



Dave Yost • Auditor of State



REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Revere Local School District, Summit County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As further described in Note 2 to the basic financial statements, the District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

September 21, 2011

**Revere Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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The discussion and analysis of the Revere Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. 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 2011 are as follows:

- General Revenues accounted for \$33.5 million in revenue or 90% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3.6 million or 10% of total revenues of \$37.1 million.
- Total program expenses for governmental activities were \$35.5 million.
- Net assets increased \$1.6 million or 6% over 2010.
- Outstanding bonded debt and related liabilities decreased from \$8.6 million to \$7.5 million through the payment of bond principal.

***Using this Annual Report***

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

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

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

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" 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

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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 of non-instructional services, food service operations, and extracurricular activities.

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

*Fund Financial Statements*

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

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

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

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

The governmental fund financial statements begin on page 15.

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

The proprietary fund financial statements begin on page 20.



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

The fiduciary fund financial statements begin on page 23.

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

**(Table 1)**  
**Net Assets**

	Governmental Activities	
	2011	Restated 2010
<b>Assets</b>		
Current and Other Assets	\$ 47,878,409	\$ 44,772,815
Capital Assets	17,183,404	17,720,623
Total Assets	65,061,813	62,493,438
<b>Liabilities</b>		
Long-Term Liabilities	10,277,326	11,178,472
Current and Other Liabilities	28,945,005	27,039,920
Total Liabilities	39,222,331	38,218,392
<b>Net Assets</b>		
Invested in Capital		
Assets Net of Related Debt	10,271,540	9,716,237
Restricted	4,312,795	2,742,566
Unrestricted	11,255,147	11,816,243
Total Net Assets	\$ 25,839,482	\$ 24,275,046

Total assets increased \$2.6 million and total liabilities increased \$1 million from fiscal year 2010. The increase in assets was primarily made up of an increase in taxes receivable of \$2.7 million offset by a decrease in capital assets of \$.5 million. The taxes receivable increase was the result of a 10 mills emergency levy passed by the voters in May 2011. The decrease in capital assets was the result of depreciation exceeding purchases. Long term liabilities, consisting mostly of debt obligations, decreased by \$.9 million through principal payments. Net assets increased \$1.6 million or 6% over fiscal year 2010.

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Table 2 shows the changes in net assets for fiscal year 2011 compared to 2010.

**(Table 2)**  
**Governmental Activities**

	2011	2010*
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,558,702	\$ 1,478,499
Operating Grants	1,895,809	1,563,283
Capital Grants	100,000	216,395
<i>General Revenue:</i>		
Property Taxes	25,865,615	25,134,505
Grants and Entitlements	7,422,464	7,362,489
Other	233,635	234,993
<i>Total Revenues</i>	37,076,225	35,990,164
 <b>Program Expenses</b>		
Instruction	20,544,105	19,389,117
Support Services	12,211,485	13,127,277
Operation of Non-Instructional	311,091	281,501
Extracurricular Activities	1,164,408	1,179,508
Food Services	921,435	883,003
Interest and Fiscal Charges	359,265	424,356
<i>Total Expenses</i>	35,511,789	35,284,762
 Increase in Net Assets	 \$ 1,564,436	 \$ 705,402

\*2010 was not restated for change in fund classification (see Note 2S). No impact on analysis.

Revenues increased \$1.1 million or 3% over fiscal year 2010 with intergovernmental revenues and charges for services accounting for that increase. Support service expenses showed a 7% decrease over fiscal year 2010 and instruction expenses showed a 6% increase over fiscal year 2010 while the other expenses remained fairly stable.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total revenues of \$37.1 million and expenses of \$35.5 million.

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**(Table 3)**  
**Governmental Activities**

	2011		2010 *	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 20,544,105	\$ 19,557,858	\$ 19,389,117	\$ 18,632,054
Support Services:				
Pupil and Instructional Staff	2,859,340	2,295,735	2,810,808	2,223,606
Board of Education, Administration				
Fiscal and Business	3,719,219	3,637,458	3,911,498	3,835,387
Operation and Maintenance of Plant	3,103,918	3,081,668	3,895,831	3,880,086
Pupil Transportation and Central	2,529,008	2,463,729	2,509,140	2,277,307
Operation of Non-Instructional Services and Food Service Operations	1,232,526	(90,072)	1,164,504	40,564
Extracurricular Activities	1,164,408	651,637	1,179,508	713,225
Interest and Fiscal Charges	359,265	359,265	424,356	424,356
<b>Total</b>	<b>\$ 35,511,789</b>	<b>\$ 31,957,278</b>	<b>\$ 35,284,762</b>	<b>\$ 32,026,585</b>

\* 2010 was not restated for change in fund classification (see Note 2S). No impact on analysis.

Instruction and pupil and instructional support services comprise the majority of governmental program expenses totaling \$23.4 million or 65.9%. Interest/Fiscal charges were 1%. Interest expense was attributable to the outstanding bonds, and fiscal expenses include payments to the County Fiscal Officer for administrative fees. Administrative expenses and operation and maintenance of the facilities accounts for \$6.8 million or 19.2% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. 90% of expenses are not supported by program specific revenues. The community, as a whole, is by far the primary support for Revere Local School District students.

### **Financial Analysis of the Government's Funds**

#### ***Governmental Funds***

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

The School District's governmental funds (as presented on the balance sheet on page 15) reported a total fund balance of \$17.4 million, which is \$2.1 million or 13.7% over last year's balance of \$15.3 million. The most significant change within the School District's funds was reported in the major General fund with an increase in fund balance of \$.7 million.

#### ***Major Fund***

The general fund is the main operating fund of the School District. At the end of fiscal year 2011, the fund balance in the general fund was \$13.4 million. Tax revenue increased from fiscal year 2010 by \$.6

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million. Expenditures decreased \$1 million over fiscal year 2010 mostly in the areas of instruction, support services and operation and maintenance of plant.

***General Fund Budgeting Highlights***

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

The School District uses site-based budgeting, which is designed to tightly control total expenditures but provide flexibility for administrators at the building level. Total expenditures in the general fund were 6.7% or \$2.2 million under the final budget adopted by the Board of Education. The most significant favorable variance occurred in regular instruction and operation and maintenance of plant. For the general fund, original budget basis revenue was \$29.4 million compared to the final budget of \$30.4 million with a significant difference in taxes which went up \$.7 million and intergovernmental revenue which went up by \$.2 million.

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

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2011, the School District had \$17.2 million invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles for the governmental activities. Table 4 shows fiscal year 2011 balances compared with 2010 net of depreciation.

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

	2011	2010
Land and Construction in Progress	\$ 1,900,942	\$ 1,900,942
Land Improvements	2,540,474	2,540,547
Buildings and Improvements	10,985,255	11,528,465
Furniture and Equipment	877,567	856,392
Vehicles	879,166	894,277
Totals	\$ 17,183,404	\$ 17,720,623

The \$.5 million decrease in capital assets was attributable to depreciation exceeding additional purchases. For additional information, see Note 8.

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**Debt**

At June 30, 2011, the School District had \$7.2 million in bonds outstanding and \$.35 million in unamortized bond premiums with \$1.1 million due within one year. During fiscal year 2011, \$1.1 million of general obligation bonds were retired. Table 5 summarizes bonds outstanding.

**(Table 5)**  
**Outstanding Debt, at June 30**

	2011	2010
General Obligation Bonds:		
Bond Refunding	\$ 6,155,000	\$ 7,210,000
Capital Appreciation Bonds	599,880	599,880
Accretion on Capital		
Appreciation Bonds	409,146	341,556
Unamortized Bond Premiums	350,066	416,745
Totals	\$ 7,514,092	\$ 8,568,181

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

The School District's legal debt margin for fiscal year 2011 was \$82,272,947. See Note 13 for additional information regarding long-term obligations.

***Current Issues***

From the perspective of return on investment, the Revere Local School District continues to achieve outstanding academic results. These results are clearly derived from the combined effort of our students, staff, parents and community. The students come prepared to learn, the staff is highly qualified and the parents, along with the community support education.

***Executive Summary***

As an Executive Summary, school funding in Ohio continues to be an unresolved and controversial matter. Combined with the unresolved funding model is the economic downturn in our country and state which has negatively impacted the school's revenue through reduced property taxes starting in Fiscal Year 2012. In resolving the school funding issue, it is very clear that the State wants to penalize high wealth districts like Revere. There is also a belief that the burden for enhanced educational programs be transferred to the local level. As stewards of public dollars, the School District's fiscal policy continues to be that of doing more with less. We have worked to contain or reduce costs and address all expenditures within our control. Some of the key steps taken include the formation of a health care consortium, implementing a severance plan designed to reduce salary costs, utilization of stimulus money to improve facilities, applying technology to reduce operating costs, increasing participation in buying consortiums and exploring opportunities to apply the concept of shared services.

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**Expanded Discussion of Current Issues**

Under the longstanding funding model in the State of Ohio, the Revere Local School District is defined as a “zero percent” State share district and receives State funding on what is called the funding guarantee up until the new biennium budget which became effective July 1, 2009. The funding guarantee payment was fixed and represented 4.30% of general fund revenue, excluding the transportation reimbursement component of \$649,000. The status of zero share district, was assigned to the School District because of high property values. In the funding formula, property values were divided by student enrollment which results in a valuation figure on a per pupil basis. The School District’s valuation per pupil at \$350,000 is significantly above the State average. The assessed property values for calendar year 2010 are \$985,119,000 and are payable in calendar 2011. Under the biennium budget effective July of 2009, an effort was put forth by the legislature to eliminate all funding under the “guarantee” and a new funding system was proposed, which was never fully implemented. That model was called the Evidenced Based Model. Without the guarantee, the most recent biennium budget proposed was July 1, 2011. The governor initially made very significant cuts to State funding for the School District and his budget continued to uphold the elimination of the guarantee. Those proposed cuts were softened for year one of the biennium budget after lengthy debate with the legislature. It is clear however, that the governor intends to revisit the budget midterm and it is anticipated additional cuts will be on the horizon. What is known about the future funding model for the state is that the evidenced based model will be eliminated; consequently, the State has initiated a study panel to determine the best methodology under which public education should be funded. Preliminary information supports the prior funding philosophy that high wealth districts can afford cuts in funding and that more responsibility for school funding must be generated locally.

The ramifications associated with being a “zero percent” school district and the elimination of the guarantee are extremely detrimental and encompass more than the loss of direct funding received from the State. Those impacts are as follows: the School District’s State funding is capped without needed increases to offset inflationary pressures, the School District received no new money for new students entering the School District, the School District received no supplemental funding for special needs students, and the funding burden was shifted to local tax payers instead of being a shared responsibility with the State. From year to year the name of the State’s school funding formula may change but the impact remains the same, actually worse, based upon the strong socio-economic profile of the Revere Local School District.

The School District continues to receive support from the residents of the School District through local property taxes. As the preceding information describes, the School District relies heavily on its local taxpayers. In reviewing the School District’s ballot activity over the past ten years, new money was passed by the residents of the School District in August of 2001. This levy was in the amount of 6.9 mills, for a fixed term, under a five year Emergency Levy. That levy generates \$4.6 million annually. As an emergency levy, the annual collection remains flat and does not grow as new value is added through new construction. This emergency levy was then placed on the ballot in November of 2005 for renewal and was approved overwhelmingly at that time. It was again put up for renewal in February of 2011 and supported by the community. Based upon the five year budget forecasting tool, over the last several years the School District had identified the need for new money and weighed that need against the fact that we had not gone back to the community with a new money levy for just over ten years. Acting on the information assumptions contained in the forecasting tool, the School District was on the ballot for a 10 year emergency levy in the amount of \$4.76 million. This levy equated to 4.83 mills and was supported by our voters after 3 attempts in May of 2011. As noted above, the School District has been able to stretch out its levy cycle, the time span between requests for new money, to over ten years which is

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*(Unaudited)*

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unprecedented based upon the school funding model in Ohio. This was accomplished through effective budget management as well as continuous growth in the School District's property tax base.

All day kindergarten remains an uncertainty for schools in Ohio. Under the current governor, it is not required but remains a local decision. This pendulum has swung back and forth depending upon the party in office. With the introduction of the EBM, two years ago, the debate over how to fund our schools still continues and is without resolution. Any reader of these financial statements must also be cognizant of the significant economic decline facing our country and most significantly the State of Ohio. Only with the introduction of Federal Stimulus money by the State of Ohio, which was re-directed to help public schools, and based upon significant budgetary cuts in other sectors, has our State been able to maintain some sense of fiscal status quo. An additional dilemma is the fact that the worse our economic condition the more difficult it is to define an appropriate funding formula.

Another result of the fiscal crisis in the State of Ohio is the drop in real estate values which has occurred state wide. Up until the calendar year 2011 tri-ennial update appraisal, for Summit County, the School District has bucked the downward trend in property values. However, in August of 2011, the Akron Beacon Journal ran a story indicating a drop in property values for the communities making-up the Revere LSD of 7% to 12%. Based upon these numbers, the School District could lose in excess of \$550,000 per year in taxes.

With House Bill 920 (passed in 1976) current levies do not provide inflationary revenue growth as valuation increases, with the exception of inside millage and new construction. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and the home's market value increased to \$200,000 (assuming this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. The impact of HB 920 is negated when the School District falls to what is referred to as the 20 Mill Floor. Based on property value increases due to re-appraisal, the Revere Local School District has moved to the 20 mill floor on residential property classes but not on all classes of property. Consequently, the School District did initiate an informational campaign to explain this phenomenon to its constituents.

As a School District heavily dependent upon property taxes and related growth trends, we are hampered by a lack of revenue growth yet faced with annual increases in costs that cannot be entirely controlled (health care, utilities, negotiated agreements, fuel costs). Accordingly, the School District must return to the voters at some interval to maintain the current level of service as a high academic achieving district. Property taxes and reimbursements made up 88% of revenues for governmental activities for the School District in fiscal year 2011. Within the frame work of both short range and long range planning, management has diligently worked to control expenses and reduce costs where possible. With this effort we have been able to extend the period of time before which a new operating levy was placed on the ballot. The ability to control costs is made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, national health care trends and the unfunded mandates which continue to grow.

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

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

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

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

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

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



**Revere Local School District**  
*Statement of Net Assets*  
*June 30, 2011*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 18,782,012
Cash and Cash Equivalents:	
With Fiscal Agents	11,761
Receivables:	
Taxes	28,504,008
Interest	6,796
Intergovernmental	380,750
Deferred Charge - Issuance Costs	193,082
Nondepreciable Capital Assets	1,900,942
Depreciable Capital Assets (Net)	15,282,462
<i>Total Assets</i>	65,061,813
<b>Liabilities</b>	
Accounts Payable	283,918
Accrued Wages and Benefits	2,838,018
Vacation Benefits Payable	66,444
Intergovernmental Payable	856,436
Deferred Revenue	24,493,369
Matured Bonds Payable	10,000
Matured Interest Payable	1,761
Accrued Interest Payable	25,320
Claims Payable	3,539
Matured Compensated Absences	366,200
Long Term Liabilities:	
Due Within One Year	1,588,048
Due In More Than One Year	8,689,278
<i>Total Liabilities</i>	39,222,331
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	10,271,540
Restricted for:	
Capital Outlay	3,169,597
Debt Service	789,434
Other Purposes	353,764
Unrestricted	11,255,147
<i>Total Net Assets</i>	\$ 25,839,482

See accompanying notes to the basic financial statements.

**Revere Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 16,386,766	\$ 396,882	\$ 494,261	\$ 0	\$ (15,495,623)
Special	1,260,499	0	95,104	0	(1,165,395)
Vocational	437,213	0	0	0	(437,213)
Student intervention services	1,827,939	0	0	0	(1,827,939)
Other	631,688	0	0	0	(631,688)
Support services:					
Pupils	1,693,687	0	252,546	0	(1,441,141)
Instructional staff	1,165,653	0	311,059	0	(854,594)
Board of education	189,462	0	0	0	(189,462)
Administration	2,281,599	0	81,761	0	(2,199,838)
Fiscal	1,190,881	0	0	0	(1,190,881)
Business	57,277	0	0	0	(57,277)
Operation and maintenance of plant	3,103,918	13,150	9,100	0	(3,081,668)
Pupil transportation	2,264,694	0	60,279	0	(2,204,415)
Central	264,314	0	5,000	0	(259,314)
Operation of non-instructional services	311,091	120,873	409,510	0	219,292
Food service operations	921,435	652,021	140,194	0	(129,220)
Extracurricular activities	1,164,408	375,776	36,995	100,000	(651,637)
Interest and fiscal charges	359,265	0	0	0	(359,265)
<i>Total Governmental Activities</i>	<u>\$ 35,511,789</u>	<u>\$ 1,558,702</u>	<u>\$ 1,895,809</u>	<u>\$ 100,000</u>	<u>(31,957,278)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	23,355,361
Debt Service	1,288,771
Capital Outlay	1,221,483
Grants and Entitlements not Restricted to Specific Programs	7,422,464
Investment Earnings	83,527
Miscellaneous	150,108
	<hr/>
Total General Revenues	33,521,714
Change in Net Assets	1,564,436
Net Assets Beginning of Year (Restated)	<hr/> 24,275,046
Net Assets End of Year	<u>\$ 25,839,482</u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 14,713,293	\$ 3,830,491	\$ 18,543,784
Cash and Cash Equivalents:			
With Fiscal Agents	0	11,761	11,761
Receivables:			
Taxes	26,002,701	2,501,307	28,504,008
Interfund	12,664	0	12,664
Interest	6,796	0	6,796
Intergovernmental	0	380,750	380,750
<i>Total Assets</i>	<u>\$ 40,735,454</u>	<u>\$ 6,724,309</u>	<u>\$ 47,459,763</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 218,684	\$ 65,234	\$ 283,918
Accrued Wages and Benefits	2,790,547	47,471	2,838,018
Intergovernmental Payable	819,188	37,248	856,436
Interfund Payable	0	12,664	12,664
Deferred Revenue	23,122,082	2,568,228	25,690,310
Matured Compensated Absences	360,923	5,277	366,200
Matured Bonds Payable	0	10,000	10,000
Matured Interest Payable	0	1,761	1,761
<i>Total Liabilities</i>	27,311,424	2,747,883	30,059,307
<b>Fund Balances</b>			
Fund Balance:			
Restricted	0	4,018,653	4,018,653
Committed	0	33,932	33,932
Assigned	994,105	0	994,105
Unassigned	12,429,925	(76,159)	12,353,766
<i>Total Fund Balances</i>	13,424,030	3,976,426	17,400,456
<i>Total Liabilities and Fund Balances</i>	<u>\$ 40,735,454</u>	<u>\$ 6,724,309</u>	<u>\$ 47,459,763</u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2011*

Total Governmental Fund Balances		\$ 17,400,456
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		17,183,404
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 380,750	
Delinquent Property Taxes	816,191	
Refunding Issuance Costs	193,082	1,390,023
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	(6,155,000)	
Capital Appreciation Bonds	(599,880)	
Unamortized Premium	(350,066)	
Accretion on Capital Appreciation Bonds	(409,146)	
Compensated Absences	(2,763,234)	
Accrued Interest	(25,320)	
Vacation Benefits Payable	(66,444)	(10,369,090)
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.		234,689
Net Assets of Governmental Activities		\$ 25,839,482

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, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 23,136,334	\$ 2,489,657	\$ 25,625,991
Intergovernmental	6,965,179	2,074,037	9,039,216
Investment income	83,382	144	83,526
Tuition and fees	506,603	0	506,603
Extracurricular activities	190,350	183,135	373,485
Rentals	100,456	0	100,456
Charges for services	0	652,102	652,102
Gifts and donations	5,746	133,539	139,285
Miscellaneous	78,654	7,466	86,120
<i>Total Revenues</i>	<u>31,066,704</u>	<u>5,540,080</u>	<u>36,606,784</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	14,412,870	286,898	14,699,768
Special	1,013,175	189,106	1,202,281
Vocational	409,972	0	409,972
Student intervention	1,689,081	0	1,689,081
Other	617,092	14,596	631,688
Support services:			
Pupils	1,311,615	302,969	1,614,584
Instructional staff	890,471	280,046	1,170,517
Board of education	189,462	0	189,462
Administration	2,145,443	81,516	2,226,959
Fiscal	1,130,288	53,957	1,184,245
Business	57,277	0	57,277
Operation and maintenance of plant	3,000,294	231,462	3,231,756
Pupil transportation	2,236,826	5,139	2,241,965
Central	260,872	5,000	265,872
Operation of non-instructional services:			
Community services	0	311,091	311,091
Food service operations	0	918,947	918,947
Extracurricular activities	891,350	203,276	1,094,626
Capital outlay	4,080	0	4,080
Debt service:			
Principal retirement	7,621	1,055,000	1,062,621
Interest and fiscal charges	154	324,938	325,092
<i>Total Expenditures</i>	<u>30,267,943</u>	<u>4,263,941</u>	<u>34,531,884</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	798,761	1,276,139	2,074,900
<b>Other Financing Sources (Uses):</b>			
Transfers in	0	75,000	75,000
Insurance recoveries	25,875	0	25,875
Transfers out	(75,000)	0	(75,000)
<i>Total Other Financing Sources and (Uses)</i>	<u>(49,125)</u>	<u>75,000</u>	<u>25,875</u>
<i>Net Change in Fund Balance</i>	749,636	1,351,139	2,100,775
<i>Fund balance (deficit) at beginning of year (Restated)</i>	<u>12,674,394</u>	<u>2,625,287</u>	<u>15,299,681</u>
<i>Fund balance (deficit) at end of year</i>	<u>\$ 13,424,030</u>	<u>\$ 3,976,426</u>	<u>\$ 17,400,456</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, 2011*

Net Change in Fund Balances - Total Governmental Funds	\$	2,100,775
 <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 additions in the current period.		
Capital Asset Additions	\$ 498,595	
Current Year Depreciation	<u>(1,033,439)</u>	(534,844)
 Net effect of transactions involving sale of capital assets are not reflected in the funds		
		(2,375)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Grants	203,943	
Delinquent Property Taxes	<u>239,623</u>	443,566
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal	1,055,000	
Capital Lease	<u>7,621</u>	1,062,621
 Some expenses reported in the statement of net activities do not use the current financial resources and therefore are not reported as expenditures in governmental funds.		
(Increase) Decrease in Bond Accretion	(67,590)	
(Increase) Decrease in Bond Premium Amortization	66,679	
Increase (Decrease) in Amortization of Bond Issuance Costs	(36,778)	
(Increase) Decrease in Compensated Absences	(160,564)	
(Increase) Decrease in Vacation Benefits Payable	<u>10,527</u>	(187,726)
 Add difference between interest payable which is recorded in net assets and interest paid which is recorded in governmental funds.		
		3,516
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>(1,321,097)</u>
 Change in Net Assets of Governmental Activities	 \$	 <u>1,564,436</u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 21,999,211	\$ 22,736,465	\$ 22,737,185	\$ 720
Intergovernmental	6,710,085	6,934,969	6,935,179	210
Investment income	106,325	109,892	109,892	0
Tuition and fees	373,210	385,730	385,730	0
Rentals	84,472	87,306	87,306	0
Extracurricular activities	75,287	77,813	77,813	0
Miscellaneous	74,071	76,556	76,556	0
<i>Total Revenues</i>	<u>29,422,661</u>	<u>30,408,731</u>	<u>30,409,661</u>	<u>930</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	15,090,868	15,090,868	14,319,736	771,132
Special	1,159,891	1,159,891	1,065,351	94,540
Vocational	435,470	435,470	413,544	21,926
Student intervention services	1,752,785	1,752,785	1,666,866	85,919
Other	1,189,474	1,189,474	972,442	217,032
Support services:				
Pupils	1,460,235	1,460,235	1,344,927	115,308
Instructional staff	1,079,988	1,079,988	987,167	92,821
Board of education	339,397	339,397	261,087	78,310
Administration	2,283,734	2,283,734	2,169,800	113,934
Fiscal	1,197,175	1,197,175	1,140,128	57,047
Business	104,347	104,347	81,441	22,906
Operation and maintenance of plant	3,600,673	3,600,673	3,233,829	366,844
Pupil transportation	2,423,730	2,423,730	2,280,875	142,855
Central	279,336	279,336	267,285	12,051
Extracurricular activities	840,831	840,831	801,729	39,102
Capital outlay	4,301	4,301	4,115	186
<i>Total Expenditures</i>	<u>33,242,235</u>	<u>33,242,235</u>	<u>31,010,322</u>	<u>2,231,913</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,819,574)</u>	<u>(2,833,504)</u>	<u>(600,661)</u>	<u>2,232,843</u>
<b>Other Financing Sources (Uses):</b>				
Refund of prior year expenditures	36,800	38,034	38,034	0
Insurance recoveries	25,035	25,875	25,875	0
Advances in	217,697	225,000	225,000	0
Advances out	(237,664)	(237,664)	(237,664)	0
Transfers out	(75,000)	(75,000)	(75,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(33,132)</u>	<u>(23,755)</u>	<u>(23,755)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(3,852,706)</u>	<u>(2,857,259)</u>	<u>(624,416)</u>	<u>2,232,843</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	13,302,459	13,302,459	13,302,459	0
Prior Year Encumbrances Appropriated	830,347	830,347	830,347	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 10,280,100</u>	<u>\$ 11,275,547</u>	<u>\$ 13,508,390</u>	<u>\$ 2,232,843</u>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
*Statement of Net Assets*  
*Proprietary Fund*  
*June 30, 2011*

	Governmental Activities Internal Service Fund
<b>Assets</b>	
<i>Current</i>	
Equity in Pooled Cash and Investments	\$ 238,228
<i>Total Assets</i>	238,228
<b>Liabilities</b>	
<i>Current</i>	
Claims Payable	3,539
<i>Total Liabilities</i>	3,539
<b>Net Assets</b>	
Unrestricted	234,689
<b>Total Net Assets</b>	\$ 234,689

See accompanying notes to the basic financial statements.



**Revere Local School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Governmental Activities
	Internal Service Fund
<b>Operating Revenues:</b>	
Charges for services	\$ 43,657
<i>Total Operating Revenues</i>	<i>43,657</i>
<b>Operating Expenses:</b>	
Purchased services	1,330,144
Materials and supplies	807
Claims	23,002
Other	10,801
<i>Total Operating Expenses</i>	<i>1,364,754</i>
<i>Change in Net Assets</i>	<i>(1,321,097)</i>
<i>Net Assets (Deficit) Beginning of Year (Restated)</i>	<i>1,555,786</i>
<i>Net Assets (Deficit) End of Year</i>	<i>\$ 234,689</i>

See accompanying notes to the basic financial statements.

**Revere Local School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2011

	Governmental Activities
	Internal Service Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received from Charges for Services	\$ 43,657
Cash Paid for Goods and Services	(1,582,447)
Cash Paid for Claims	(19,463)
	(1,558,253)
<i>Net Cash Provided By (Used For) Operating Activities</i>	(1,558,253)
<i>Net Increase (Decrease) in Cash and Investments</i>	(1,558,253)
<i>Cash and Investments at Beginning of Year (Restated)</i>	1,796,481
<i>Cash and Investments at End of Year</i>	\$ 238,228
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>	
Operating Income (Loss)	\$ (1,321,097)
Adjustments:	
Increase (Decrease) in Liabilities	
Accounts Payable	(11,063)
Claims Payable	(226,093)
	(237,156)
<i>Total Adjustments</i>	(237,156)
<i>Net Cash Provided By (Used For) Operating Activities</i>	\$ (1,558,253)

See accompanying notes to the basic financial statements.

**Revere Local School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2011*

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 17,113	\$ 118,263
<b>Liabilities</b>		
Undistributed Monies	0	\$ 35,651
Due to Students	0	82,612
<i>Total Liabilities</i>	\$ 0	\$ 118,263
<b>Net Assets</b>		
Held in Trust for Scholarships	17,113	
<i>Total Net Assets</i>	\$ 17,113	

See accompanying notes to the basic financial statements.

**Revere Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2011*

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	
<b>Additions</b>		
Interest	\$	<u>26</u>
<i>Change in Net Assets</i>		26
<i>Net Assets Beginning of Year</i>		<u>17,087</u>
<i>Net Assets End of Year</i>	\$	<u><u>17,113</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, 2011*

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**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 108 classified personnel, 192 certificated teaching personnel, and 17 administrators, who provide services to community members and 2,756 students.

***Reporting Entity***

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

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

The following activities are included within the reporting entity:

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

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

The School District participates in one jointly governed organization, the Summit Regional Healthcare Consortium ("SRHCC"). This organization is presented in Note 9D to the basic financial statements.

**Revere Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its governmental activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

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

***A. Basis of Presentation***

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

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

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

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

**Revere Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***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.

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 vision 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

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and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

***D. Basis of Accounting***

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

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

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

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

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



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Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 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. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants and Contributions" program revenue account.

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

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

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

During fiscal year 2011, investments were limited to repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan MC, Federal National Mortgage, Commercial Paper, Federal Farm Credit Bank Note and STAROhio, (the State Treasurer's Investment Pool).

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

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash. Investments with an initial maturity of more than three months are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$83,382, which includes \$15,285 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

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statute to be set-aside for the purchase of textbooks and capital improvements. See Note 18 for additional information regarding set asides. The School District has no restricted assets for 2011.

**G. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

**H. Compensated Absences**

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

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

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

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

***J. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes are primarily for instruction of students.

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

***K. Fund Balance***

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

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

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

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

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obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

***L. Operating Revenues and Expenses***

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

***M. Interfund Activity***

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

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

***N. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2011.

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***O. Estimates***

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

***P. Budgetary Data***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control was at the fund level. Budgetary modifications may only be made by resolution of the Board of Education.

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

***Estimated Resources*** The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011.

***Appropriations*** A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The

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amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

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

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

***Q. Change in Accounting Principles***

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, and GASB Statement No. 59, “*Financial Instruments Omnibus*.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the School District.

***R. Fund Reclassifications***

Fund reclassifications are required in order to report funds in accordance with GASB Statement No. 54. These fund reclassifications had the following effect on the School District’s governmental fund balances as previously reported:

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	General	Nonmajor Governmental	Total Governmental
Fund balance previously reported	\$ 12,546,837	\$ 2,752,844	\$ 15,299,681
Fund reclassification:			
Uniform school supplies fund	26,560	(26,560)	0
Public school support fund	42,203	(42,203)	0
Project link-special enterprise fund	58,794	(58,794)	0
Restated fund balance July 1, 2010	\$ 12,674,394	\$ 2,625,287	\$ 15,299,681

The fund reclassifications did not have an effect on net assets as previously reported.

***S. Restatement of Net Assets***

In the prior year, the School District incorrectly classified the Flexible Spending Plan Fund as an internal service fund. The fund should be classified as an agency fund. The restatement had the following effect on net assets.

	Governmental Activities	Internal Service Fund
Net Assets at June 30, 2010	\$ 24,298,802	\$ 1,579,542
Change in Fund Structure	(23,756)	(23,756)
Restated Net Assets at June 30, 2010	\$ 24,275,046	\$ 1,555,786

Beginning asset and liability balance for Agency funds were increased by \$23,756 to account for this change in classification. Cash balances on the Statement of Cash Flows was also restated by \$23,756 as a result of the change in fund structure.

**Note 3 – Accountability**

Fund balances at June 30, 2011 included a fund deficit of \$75,454 in the food service fund and a fund deficit of \$704 in the Race to the Top Fund.

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

**Note 4 – Budgetary Basis of Accounting**

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

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in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
4. In order to determine compliance with Ohio law, and to assign that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure.
5. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	General
GAAP Basis	\$ 749,636
Net Adjustment for Revenue Accruals	(364,605)
Advance In	225,000
Advance Out	(237,664)
Net Adjustment for Expenditure Accruals	85,172
Adjustment for Encumbrances	(1,035,304)
Funds Budgeted Elsewhere	(46,651)
Budget Basis	\$ (624,416)

**Note 5 – Deposits and Investments**

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

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



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

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

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

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

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

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8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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

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

***Deposits*** At fiscal year-end, the carrying amount of the School District's deposits was \$10,681,017 and the bank balance was \$10,734,653. Additionally, \$11,761 was held by a fiscal agent for a coupon bond.

Of the bank balance:

1. \$7,976,299 was covered by depository insurance; and
2. \$2,758,354 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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**Investments**

Investments are reported at fair value. As of June 30, 2011, the School District had the following investments:

Rating by Moody	Entity	Fair Value	Investment Maturities in months		Percentage of Total Investment
			(0-6)	(13-24)	
N/A	Repurchase Agreement	\$ 4,735,000	\$ 4,735,000	\$ 0	57.49%
AAAm	STAROhio	104	104	0	0.00%
Aaa	FFCB	1,498,965	0	1,498,965	18.20%
A1+	Commerical Paper	999,858	999,858	0	12.14%
Aaa	T-Note	1,002,344	1,002,344	0	12.17%
		<u>\$ 8,236,271</u>	<u>\$ 6,737,306</u>	<u>\$ 1,498,965</u>	<u>100.00%</u>

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

**Credit Risk:** The School District’s investments at June 30, 2011 in STAROhio is rated AAAm by Standard & Poor’s. The School District’s investments in the federal agency securities that underlie the School District’s repurchase agreement were rated Aaa by Moody’s Investor Services.

**Concentration of Credit Risk:** The School District places no limit on the amount the School District may invest in any one issuer. Investments of the School District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity; a specific issue or a specific class of securities, strategies to achieve this are determined and revised periodically. More than 5 percent of the School District’s investments are in the repurchase agreement which is 57% of the School District’s total investments, for the amounts listed above.

**Note 6 - Property Taxes**

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

Property taxes include amounts levied annually, on all real and public utility property and business tangible personal property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Real property taxes collected were based on assessed value equal to 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. The first payment is due December 31, and the remainder is payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes.

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Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

The School District receives property taxes from Summit County. The Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$2,880,619 in the General Fund, \$159,391 in the Debt Service Fund, and \$154,438 in the Permanent Improvement Capital Projects Fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred. The voters of the School District passed a 10 mills emergency levy in May 2011.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$965,473,350	98.30%	\$968,712,470	98.33%
Public Utility Personal	15,939,460	1.62%	16,407,030	1.67%
Tangible Personal Property	<u>767,930</u>	<u>0.08%</u>	<u>0</u>	<u>0.00%</u>
Total	<u><u>\$982,180,740</u></u>	<u><u>100.00%</u></u>	<u><u>\$985,119,500</u></u>	<u><u>100.00%</u></u>
Tax rate per \$1,000 of assessed valuation	\$57.45		\$57.29	

**Revere Local School District**  
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**Note 7 - Receivables**

Receivables at June 30, 2011, consisted of taxes, interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of Other Governmental Funds of \$380,750 related to federal grants.

**Note 8 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Additions	Reductions	Balance 6/30/2011
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,900,942	\$ 0	\$ 0	\$ 1,900,942
Total Capital Assets not being depreciated	1,900,942	0	0	1,900,942
<i>Capital Assets, being depreciated:</i>				
Land Improvements	3,089,938	164,587	0	3,254,525
Buildings and Improvements	25,953,480	0	0	25,953,480
Furniture and Equipment	2,762,059	172,808	(9,500)	2,925,367
Vehicles	3,033,514	161,200	0	3,194,714
Total Capital Assets, being depreciated	34,838,991	498,595	(9,500)	35,328,086
Less Accumulated Depreciation:				
Land Improvements	(549,391)	(164,660)	0	(714,051)
Buildings and Improvements	(14,425,015)	(543,210)	0	(14,968,225)
Furniture and Equipment	(1,905,667)	(149,258)	7,125	(2,047,800)
Vehicles	(2,139,237)	(176,311)	0	(2,315,548)
Total Accumulated Depreciation	(19,019,310)	(1,033,439)	7,125	(20,045,624)
Total Capital Assets being depreciated, net	15,819,681	(534,844)	(2,375)	15,282,462
Governmental Activities Capital Assets, Net	<u>\$ 17,720,623</u>	<u>\$ (534,844)</u>	<u>\$ (2,375)</u>	<u>\$ 17,183,404</u>

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

Instruction:	
Regular	\$ 582,121
Special	897
Support Services:	
Pupils	5,231
Instructional	49,183
Fiscal	1,407
Operation and Maintenance of Plant	152,563
Pupil Transportation	173,774
Food Service	1,553
Extracurricular Activities	<u>66,710</u>
Total Depreciation	<u>\$ 1,033,439</u>

**Note 9 – Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. For the 12 month period beginning August 1, 2010, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage (\$85,356,700 blanket combined building and personal property, \$5,000 deductible), for commercial auto coverage (\$1,000,000 combined single limit for bodily injury and property damage with a \$8,000,000 umbrella, \$500 comprehensive/\$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 an increase in insurance coverage from the prior year.

***B. Workers' Compensation***

The School District pays the State Workers' Compensation system a premium based on a rate of \$.7653 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***C. Employee Vision Benefits***

Vision coverage is provided on a self-insured basis. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims liability of \$3,539 reported in the internal service fund at June 30, 2011, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

**Revere Local School District**  
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Changes in the fund's claims liability amount in 2011 and 2010 were:

	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2010	\$ 516,271	\$ 2,799,964	\$ 3,086,603	\$ 229,632
2011	\$ 229,632	\$ 23,002	\$ 249,095	\$ 3,539

***D. Health Insurance***

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

**Note 10 - Pension Plans**

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

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS’ Retirement Board. The School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2010 the amount was 12.78% and for fiscal year 2009 the amount was 9.09%. The contributions to SERS for pension obligations for the fiscal years ended June 30, 2011, 2010, and 2009 were \$515,363, \$601,673 and \$374,161, respectively; 55% has been contributed for fiscal year 2011 and 100% for the fiscal years 2010 and 2009. \$274,630 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability.

***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

**Revere Local School District**  
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stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling 1-800-227-7877, or by visiting STRS Ohio website at strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one-time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2011, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the years ended June 30, 2011, 2010, and 2009 were \$2,031,439, \$2,036,111 and \$1,978,736, respectively. The full amount has been contributed for 2010 and 2009. For 2011, 83% has been contributed. Contributions to the DC and Combined Plans for fiscal year 2011 are available upon request. \$368,680 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability within the respective funds.

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



**Revere Local School District**  
*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 of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2011, three members of the Board of Education have elected Social Security and two members chose the School Employees Retirement System. The Board's liability is 6.2% of wages paid.

**Note 11 - Postemployment Benefits**

***A. State Teachers Retirement System***

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

Ohio law authorized STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to Health Care Stabilization Fund for the years ended June 30, 2011, 2010 and 2009. The School District's contributions for health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$156,265, \$156,624 and \$155,724, respectively.

***B. School Employees Retirement System***

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%. At June 30, 2010 and 2009 the health care allocation was .46% and 4.16%, respectively. The School District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$62,402, \$21,656 and \$171,233, respectively.

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An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. For the School District during fiscal year 2011 this amounted to \$63,766.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76% and for fiscal years 2010 and 2009 the required allocation was .76% and .75%, respectively. The School District contributions for the fiscal years 2011, 2010 and 2009 were \$33,165, \$35,780 and \$30,871, respectively.

**Note 12 – Other Employee Benefits**

***A. Life Insurance***

The School District provides life insurance to employees through the Ohio Schools Council, Anthem, in the amount of \$100,000 for administrators, twice the salary for the treasurer and superintendent capped at \$300,000 and \$30,000 for all classified employees and \$35,000 for teachers.

***B. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work no less than 12 months, earn 10 to 25 days of vacation per year depending upon length of service. Employees with 15 years of service or more may carry over 5 unused vacation days with written approval. Teachers and administrators who work less than 12 months do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 295 days for certificated and classified employees. Upon retirement, School District employees receive one-fourth of total unused sick leave, up to the maximum, based on the number of credited service years.

***C. Special Termination Benefits***

Employees meeting the retirement requirements included in negotiated agreements, and the provisions of the retirement systems, receive a salary incentive when they retire from active service. Those employees eligible to retire received \$10,000 for certified staff and \$7,000 for support staff in the first year of eligibility and \$4,000 for certificated and \$3,000 for support staff in any other year. For the classified employee in the first year of eligibility, \$7,000 for 12 month employees and \$3,500 for 9 month employees.

**Revere Local School District**  
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**Note 13 - Long - Term Obligations**

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

	Outstanding 6/30/2010	Additions	Reductions	Outstanding 6/30/2011	Amounts Due in One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
2003 Bond Refunding 2.00% - 5.25%	\$ 7,210,000	\$ 0	\$ 1,055,000	\$ 6,155,000	\$ 1,095,000
2003 Capital Appreciation Bonds	599,880	0	0	599,880	0
Accretion on Capital Appreciation Bonds	341,556	67,590	0	409,146	0
Unamortized Bond Premium	416,745	0	66,679	350,066	0
Total General Obligation Bonds	8,568,181	67,590	1,121,679	7,514,092	1,095,000
<i>Capital Lease:</i>					
Key Government Finance-5 Copiers					
6.0% 6/2009 - 1/2011	7,621	0	7,621	0	0
Compensated Absences	2,602,670	473,001	312,437	2,763,234	493,048
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,178,472</u>	<u>\$ 540,591</u>	<u>\$ 1,441,737</u>	<u>\$ 10,277,326</u>	<u>\$ 1,588,048</u>

*2003 General Obligation Bond Refunding*

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

The 2003 general obligation bonds include serial and capital appreciation bonds. The additions were \$67,590 which represents the annual accretion of discounted interest. The final amount of the capital appreciation bonds will be \$1,200,000.

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

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

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	General Obligation		Capital Appreciation		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/Accretion
2012	\$ 1,095,000	\$ 283,306	\$ 0	\$ 0	\$ 1,095,000	\$ 283,306
2013	1,150,000	234,025	0	0	1,150,000	234,025
2014	0	205,275	599,880	600,120	599,880	805,395
2015	1,225,000	173,119	0	0	1,225,000	173,119
2016	1,300,000	106,838			1,300,000	106,838
2017	1,385,000	36,356	0	0	1,385,000	36,356
	<u>\$ 6,155,000</u>	<u>\$ 1,038,919</u>	<u>\$ 599,880</u>	<u>\$ 600,120</u>	<u>\$ 6,754,880</u>	<u>\$ 1,639,039</u>

**Note 14 – Capital Leases**

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

Capital assets consisting of furniture and fixtures have been capitalized in the amount of \$25,041. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments during fiscal year 2011 totaled \$7,621 from the general fund. The capital lease was paid in full in January, 2011.

**Note 15 - Interfund**

**A. Interfund Transfers**

Transfers made during fiscal year 2011 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 75,000
Nonmajor Governmental Funds	75,000	0
Total	<u>\$ 75,000</u>	<u>\$ 75,000</u>

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

**Revere Local School District**  
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***Interfund Receivable/Payable***

Interfund receivable/payables at June 30, 2011 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 12,664	\$ 0
Nonmajor Governmental Funds	0	12,664
	\$ 12,664	\$ 12,664

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2011, all interfund loans outstanding are anticipated to be repaid in fiscal year 2012.

**Note 16 - Jointly Governed Organizations**

***A. Northeastern Ohio Network***

The Northeastern Ohio Network (NEOnet) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2011, the School District paid \$95,439 to NEOnet for basic service charges.

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

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

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***C. Ohio Schools Council (Council)***

The Ohio Schools Council (Council) is a jointly governed organization among 89 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. The Council sponsors an insurance purchasing plan in which the School District participates. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Ohio Schools Council, Rockside Square, Building 2, 6133 Rockside Road, Independence, Ohio 44131.

**Note 17 - Contingencies**

***A. Grants***

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

***B. Litigation***

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

**Note 18 - Set-Asides**

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

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

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	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set Aside Reserve Balance June 30, 2010	\$ 0	\$ 0
Current Year Set Aside Requirement	450,019	450,019
Current Year Qualifying Expenditures	(680,584)	(333,168)
Excess Qualified Expenditures from Prior Years	0	(1,502,690)
Current Year Offsets	(1,407,950)	0
Total	\$ (1,638,515)	\$ (1,385,839)
 Balance Carried Forward to Fiscal Year 2012	 \$ 0	 \$ 0
 Set Aside Reserve Balance June 30, 2011	 \$ 0	 \$ 0

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. Effective July 1, 2011, textbook set aside laws have been repealed. For the capital improvement reserve, qualifying expenditures and current year offsets exceeding the set aside requirement may not be carried forward to the next fiscal year.

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**Revere Local School District**  
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**Note 19 – Fund Balance**

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

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

	General	Other Governmental Funds	Total
Restricted for:			
Debt Service	\$ 0	\$ 776,218	\$ 776,218
Capital Outlay	0	3,133,547	3,133,547
Special Education	0	23,564	23,564
Other Purposes	0	85,324	85,324
Total Restricted	0	4,018,653	4,018,653
Committed to:			
Other Purposes	0	33,932	33,932
Total Committed	0	33,932	33,932
Assigned for:			
Encumbrances	828,574	0	828,574
Other Purposes	165,531	0	165,531
Total Assigned	994,105	0	994,105
Unassigned	12,429,925	(76,159)	12,353,766
Total Fund Balance (Deficit)	\$ 13,424,030	\$ 3,976,426	\$ 17,400,456

**Note 20 – Subsequent Event**

On August 17, 2011, the School District received \$3,225,768 from the State of Ohio in the form of Qualified School Construction Bonds (QSCB). The QSCB's allow school districts to borrow funds interest free for renovation, repair, construction or land acquisition.



**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	2010	84.027	\$ 33,795		\$ 63,294	
	2011		556,719		520,714	
ARRA - Special Education - Grants to States	2011	84.391	<u>227,094</u>		<u>220,964</u>	
Total Special Education Cluster			817,608		804,972	
Title I Grants to Local Educational Agencies	2010	84.010	4,877		11,575	
	2011		<u>82,991</u>		<u>77,991</u>	
Total Title I Grants to Local Educational Agencies			87,868		89,566	
English Language Acquisition Grant	2011	84.365	8,084		8,084	
ARRA - Race-to-the-Top Incentive Grants	2011	84.395	1,350		2,017	
Education Technology State Grants	2010	84.318	(243)		-	
	2011		<u>1,229</u>		<u>922</u>	
Total Education Technology State Grants			986		922	
Improving Teacher Quality State Grants	2010	84.367	7,927		9,286	
	2011		<u>44,848</u>		<u>41,631</u>	
Total Improving Teacher Quality State Grants			52,775		50,917	
ARRA - State Fiscal Stabilization Fund -Education State Grants	2011	84.394	180,266		180,266	
<i>Passed Through the Brecksville-Broadview Heights City School District:</i>						
English Language Acquisition Grants	2011	84.365	<u>2,124</u>		<u>2,124</u>	
<b>Total U.S. Department of Education</b>			<b><u>1,151,062</u></b>		<b><u>1,138,868</u></b>	
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	2010	10.555		\$ 49,232		\$ 49,232
Cash Assistance:						
National School Lunch Program	2010	10.555	<u>107,224</u>		<u>107,224</u>	
<b>Total U.S. Department of Agriculture</b>			<b><u>107,224</u></b>	<b><u>49,232</u></b>	<b><u>107,224</u></b>	<b><u>49,232</u></b>
<b>Totals</b>			<b><u>\$ 1,258,286</u></b>	<b><u>\$ 49,232</u></b>	<b><u>\$ 1,246,092</u></b>	<b><u>\$ 49,232</u></b>

The accompanying notes are an integral part of this schedule.

**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2010 to 2011 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
Education Technology State Grants	84.318	\$ 243



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Revere Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 21, 2011. We noted governmental fund balances were restated due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 21, 2011.

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

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

**Dave Yost**  
Auditor of State

September 21, 2011



# Dave Yost • Auditor of State

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

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

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 could directly and materially affect Revere Local School District's major federal program for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

As described in finding 2011-01 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding cost principles applicable to its Special Education – Grants to States major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Revere Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

### Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-01 to be a material weakness.

The District's response to the finding we identified is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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



**Dave Yost**  
Auditor of State

September 21, 2011

REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education – Grants to States CFDA # 84.027 & 84.391
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

**1. Allowable Costs/Cost Principles**

<b>Finding Number</b>	2011-01
<b>CFDA Title and Number</b>	Special Education – Grants to States CFDA # 84.027
<b>Federal Award Number / Year</b>	2010 & 2011
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

QUESTIONED COST AND NONCOMPLIANCE AND MATERIAL WEAKNESS

**2 C.F.R. Part 225, Appendix B (8)(h)** provides, in part, salaries and wages will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the government unit. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Such documentary support will be required where employees work on more than one Federal award, or a federal award and a non-Federal award. Personal activity reports or equivalent documentation must meet the following standards:

- They must reflect an after-the-fact distribution of the actual activity of each employee;
- They must account for the total activity for which the employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods;  
and
- They must be signed by the employee.

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for that period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

The District had **eight** salaried employees who worked solely on the Special Education program and appeared to hold positions consistent with the objectives of the program. However, the employees did not complete semi-annual certifications indicating the employees worked solely on the program; furthermore, we also noted personnel activity reports or equivalent documentation were not maintained for these employees. We are therefore questioning \$348,995 in salaries and fringe benefits for the eight salaried employees mentioned above.

The District should maintain semi-annual certification, personal activity reports, or equivalent documentation required for all employees paid from the Special Education program, in accordance with the requirements of 2 C.F.R. Part 225, Appendix B 8(h). This will help ensure the District is in compliance with all Federal time and effort documentation requirements. Furthermore, failure to maintain adequate time and effort documentation could compromise the District's eligibility to participate in future Federal grant programs.



**1. Allowable Costs/Cost Principles (continued)**

**Official's Response:**

1. The District acknowledges that the required semi-annual certification letter was not completed for the Federal program.
2. The District has re-verified that all of the individual employees in question do in fact work 100% of the time providing services to students with disabilities as eligible under the IDEA-B Grant.
3. From management's perspective, exception and great concern is taken to the use of the term "Questioned Cost" because the average constituent/lay person that uses the District's financial reports will misinterpret this finding.
4. Based upon prior favorable audit results and the quality of operations verified by the State Auditor's Office staff over the last 10 years at the Revere Schools, the appropriate action on the part of the Auditor's Office should be a management comment instead of a finding. In addition this was a first time exception and is not a re-occurring compliance issue.
5. On a minimum basis, if this exception remains a finding, the audit report must overtly reflect the fact that there are no "Questioned Costs" and clearly state that the only error on the part of the District was a failure to document with a simple form the assigned work of the employee. The report should further state that all expenditures were appropriate and legal under the Federal Grant and spent appropriately as defined by State operating standards and by contract.
6. This is a documentation issue not a performance issue

**AOS conclusion:** Federal guidelines listed above require periodic certifications the employee worked solely on that program. Absent this certification, time and effort documentation requirements are not in compliance with grant terms and conditions. Therefore, the expenditures that would be considered covered by the certification are being questioned.

**REVERE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-01	Action Step 1 – the District for fiscal year 2012 has implemented the Semiannual Certification Process as required for employees working solely on a single Federal award.	9/1/11	Sue Chute & Dave Forrest
	Action Step 2 – The requirements of the Allowable Costs/Cost Principles have been reviewed with the impacted staff members and all administrators as well as support staff in the Central Office responsible for managing Federal grants and programs.	9/12/11	Sue Chute & Dave Forrest
	Action Step 3 – Operational protocols within the Treasurer’s Office will be expanded to include a verification process to insure compliance during the fiscal year.	10/1/11	Dave Forrest
	Action Step 4 – The district verified the work duties of the assigned staff to insure that all services they provide to the District were eligible for payment under the grant program.	9/5/11	Sue Chute
	Action Step 5 – Documents evidencing compliance will be stored in a central location for easy verification.	9/12/11	Sue Chute & Dave Forrest
	Action Step 6 – In the placement of all staff assigned to Federal programs, the District will continue to match job descriptions and work assignments to insure compliance.	9/12/11	Randy Boroff, Sue Chute & Dave Forrest



# Dave Yost • Auditor of State

## Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Revere Local School District, Summit County, Ohio, (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the Board amended its anti-harassment policy at its meeting on January 11, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board 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 "Dave Yost".

**Dave Yost**  
Auditor of State

September 21, 2011

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# Dave Yost • Auditor of State

REVERE LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 13, 2011