,949
Cash and Cash Equivalents:		
With Fiscal Agents		23,386
Receivables:		
Taxes		23,717,431
Accounts		123,254
Intergovernmental		156,644
Deferred Charge - Issuance Costs		450,528
Nondepreciable Capital Assets		1,900,942
Depreciable Capital Assets (Net)		17,643,932
<i>Total Assets</i>		55,296,066
Liabilities		
Accounts Payable		23,083
Contracts Payable		94,013
Accrued Wages and Benefits		2,254,655
Intergovernmental Payable		606,257
Deferred Revenue		22,254,927
Unamortized Premiums on Bonds		816,819
Matured Bonds Payable		20,000
Matured Interest Payable		3,386
Claims Payable		182,622
Long Term Liabilities:		
Due Within One Year		1,239,104
Due Within More Than One Year		14,489,710
<i>Total Liabilities</i>		41,984,576
Net Assets		
Invested in Capital Assets, Net of Related Debt		5,955,033
Restricted for:		
Capital Projects		549,272
Debt Service		217,495
Other Purposes		273,667
Unrestricted		6,316,023
<i>Total Net Assets</i>	\$	13,311,490

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 12,877,203	\$ 106,358	\$ 100,409	\$ (12,670,436)
Special	1,940,469	0	160,612	(1,779,857)
Vocational	375,004	0	0	(375,004)
Other	770,685	0	1,617	(769,068)
Support services:				
Pupils	1,156,705	0	124,294	(1,032,411)
Instructional staff	614,932	0	154,179	(460,753)
Board of education	156,884	0	0	(156,884)
Administration	2,018,059	0	24,657	(1,993,402)
Fiscal	714,691	44,705	0	(669,986)
Business	75,079	0	0	(75,079)
Operation and maintenance of plant	3,613,111	0	12,630	(3,600,481)
Pupil transportation	1,529,575	0	6,647	(1,522,928)
Central	157,839	0	10,348	(147,491)
Operation of non-instructional services	377,503	0	273,405	(104,098)
Food Service Operations	713,057	531,458	113,596	(68,003)
Uniform Supplies	128,090	138,679	0	10,589
Extracurricular activities	921,901	267,986	2,322	(651,593)
Interest and fiscal charges	680,358	0	0	(680,358)
Amortization of refunding bond issuance costs	27,583	0	0	(27,583)
Total Governmental Activities	\$ 28,848,728	\$ 1,089,186	\$ 984,716	(26,774,826)

General Revenues

Property Taxes Levied for:	
General Purposes	19,751,097
Debt Service	946,510
Capital Outlay	991,423
Grants and Entitlements not Restricted to Specific Programs	5,589,156
Investment Earnings	110,816
Miscellaneous	11,548
Total General Revenues	27,400,550
Change in Net Assets	625,724
Net Assets Beginning of Year (Restated)	12,685,766
Net Assets End of Year	\$ 13,311,490

See accompanying notes to the basic financial statements.

Revere Local School District
Balance Sheet
Governmental Funds
June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 8,580,338	\$ 1,504,470	\$ 10,084,808
Cash and Cash Equivalents:			
With Fiscal Agents	0	23,386	23,386
Receivables:			
Taxes	21,363,476	2,353,955	23,717,431
Accounts	116,965	6,289	123,254
Interfund	169,087	0	169,087
Intergovernmental	10,122	146,522	156,644
<i>Total Assets</i>	<u>\$ 30,239,988</u>	<u>\$ 4,034,622</u>	<u>\$ 34,274,610</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 9	\$ 16,705	\$ 16,714
Contracts Payable	115	93,898	94,013
Accrued Wages and Benefits	2,197,577	57,078	2,254,655
Interfund Payable	0	169,087	169,087
Intergovernmental Payable	382,387	15,655	398,042
Deferred Revenue	20,771,233	2,434,898	23,206,131
Payroll Withholdings	0	816,819	816,819
Matured Bonds Payable	0	20,000	20,000
Matured Interest Payable	0	3,386	3,386
<i>Total Liabilities</i>	23,351,321	3,627,526	26,978,847
Fund Balances			
Fund Balance:			
Reserved for Encumbrances	663,395	374,806	1,038,201
Reserved for Tax Revenue Unavailable for Appropriation	592,243	58,732	650,975
Unreserved:			
Undesignated, Unreserved Reported in:			
General Fund	5,626,660	0	5,626,660
Special Revenue Funds	0	(3,682)	(3,682)
Debt Service Fund	0	(296,486)	(296,486)
Capital Projects Funds	0	273,726	273,726
<i>Total Fund Balances</i>	<u>6,882,298</u>	<u>407,096</u>	<u>7,289,394</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 30,233,619</u>	<u>\$ 4,034,622</u>	<u>\$ 34,268,241</u>

See accompanying notes to the basic financial statements.

Revere Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2004*

Total Governmental Fund Balances	\$	7,289,394
 <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		19,544,874
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	139,675	
Delinquent Property Taxes	811,529	
Refunding Costs	450,528	1,401,732
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.		1,012,519
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	(12,598,667)	
Capital Appreciation Bonds	(621,041)	
Capital Lease Payable	(370,133)	
Compensated Absences	(2,090,473)	
Intergovernmental Payable	(208,215)	
Early Retirement Incentive Payable	(48,500)	(15,937,029)
 Net Assets of Governmental Activities:	 \$	 <u>13,311,490</u>

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, 2004

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 19,624,492	\$ 1,917,489	\$ 21,541,981
Intergovernmental	5,280,596	1,143,348	6,423,944
Investment income	100,855	312	101,167
Tuition and fees	99,958	0	99,958
Extracurricular activities	0	267,986	267,986
Rentals	44,705	6,400	51,105
Charges for services	0	670,137	670,137
Gifts and Donations	6,000	42,428	48,428
Miscellaneous	11,486	62	11,548
<i>Total Revenues</i>	<u>25,168,092</u>	<u>4,048,162</u>	<u>29,216,254</u>
Expenditures:			
Current:			
Instruction:			
Regular	11,807,149	113,975	11,921,124
Special	1,814,024	181,930	1,995,954
Vocational	376,518	0	376,518
Other	768,065	2,620	770,685
Support services:			
Pupils	1,029,124	146,509	1,175,633
Instructional staff	470,518	164,897	635,415
Board of education	156,884	0	156,884
Administration	1,981,213	28,021	2,009,234
Fiscal	684,817	25,822	710,639
Business	74,499	2,820	77,319
Operation and maintenance of plant	2,895,422	720,819	3,616,241
Pupil transportation	1,322,834	171,213	1,494,047
Central	120,151	37,184	157,335
Operation of non-instructional services	0	286,588	286,588
Food service operations	0	656,300	656,300
Uniform Supplies	0	128,090	128,090
Extracurricular activities	585,975	339,024	924,999
Capital outlay	182,790	222,607	405,397
Debt service:			
Principal retirement	0	756,699	756,699
Interest and fiscal charges	0	659,197	659,197
Refunding bond issuance costs	0	478,111	478,111
<i>Total Expenditures</i>	<u>24,269,983</u>	<u>5,122,426</u>	<u>29,392,409</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	898,109	(1,074,264)	(176,155)
Other Financing Sources (Uses):			
Payment to refund bond escrow agent	0	(13,470,711)	(13,470,711)
Refunding bonds	0	13,084,880	13,084,880
Proceeds from sales of fixed assets	2,978	0	2,978
Operating transfers in	0	53,100	53,100
Operating transfers out	(53,100)	0	(53,100)
<i>Total Financing Sources and (Uses)</i>	<u>(50,122)</u>	<u>(332,731)</u>	<u>(382,853)</u>
<i>Net Change in Fund Balance</i>	847,987	(1,406,995)	(559,008)
<i>Fund balance at beginning of year (restated)</i>	<u>6,034,311</u>	<u>1,814,091</u>	<u>7,848,402</u>
<i>Fund balance at end of year</i>	<u>\$ 6,882,298</u>	<u>\$ 407,096</u>	<u>\$ 7,289,394</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, 2004

Net Change in Fund Balances - Total Governmental Funds	\$	(559,008)
<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 depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	583,050	
Current Year Depreciation	(1,329,561)	(746,511)
Net effect of transactions involving sale of capital assets are not reflected in the funds		(14,330)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Grants	101,500	
Delinquent Property Taxes	147,049	248,549
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	679,289	
Capital Lease	77,410	
Bond Principal Paid through Refunding	385,831	1,142,530
Add deferred charges which do not affect expenses in the statement of activities.		
Refunding Issuance Costs		450,528
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.		
Bond Accretion	(21,161)	
Compensated Absences	(201,970)	
Pension Obligation	(82,702)	(305,833)
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.		
		409,799
Change in Net Assets of Governmental Activities	\$	625,724

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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 20,418,583	\$ 20,813,701	\$ 20,813,701	\$ 0
Intergovernmental	5,471,657	5,212,737	5,212,737	0
Investment Income	188,686	100,456	100,456	0
Tuition and Fees	182,397	99,958	99,958	0
Miscellaneous	257,872	138,725	138,725	0
<i>Total Revenues</i>	26,519,195	26,365,577	26,365,577	0
Expenditures:				
Current				
Instruction	20,396,505	15,908,520	15,079,104	829,416
Support Services				
Pupils	546,774	1,094,685	1,093,722	963
Instructional Staff	249,931	479,437	479,437	0
Board of Education	331,466	243,297	228,235	15,062
Administration	638,549	1,990,474	1,990,474	0
Fiscal	522,534	767,116	767,116	0
Business	92,995	86,866	86,866	0
Operation and Maintenance of Plant	1,922,949	3,041,850	3,041,850	0
Pupil Transportation	558,660	1,336,663	1,336,035	628
Central	4,715	120,245	120,245	0
Extracurricular Activities	136,581	566,244	566,244	0
Capital Outlay	358,715	182,790	182,790	0
<i>Total Expenditures</i>	25,760,374	25,818,187	24,972,118	846,069
Excess of Revenues Over Expenditures	758,821	547,390	1,393,459	846,069
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	0	2,978	2,978	0
Refund of Prior Year Expenditures	0	60	60	0
Advances In	9,155	9,155	9,155	0
Advances Out	(10,000)	(169,087)	(169,087)	0
Transfers Out	(70,000)	(53,100)	(53,100)	0
<i>Total Other Financing Sources (Uses)</i>	(70,845)	(209,994)	(209,994)	0
<i>Net Change in Fund Balance</i>	687,976	337,396	1,183,465	846,069
<i>Fund Balance at Beginning of Year</i>	5,902,980	5,902,980	5,902,980	0
Prior Year Encumbrances Appropriated	824,057	824,057	824,057	0
<i>Fund Balance at End of Year</i>	\$ 7,415,013	\$ 7,064,433	\$ 7,910,502	\$ 846,069

See accompanying notes to the basic financial statements.

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Revere Local School District
Statement of Net Assets
Internal Service Fund
June 30, 2004

	Self Insurance
Assets	
<i>Current</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,195,141
<i>Total Assets</i>	1,195,141
Liabilities	
<i>Current</i>	
Claims Payable	182,622
<i>Total Liabilities</i>	182,622
Net Assets	
Unrestricted	1,012,519
Total Net Assets	\$ 1,012,519

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2004

	Self Insurance
Operating Revenues:	
Other operating revenues	\$ 2,507,384
<i>Total Operating Revenues</i>	<i>2,507,384</i>
Operating Expenses:	
Purchased services	405,847
Claims	1,701,387
<i>Total Operating Expenses</i>	<i>2,107,234</i>
Operating income	400,150
Non-Operating Revenues:	
Interest	9,649
<i>Total Non-Operating Revenues</i>	<i>9,649</i>
<i>Change in Net Assets</i>	409,799
<i>Net Assets Beginning of Year</i>	602,720
<i>Net Assets End of Year</i>	\$ 1,012,519

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2004

		Self Insurance
Cash Flows From Operating Activities:		
Cash Received from Quasi-External Transactions with Other Funds	\$	2,507,384
Cash Paid for Goods and Services		(405,847)
Cash Paid for Claims		(1,845,616)
<i>Net Cash Provided By Operating Activities</i>		255,921
Cash Flows From Investing Activities:		
Interest on Investments		9,649
<i>Net Cash Provided By Investing Activities</i>		9,649
<i>Net Increase in Cash and Cash Equivalents</i>		265,570
<i>Cash and Cash Equivalents at Beginning of Year</i>		929,571
<i>Cash and Cash Equivalents at End of Year</i>	\$	1,195,141
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating Income	\$	400,150
Adjustments:		
Decrease in Liabilities		
Claims Payable		(144,229)
<i>Total Adjustments</i>		(144,229)
<i>Net Cash Provided By Operating Activities</i>	\$	255,921

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 17,242	\$ 83,970
Liabilities		
Undistributed Monies	0	\$ 83,398
Accounts Payable	0	572
<i>Total Liabilities</i>	0	\$ 83,970
Net Assets		
Held in Trust for Scholarships	17,242	
<i>Total Net Assets</i>	\$ 17,242	

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$ (1,048)
 Deductions	 <u>0</u>
<i>Change in Net Assets</i>	(1,048)
<i>Net Assets Beginning of Year</i>	<u>18,290</u>
<i>Net Assets End of Year</i>	<u><u>\$ 17,242</u></u>

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, 2004

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 106 classified 206 certificated teaching personnel, and 17 administrators, who provide services to community members and 2,836 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 Tri-Rivers Educational Computer Association, the Cuyahoga Valley Career Center and the Ohio Schools Council, which are defined as jointly governed organizations. See Note 19.

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) in the United States of America 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 after November 30, 1989, to its governmental type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District's significant accounting policies are described below.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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.

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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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.

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 is 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.

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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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 sixty days of the fiscal year-end.

Nonexchange 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 7) 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 nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue 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, 2004, but which were levied to finance fiscal year 2005 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.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". The School District utilizes a financial institution to service bonded debt as principal and

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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 2004, investments were limited to repurchase agreements and certificates of deposit. These nonparticipating investment contracts are reported at cost.

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 considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

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 2004 amounted to \$100,855, which includes \$17,788 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 21 for additional information regarding set asides. The School District has no restricted assets for 2004.

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 fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

H. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

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

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.

J. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions 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 and capital leases are recognized as a liability on the fund financial statements when due.

K. 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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

L. 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 property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues include sales for food service and uniform school supplies, and 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.

N. Interfund Activity

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

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2004.

P. Estimates

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

Q. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the 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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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. 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 2004.

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 any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations 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.

Revere Local School District
Notes to the Basic Financial Statements
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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 reappropriated.

Note 3 – Restatement of Fund Balances/Net Assets

It was determined the revenues generated by the enterprise funds were not sufficient to cover the costs of the program. Additionally, there was no debt pledged nor were any laws or regulations requiring cost be recovered through fees and charges. Therefore, it was determined that special revenue fund type is a more appropriate classification. Accordingly, effective July 1, 2003, the entire enterprise fund type has been eliminated and reclassified to the special revenue fund type.

It was discovered the School District entered into a capital lease in 1998 which was not recorded. As a result of these changes, balances have been restated as follows:

	Governmental Activities Total	Business Type Activities
Statement of Net Assets:		
Total Net Assets June 30, 2003	\$ 12,689,938	\$ 53,832
Reclassification of Enterprise Fund Types	53,832	(53,832)
Addition of Lighting to Capital Assets	389,539	0
Addition of Capital Lease Payable	(447,543)	0
Restated Total Net Assets June 30, 2003	\$ 12,685,766	\$ 0
		Total Governmental Funds
Balance Sheet - Governmental Funds:		
Fund Balance June 30, 2003		\$ 7,853,756
Reclassification of Enterprise Fund Type - Assets		60,516
Reclassification of Enterprise Fund Type - Liabilities		(65,870)
Restated Fund Balance June 30, 2003		\$ 7,848,402

The reclassification of enterprise funds had the following effect on 2004 Revenues, Expenses/Expenditures, and Change in Net Assets/Excess of Revenues over Expenditures:

Governmental Activities revenues and expenses of \$805,517 and \$841,147, respectively are related to the above activity previously reported in the enterprise fund type. This represents (\$35,630) of the reported change in net assets.

Total Governmental Fund revenues and expenditures of \$805,517 and \$784,390, respectively, are related to the above activity previously reported in the enterprise fund type. This represents \$21,127 of the reported Excess of Revenues over Expenditures.

Revere Local School District
Notes to the Basic Financial Statements
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Note 4 – Fund Deficits

Fund balances/net assets at June 30, 2004 included the following individual fund deficits:

	<u>Fund Balance</u>	<u>Net Assets</u>
Nonmajor Governmental Funds:		
Debt Service	\$ 265,012	
Food Service	34,278	\$ 116,692
Student Reading Intervention	1,374	
Title I	17,396	
Title VI	6,756	
Drug Free Grant	595	

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

Note 5 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The 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 are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures 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.

Revere Local School District
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For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 847,987
Net Adjustment for Revenue Accruals	1,197,944
Advance In	9,155
Advance Out	(169,087)
Net Adjustment for Expenditure Accruals	(33,096)
Adjustment for Encumbrances	<u>(669,438)</u>
Budget Basis	<u>\$ 1,183,465</u>

Note 6 – Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed 30 days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$4,364,547 and the bank balance was \$4,772,414. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$4,572,414 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments - The School District's investments are required to be categorized to give an indication of the level of custodial credit risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are

Revere Local School District
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held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the School District's name. The School District had outstanding repurchase agreements (Category 3) with a carrying and fair value of \$7,040,000 at June 30, 2004.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 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.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, 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 School District prior to June 30.

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, 2004, are available to finance fiscal year 2004 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, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The amount available as an advance at June 30, 2004, was \$592,243 in the General Fund, \$31,474 in the Debt Service Fund, and \$27,258 in the Permanent Improvement Capital Projects Fund.

On a full 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 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$725,913,990	93.97 %	\$742,323,780	94.26 %
Public Utility Personal	19,117,850	2.47	18,624,870	2.37
Tangible Personal Property	27,508,357	3.56	26,494,954	3.37
Total	<u>\$772,540,197</u>	<u>100.00 %</u>	<u>\$787,443,604</u>	<u>100.00 %</u>
 Tax rate per \$1,000 of assessed valuation	 \$58.16		 \$58.74	

Note 8 - Receivables

Receivables at June 30, 2004, consisted of taxes, accounts, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of Other Governmental Funds of \$156,644.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	<u>Restated Balance 6/30/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/04</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,900,942	\$ 0	\$ 0	\$ 1,900,942
<i>Capital Assets, being depreciated:</i>				
Land Improvements	518,445	5,150	0	523,595
Buildings and Improvements	25,816,997	0	0	25,816,997
Furniture and Equipment	5,932,227	414,147	(219,537)	6,126,837
Vehicles	2,240,020	163,753	(34,710)	2,369,063
Total Capital Assets, being depreciated	34,507,689	583,050	(254,247)	34,836,492
Less Accumulated Depreciation:				
Land Improvements	(299,476)	(129)	0	(299,605)
Buildings and Improvements	(10,105,542)	(897)	205,207	(9,901,232)
Furniture and Equipment	(3,894,385)	(1,167,995)	34,710	(5,027,670)
Vehicles	(1,803,513)	(160,540)	0	(1,964,053)
Total Accumulated Depreciation	(16,102,916)	(1,329,561)	239,917	(17,192,560)
Total Capital Assets being depreciated, net	18,404,773	(746,511)	(14,330)	17,643,932
Governmental Activities Capital Assets, Net	<u>\$ 20,305,715</u>	<u>\$ (746,511)</u>	<u>\$ (14,330)</u>	<u>\$ 19,544,874</u>

Revere Local School District
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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,091,821
Special	7,172
Vocational	107
Support Services:	
Pupil	3,625
Instructional Staff	7,461
Administration	3,554
Fiscal	1,488
Business	560
Operation and Maintenance of Plant	122,557
Pupil Transportation	68,115
Central	8,476
Operation of Non Instructional	13,867
Extracurricular Activities	<u>758</u>
Total Depreciation	<u><u>\$ 1,329,561</u></u>

Note 10 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. During fiscal year 2004, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage (\$41,344,414 blanket combined building and personal property, \$5,000 deductible), and with another insurance company for commercial auto coverage (\$2,000,000 combined single limit, \$500 comprehensive/\$500 collision deductible for vehicles, \$500 comprehensive/\$1,000 collision deductible for buses). Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

The School District pays the State Workers' Compensation system a premium based on a rate of \$.40 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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)	\$953.71	\$366.90
Preferred Provider Organization (PPO) Base	902.48	347.19
Preferred Provider Organization (PPO) Enhanced	958.94	368.90
Exclusive Provider Organization (EPO)	990.86	366.90

Dental coverage is provided on a self-insured basis through Anthem Blue Cross, and Blue Shield of Ohio. Monthly premiums are \$94.60 for family coverage and \$36.39 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 \$182,622 reported in the internal service fund at June 30, 2004, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third-party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

Changes in the fund's claims liability amount in 2004 and 2003 were:

	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2003	\$ 124,293	\$ 1,887,014	\$ 1,684,456	\$ 326,851
2004	\$ 326,851	\$ 1,701,387	\$ 1,845,616	\$ 182,622

Note 11 - 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 43215-3476.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations

Revere Local School District
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with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$256,655, \$243,454, and \$154,585 respectively; 47 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

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 43215-3371 or by calling (614) 227-4090.

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 times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. 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 Defined Benefit 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, 2004 plan members were required to contribute 10 percent of their annual covered salaries. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers; 13 percent was the portion used to fund pension obligations for fiscal year 2004. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,729,032, \$1,467,169, and \$1,015,775 respectively; 83 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

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Notes to the Basic Financial Statements
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C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2004, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$121,863 during the 2004 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, the health care costs paid by STRS were \$352,301,000 and STRS had 108,294 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$206,803.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS had approximately 50,000 participants currently receiving health care benefits.

Revere Local School District
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Note 13 – Other Employee Benefits

A. Life Insurance

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

<u>Years of Service</u>	<u>30 hours or more per week</u>	<u>Under 30 hours per week</u>
0-4	\$ 8,000	\$ 6,000
5-9	13,000	9,000
10-20	15,000	11,000
21+	17,000	13,000

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work no less than 11 months, earn 10 to 25 days of vacation per year depending upon length of service. Vacation time is not cumulative from year to year. Teachers and administrators who work less than 12 months do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 288 days. Upon retirement, School District employees receive one-fourth of total unused sick leave, up to the maximum, based on the number of credited service years.

C. Special Termination Benefits

Employees meeting the retirement requirements included in negotiated agreements, and the provisions of the retirement systems, receive a salary incentive when they retire from active service in the amount of \$4,000 for 12-month employees and \$2,000 for 9-month employees.

Eligibility requirement for participation in this program:

1. The employee shall be serving a full-time contractual position of nine (9) or more months, and 30 or more hours.
2. The employee shall have a minimum of fifteen (15) years of service.
3. The employee must retire in the first year in which he/she is eligible to receive service retirement benefits through the SERS. Eligibility is when the employee is 60 or more years of age with 10 years of service, 55 years of age with 25 years of service, or 30 years of service at any age. If an employee reaches 60 or more years of age, but only has 24 years of service, the employee will be given one year to retire and receive the incentive. For the first year of the agreement (2002-2003) employees will be given one year from the effective date of the agreement to retire and receive the incentive if: he/she is 60 or more years of age; he/she is 55 or more years of age with 25 years of service; and he/she has 30 years of service at any age.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 14 - Long - Term Obligations

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

	(Restated)				Amounts	
	Outstanding 6/30/2003	Additions	Reductions	Refunding	Outstanding 6/30/2004	Due in One Year
Governmental Activities:						
General Obligation Bonds:						
1993 Improvement 6.04%	\$ 11,310,000	\$ 0	\$ 144,835	\$ 11,165,165	\$ 0	\$ 0
1993 Improvement 5.62%	2,953,667	0	209,454	2,305,546	438,667	0
2003 Bond Refunding 2.00% - 5.25%	0	12,485,000	325,000	0	12,160,000	920,000
2003 Capital Appreciation Bonds	0	599,880	0	0	599,880	0
Accretion on Capital Appreciation Bonds	0	21,161	0	0	21,161	0
Total General Obligation Bonds	14,263,667	13,106,041	679,289	13,470,711	13,219,708	920,000
Capital Lease	447,543	0	77,410	0	370,133	82,290
Compensated Absences	1,888,503	246,976	45,006	0	2,090,473	188,314
Early Retirement Incentive	25,000	48,500	25,000	0	48,500	48,500
Total Governmental Activities						
Long-Term Liabilities	<u>\$ 16,624,713</u>	<u>\$ 13,401,517</u>	<u>\$ 826,705</u>	<u>\$ 13,470,711</u>	<u>\$ 15,728,814</u>	<u>\$ 1,239,104</u>

Outstanding general obligation bonds were issued for renovations and additions to three buildings in the School District. 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. On October 1, 2003, the School District issued \$13,084,880 refunded general obligation bonds. The proceeds of the bonds were used to refund the \$10,780,000 of the School District's outstanding School Improvement Bonds, Series 1993, dated as of February 1, 1993, that were stated to mature on December 1 in the years 2004, 2005, and 2016 and the \$2,310,000 of the School District's outstanding School Improvement Bond Series 1993-2, dated as of December 1, 1993, that were stated to mature on December 1 in the years 2004 and 2016. This refunding was done to achieve interest cost savings. Proceeds of the bonds were used to establish an irrevocable escrow account. Funds in the escrow account were invested in special direct obligations of the United States Treasury or other obligations of the United States government or its agencies. The escrow securities and their earnings are structured to pay the principal and interest on the refunded 1993 bonds as such payments become due, until the call dates of the respective refunded bonds, at which time the escrow payment will pay the principal of the refunded bonds at a price equal to 102 percent of the principal amount plus accrued interest. Since these bonds have been placed in an irrevocable trust, they are considered defeased for these financial statements. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,819,491. The economic gain is \$1,445,409.

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from various governmental funds.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2004 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 920,000	\$ 461,425	\$ 1,381,425
2006	841,986	547,139	1,389,125
2007	846,890	535,866	1,382,756
2008	865,470	524,518	1,389,988
2009	884,321	509,392	1,393,713
2010-2014	4,929,880	2,009,152	6,939,032
2015-2017	3,910,000	316,313	4,226,313
	<u>\$ 13,198,547</u>	<u>\$ 4,903,805</u>	<u>\$ 18,102,352</u>

Note 15 – Capitalized Leases

Capital lease obligations related to lighting is leased under long-term agreements. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the capital projects have been reclassified and are reflected as debt service in the basic financial statements for the capital projects fund. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

<u>Fiscal Year Ending June 30,</u>	<u>Capital Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 82,290	\$ 20,402	\$ 102,692
2006	87,478	15,214	102,692
2007	92,994	9,699	102,693
2008	107,371	3,879	111,250
Total	<u>\$ 370,133</u>	<u>\$ 49,194</u>	<u>\$ 419,327</u>

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 16 – Deferred Revenue

Deferred revenue as reported on the governmental fund balance sheet at June 30, 2004 consisted of the following:

	Balance Sheet	Statement of Net Assets
Property Taxes Receivable	\$ 23,066,456	\$ 22,254,927
Grants Receivable	139,675	0
Deferred Revenue	\$ 23,206,131	\$ 22,254,927

Note 17 - Interfund Transfers

Transfers made during fiscal year 2004 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 53,100
Food Service	15,300	0
Athletic	37,800	0
Total	\$ 53,100	\$ 53,100

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

Note 18 - Interfund Balances

Interfund balances at June 30, 2004 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 169,087	\$ 0
Nonmajor Governmental Funds	0	169,087
	\$ 169,087	\$ 169,087

Interfund receivables and payables resulted from the time lag between the dates that payments between funds are made. As of June 30, 2004, all interfund payables outstanding are anticipated to be repaid in fiscal year 2005.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 19 - Jointly Governed Organizations

A. Tri-Rivers Educational Computer Association

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of 44 public school districts and Charter Schools within the counties of Cuyahoga, Delaware, Hamilton, Knox, Mahoning, Marion, Marrow, Muskingum, Summit, Trumbull, Wyandot, Clark and Union. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302. During the year ended June 30, 2004, the School District paid approximately \$79,687 to TRECA for basic service charges. On June 25, 2004 the School District became associated with the Northeastern Ohio Network (NEONET). Nothing was paid to NEONET for the year ended June 30, 2004.

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

C. The Ohio Schools Council (Council)

The Ohio Schools Council (Council) is a jointly governed organization among 70 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. The Council sponsors an insurance purchasing plan in which the School District participates. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Ohio Schools Council, 6376 Mill Road, Broadview Heights, Ohio 44147.

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
National School Lunch Program - Commodity	n/a	10.550		\$54,255		\$54,255
National School Lunch Program - Subsidy	LL-P1,P4 2003	10.555	\$59,829		\$123,949	
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>59,829</u>	<u>54,255</u>	<u>123,949</u>	<u>54,255</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>						
FEMA, Federal Emergency Management Agency	DR-1484-OH	83.544	1,629		1,890	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through the Ohio Department of Education</i>						
Title I, Grants to Local Educational Agencies	C1-S1 2003 CI-S1 2004	84.010			2,000	
Total Title I, Grants to Local Educational Agencies			<u>42,816</u>		<u>61,672</u>	
Special Education_Grants to States	6BSF-2003-P 6BSF-2004 6B-PM-2003P 6B-PM-2004P 6B-SA-03P 6B-SA-04P n/a	84.027	281,360		282,243	
Total Special Education_Grants to States			<u>366,236</u>		<u>405,246</u>	
Safe and Drug-Free Schools and Communities_State Grants	DRS1-2004	84.186	7,967		8,479	
State Grants for Innovative Programs	C2S1-2004	84.298	4,999		11,880	
Education Technology State Grants	TJS1-2004	84.318	1,712		1,511	
Assistive Technology	1810-0642	84.224			6,925	
Improving Teacher Quality State Grants	TRS1-2004	84.367	54,313		48,014	
English Language Acquisition Grants	T3S1-2004	84.365	225		225	
Total U.S. Department of Education			<u>478,268</u>		<u>545,952</u>	
Totals			<u>\$539,726</u>	<u>\$54,255</u>	<u>\$671,791</u>	<u>\$54,255</u>

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

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had \$10,666 of food commodities in inventory.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the basic 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, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 28, 2005, in which we noted the District restated its net assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that do not require inclusion in this report that we have reported to the District's management in a separate letter dated January 28, 2005.

Internal Control Over Financial Reporting

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

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Revere Local School District
Summit County
Independent Accountants' Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 28, 2005



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Revere Local School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each major federal program for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. However, we noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the District's management in a separate letter dated January 28, 2005.

Internal Control Over Compliance

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

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 28, 2005

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR' S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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REVERE LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 5, 2005**