



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 17, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Revere Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2006, 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, each major fund, and the aggregate remaining fund information of Revere Local School District, Summit County, Ohio, as of June 30, 2006, 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.

As described in Note 3, the District restated beginning fund balances as of June 30, 2005 due to bond premiums being improperly recorded in governmental funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Betty Montgomery
Auditor of State

December 11, 2006

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

The discussion and analysis of the Revere Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2006. 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 2006 are as follows:

- General Revenues accounted for \$30.5 million in revenue or 92% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2.5 million or 8% of total revenues of \$33.0 million.
- Total program expenses for governmental activities were \$30.9 million.
- Net assets increased \$2.1 million or 12.3% over 2005.
- Outstanding bonded debt decreased from \$12.3 million to \$11.6 million through the payment of bond principal.

Using this Annual Report

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also highlight the School District's most significant funds with all other nonmajor 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 2006?" 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.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

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

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

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

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 14.

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

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

The proprietary fund financial statements begin on page 20.

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 2006 compared to 2005:

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Current and Other Assets	\$ 41,253,389	\$ 37,932,542
Capital Assets	18,860,997	19,412,123
Total Assets	60,114,386	57,344,665
Liabilities		
Long-Term Liabilities	14,110,164	14,973,304
Current and Other Liabilities	27,031,888	25,471,461
Total Liabilities	41,142,052	40,444,765
Net Assets		
Invested in Capital		
Assets Net of Debt	6,917,582	6,095,593
Restricted	1,598,076	1,680,521
Unrestricted	10,456,676	9,123,786
Total Net Assets	\$ 18,972,334	\$ 16,899,900

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

Total assets increased by \$2.8 million and liabilities increased \$.7 million with net assets increasing \$2.1 million. A decrease in capital assets of \$.5 million represents depreciation exceeding additional purchases.

Table 2 shows the changes in net assets for fiscal year 2006 compared to 2005.

(Table 2)
Governmental Activities

	2006	2005
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,288,875	\$ 1,323,873
Operating Grants	1,220,375	1,180,792
<i>General Revenue:</i>		
Property Taxes	24,176,631	24,613,274
Grants and Entitlements	5,561,105	5,611,267
Other	713,636	364,889
<i>Total Revenues</i>	32,960,622	33,094,095
Program Expenses		
Instruction	17,337,500	16,308,867
Support Services	11,039,136	10,823,621
Operation of Non-Instructional	239,960	275,517
Extracurricular Activities	954,504	958,947
Interest and Fiscal Charges	580,241	496,515
Food Services	736,847	642,218
<i>Total Expenses</i>	30,888,188	29,505,685
Increase in Net Assets	\$ 2,072,434	\$ 3,588,410

The increase in interest earnings from 2006 accounts for the increase in other revenue over 2005.

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 \$33.0 million and expenses of \$30.9 million.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

(Table 3)
Governmental Activities

	2006		2005	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 17,337,500	\$ 16,931,588	\$ 16,308,867	\$ 15,642,662
Support Services:				
Pupil and Instructional Staff	2,188,403	1,557,399	2,155,368	1,840,745
Board of Education, Administration				
Fiscal and Business	3,316,686	3,291,189	2,923,776	2,798,176
Operation and Maintenance of Plant	3,255,053	3,242,153	3,835,392	3,823,392
Pupil Transportation and Central	2,278,994	2,260,653	1,909,085	1,879,063
Operation of Non-Instructional Services	976,807	(185,691)	917,735	(126,961)
Extracurricular Activities	954,504	701,406	958,947	647,428
Interest and Fiscal Charges	580,241	580,241	496,515	496,515
Total	\$ 30,888,188	\$ 28,378,938	\$ 29,505,685	\$ 27,001,020

Instruction and Student Support Services comprise 63.2% of governmental program expenses. Interest/Fiscal charges were 1.9%. Interest expense was attributable to the outstanding bonds, and fiscal expenses include payments to the County Fiscal Officer for administrative fees. Pupil transportation and central and the operation/maintenance of plant accounts for 17.9% of governmental program expenses.

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

Financial Analysis of the Government's Funds

Governmental Funds

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

The School District's governmental funds (as presented on the balance sheet on page 14) reported a total fund balance of \$12.1 million, which is \$2.5 million over last year's balance as restated of \$9.6 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 \$2.0 million.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

Major Funds

The general fund is the main operating fund of the School District. At the end of 2006, the fund balance in the general fund was \$10.5, which is an increase of \$2.0 million from 2005, which is due to revenues increasing more than expenditures.

General Fund Budgeting Highlights

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

During fiscal year 2006, total salaries increased by 2.48% and benefits increased on average by 4.67%. Salary increases are largely dictated by contractual terms contained within the negotiated agreements. The salary increase of 2.48% was below historical trends based on retirements and the hiring decisions made on replacement staff. Health care costs were below national trends due to health care plan design changes which were negotiated with the certified and classified staff. Purchase services were down overall as a budgetary category due to a reduction in external tuition related expenditures. However, within the purchase service category utility costs and bus fleet maintenance were up over the prior year. Changes in instructional supplies are primarily driven by the District's curriculum adoption schedule and accounted for an increase of \$165,000. For the second year in a row transportation supply costs increased due to fuel and repair costs. The School District uses site-based budgeting, which is designed to tightly control total expenditures but provide flexibility for administrators at the building level. Total expenditures in the general fund were 5% or \$1.4 million under the final budget adopted by the Board of Education at the beginning of the fiscal year. The most significant favorable variance occurred in instructional salaries due to hiring strategies and in outside tuition costs as noted above. Based upon health care utilization patterns and favorable plan renewal rates, a funding holiday was approved by the Board of Education for two months of fiscal year 2006. For the general fund, budget basis revenue was \$28.2 million with no material variance to actual. 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 2006, the School District had \$18.9 million invested in land, construction in progress, buildings, and equipment for the governmental activities. Table 4 shows fiscal year 2006 balances compared with 2005 net of depreciation.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

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

	2006	2005
Land and Construction in Progress	\$ 2,136,876	\$ 2,499,758
Land Improvements	784,277	212,260
Buildings and Improvements	14,378,979	14,875,219
Furniture and Equipment	1,269,508	1,417,103
Vehicles	291,357	407,783
Totals	\$ 18,860,997	\$ 19,412,123

The \$.6 million decrease in capital assets was attributable to depreciation expense exceeding additional purchases. For additional information, see Note 9.

Debt

At June 30, 2006, the School District had \$11.6 million in bonds outstanding and \$.7 million in unamortized bond premiums with \$.8 million due within one year. During fiscal year 2006, \$.8 million of general obligation bonds were retired. Table 5 summarizes bonds outstanding.

(Table 5)
Outstanding Debt, at June 30

	2006	2005
General Obligation Bonds:		
1993 Additions/Renovations	\$ 316,681	\$ 438,667
Bond Refunding	10,520,000	11,240,000
Capital Appreciation Bonds	599,880	599,880
Accretion on Capital		
Appreciation Bonds	113,538	65,749
Unamortized Bond Premiums	683,461	750,140
Totals	\$ 12,233,560	\$ 13,094,436

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

In October 2003, based upon a favorable interest rate environment, the School District refinanced the majority of the bonds. In a refinance transaction the original term and current dollar amount of bonds cannot exceed the original issuance. The savings to the constituents of the School District through the refinance transaction was \$1.8 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 2006 was \$68,745,075. See Note 14 for additional information.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

Current Issues

The Revere Local School District is a “zero percent” State share district and receives State funding on what is called the funding guarantee. The funding guarantee payment is fixed and represents only 5% of general fund revenue. This status is assigned to the School District because of property values that are significantly above the State average. The assessed property values for calendar year 2005 payable in 2006, the most recent figure available, are \$891,890,000. The ramifications associated with being a “zero percent” School District are extremely detrimental as it relates to funding from the State. The major ramifications are as follows: our State funding is capped, we receive no new money as new students enter the School District, there is no supplemental funding for special needs students and the funding burden is shifted to local taxes instead of being a shared responsibility with the State.

The School District continues to receive strong support from the residents of the school district. As the preceding information describes, the School District relies heavily on its local property taxpayers. The last operating levy for new money was passed by the residents of the School District was a 6.9 mill, fixed term, five year Emergency Levy in August 2001, the levy generates \$4.6 million annually. As an emergency levy the annual collection remains flat and does not grow as new value is added through new construction. At the time of passage in 2001 it was projected that this levy would provide adequate operating revenue through fiscal year 2004. This emergency levy was placed on the ballot in November of 2005 and was approved overwhelmingly with a vote of 2 to 1. Based upon the most recent five year forecast and the related assumptions, the School District will request a new operating levy in calendar year 2008 or 2009 with a collection effective for tax year 2009. It must be noted that the District has been able to stretch out its levy cycle, the time span between requests for new money, to seven years. This was accomplished through effective budget management as well as continuous growth in the districts property tax base. The millage requirement for this new levy is projected to exceed 5 mills but the final millage would depend upon several factors including the growth of new valuation both residential and commercial as well as the impact of sweeping tax reform contained in HB 66 approved by the legislature in 2005.

With House Bill 920 (passed in 1976) current levies do not provide inflationary revenue growth as valuation increases with the exception of inside millage and new construction. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and the home's market value increased to \$200,000 (assuming this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, as a School District heavily dependent upon property taxes, we are hampered by a lack of revenue growth yet faced with annual increases in cost that can not be controlled (health care, utilities, negotiated agreements, fuel costs) and must return to the voters to maintain a constant level of service. Property taxes made up 73% of revenues for governmental activities for the School District in fiscal year 2006.

Within the frame work of both short range and long range planning, management has diligently worked to control expenses and reduce costs where possible. With this effort we have been able to extend the period of time before which a new operating levy will be placed on the ballot. The ability to control costs is made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students and national health care trends.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(Unaudited)

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

The Revere Local School District does not anticipate any meaningful growth in income from State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the Revere Local School District. How the legislature plans to fund education programs with a revised tax structure and a weakened economy remains a concern.

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

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

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, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 15,727,598
Cash and Cash Equivalents:	
With Fiscal Agents	23,386
Receivables:	
Taxes	24,971,540
Accounts	11,029
Intergovernmental	142,864
Deferred Charge - Issuance Costs	376,972
Nondepreciable Capital Assets	2,136,876
Depreciable Capital Assets (Net)	16,724,121
 <i>Total Assets</i>	 60,114,386
Liabilities	
Accounts Payable	729,282
Accrued Wages and Benefits	2,404,096
Vacation Benefits Payable	56,369
Intergovernmental Payable	696,533
Unearned Revenue	22,433,230
Matured Bonds Payable	20,000
Matured Interest Payable	3,386
Claims Payable	448,973
Matured Compensated Absences	240,019
Long Term Liabilities:	
Due Within One Year	1,259,884
Due In More Than One Year	12,850,280
 <i>Total Liabilities</i>	 41,142,052
Net Assets	
Invested in Capital Assets, Net of Related Debt	6,917,582
Restricted for:	
Capital Outlay	746,060
Debt Service	727,762
Other Purposes	124,254
Unrestricted	10,456,676
 <i>Total Net Assets</i>	 \$ 18,972,334

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 14,111,335	\$ 317,746	\$ 49,687	\$ (13,743,902)
Special	2,369,628	0	38,479	(2,331,149)
Vocational	404,350	0	0	(404,350)
Other	452,187	0	0	(452,187)
Support services:				
Pupils	1,436,569	0	485,320	(951,249)
Instructional staff	751,834	0	145,684	(606,150)
Board of education	148,036	0	0	(148,036)
Administration	2,169,871	0	25,497	(2,144,374)
Fiscal	940,650	0	0	(940,650)
Business	58,129	0	0	(58,129)
Operation and maintenance of plant	3,255,053	12,900	0	(3,242,153)
Pupil transportation	2,060,664	0	8,750	(2,051,914)
Central	218,330	0	9,591	(208,739)
Operation of non-instructional services	239,960	127,000	292,472	179,512
Food service operations	736,847	612,921	130,105	6,179
Extracurricular activities	954,504	218,308	34,790	(701,406)
Interest and fiscal charges	543,463	0	0	(543,463)
Refunding bond issuance costs	36,778	0	0	(36,778)
Total Governmental Activities	\$ 30,888,188	\$ 1,288,875	\$ 1,220,375	(28,378,938)

General Revenues

Property Taxes Levied for:	
General Purposes	21,769,606
Debt Service	1,297,348
Capital Outlay	1,109,677
Grants and Entitlements not Restricted to Specific Programs	5,561,105
Investment Earnings	656,188
Miscellaneous	57,448
Total General Revenues	30,451,372
Change in Net Assets	2,072,434
Net Assets Beginning of Year	16,899,900
Net Assets End of Year	\$ 18,972,334

See accompanying notes to the basic financial statements.

Revere Local School District
Balance Sheet
Governmental Funds
June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 12,150,396	\$ 1,961,078	\$ 14,111,474
Cash and Cash Equivalents:			
With Fiscal Agents	0	23,386	23,386
Receivables:			
Taxes	22,533,948	2,437,592	24,971,540
Accounts	11,029	0	11,029
Interfund	133,260	0	133,260
Intergovernmental	0	142,864	142,864
<i>Total Assets</i>	<u>\$ 34,828,633</u>	<u>\$ 4,564,920</u>	<u>\$ 39,393,553</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 373,010	\$ 355,105	\$ 728,115
Accrued Wages and Benefits	2,341,594	62,502	2,404,096
Intergovernmental Payable	651,362	45,171	696,533
Interfund Payable	0	133,260	133,260
Deferred Revenue	20,734,755	2,375,862	23,110,617
Matured Compensated Absences	240,019	0	240,019
Matured Bonds Payable	0	20,000	20,000
Matured Interest Payable	0	3,386	3,386
<i>Total Liabilities</i>	24,340,740	2,995,286	27,336,026
Fund Balances			
Fund Balance:			
Reserved for Encumbrances	722,148	218,985	941,133
Reserved for Tax Revenue Unavailable for Appropriation	1,799,193	194,991	1,994,184
Unreserved, Undesignated, Reported in:			
General Fund	7,966,552	0	7,966,552
Special Revenue Funds	0	56,060	56,060
Debt Service Fund	0	604,491	604,491
Capital Projects Funds	0	495,107	495,107
<i>Total Fund Balances</i>	<u>10,487,893</u>	<u>1,569,634</u>	<u>12,057,527</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 34,828,633</u>	<u>\$ 4,564,920</u>	<u>\$ 39,393,553</u>

See accompanying notes to the basic financial statements.

Revere Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2006*

Total Governmental Fund Balances		\$ 12,057,527
 <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		18,860,997
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	133,261	
Delinquent Property Taxes	544,126	
Refunding Issuance Costs	376,972	1,054,359
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	10,836,681	
Capital Appreciation Bonds	599,880	
Unamortized Bond Premium	683,461	
Accretion on Capital Appreciation Bonds	113,538	
Capital Lease Payable	200,365	
Compensated Absences	1,676,239	
Vacation Benefits Payable	56,369	(14,166,533)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,165,984
Net Assets of Governmental Activities		\$ 18,972,334

Revere Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 22,169,945	\$ 2,445,733	\$ 24,615,678
Intergovernmental	5,264,490	1,397,398	6,661,888
Investment income	606,533	4,728	611,261
Tuition and fees	137,161	127,001	264,162
Extracurricular activities	0	205,624	205,624
Rentals	193,270	12,900	206,170
Charges for services	0	612,920	612,920
Gifts and donations	0	35,141	35,141
Miscellaneous	58,960	3,912	62,872
<i>Total Revenues</i>	<u>28,430,359</u>	<u>4,845,357</u>	<u>33,275,716</u>
Expenditures:			
Current:			
Instruction:			
Regular	12,669,200	296,019	12,965,219
Special	2,093,112	193,518	2,286,630
Vocational	407,450	0	407,450
Other	452,067	0	452,067
Support services:			
Pupils	1,217,131	171,337	1,388,468
Instructional staff	571,560	160,774	732,334
Board of education	148,036	0	148,036
Administration	2,088,278	76,739	2,165,017
Fiscal	815,887	36,901	852,788
Business	57,569	0	57,569
Operation and maintenance of plant	3,120,428	146,355	3,266,783
Pupil transportation	1,860,475	130,260	1,990,735
Central	196,619	9,590	206,209
Operation of non-instructional services:			
Community services	0	311,360	311,360
Food service operations	0	733,986	733,986
Extracurricular activities	663,113	291,391	954,504
Capital outlay	46,145	425,011	471,156
Debt service:			
Principal retirement	0	929,464	929,464
Interest and fiscal charges	0	562,353	562,353
<i>Total Expenditures</i>	<u>26,407,070</u>	<u>4,475,058</u>	<u>30,882,128</u>
<i>Excess of Revenues Over Expenditures</i>	2,023,289	370,299	2,393,588
Other Financing Sources (Uses):			
Transfers in	0	49,000	49,000
Transfers out	(49,000)	0	(49,000)
<i>Total Other Financing Sources and (Uses)</i>	<u>(49,000)</u>	<u>49,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,974,289	419,299	2,393,588
<i>Fund balance at beginning of year (restated)</i>	<u>8,513,604</u>	<u>1,150,335</u>	<u>9,663,939</u>
<i>Fund balance at end of year</i>	<u>\$ 10,487,893</u>	<u>\$ 1,569,634</u>	<u>\$ 12,057,527</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, 2006

Net Change in Fund Balances - Total Governmental Funds	\$	2,393,588
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	614,917	
Current Year Depreciation	<u>(1,154,104)</u>	(539,187)
 Net effect of transactions involving disposal of capital assets are not reflected in the funds		
		(11,939)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Grants	86,563	
Delinquent Property Taxes	<u>(439,055)</u>	(352,492)
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal	841,986	
Capital Lease	<u>87,478</u>	929,464
 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 in Bond Accretion	(47,789)	
Decrease in Amortization of Bond Premium	66,679	
Increase in Amortization of Bond Issuance Costs	(36,778)	
Increase in Compensated Absences	(85,214)	
Increase in Vacation Benefits Payable	<u>(21,021)</u>	(124,123)
 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>(222,877)</u>
 Change in Net Assets of Governmental Activities	 \$	 <u>2,072,434</u>

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 21,186,477	\$ 21,973,235	\$ 21,973,235	\$ 0
Intergovernmental	5,882,308	5,264,490	5,264,490	0
Investment income	266,439	547,072	547,072	0
Tuition and fees	66,801	137,161	137,161	0
Rentals	94,863	194,780	194,780	0
Miscellaneous	34,114	47,681	47,681	0
<i>Total Revenues</i>	<u>27,531,002</u>	<u>28,164,419</u>	<u>28,164,419</u>	<u>0</u>
Expenditures:				
Current				
Instruction:				
Regular	13,511,808	12,927,828	12,905,711	22,117
Special	2,123,409	2,278,944	2,133,058	145,886
Vocational	349,942	424,942	403,521	21,421
Other	986,109	986,109	820,414	165,695
Support services				
Pupils	1,259,056	1,313,951	1,198,742	115,209
Instructional staff	690,504	697,176	578,801	118,375
Board of education	329,710	329,710	160,090	169,620
Administration	2,116,244	2,106,989	1,959,691	147,298
Fiscal	810,290	880,290	806,757	73,533
Business	227,240	102,365	72,422	29,943
Operation and maintenance of plant	3,375,666	3,545,632	3,413,711	131,921
Pupil transportation	1,766,713	1,944,713	1,856,920	87,793
Central	107,731	219,431	198,539	20,892
Extracurricular activities	623,313	694,200	660,393	33,807
Capital outlay	112,491	122,491	64,194	58,297
<i>Total Expenditures</i>	<u>28,390,226</u>	<u>28,574,771</u>	<u>27,232,964</u>	<u>1,341,807</u>
Excess of Revenues Over (Under) Expenditures	(859,224)	(410,352)	931,455	1,341,807
Other Financing Sources (Uses):				
Refund of prior year expenditures	2,158	4,431	4,431	0
Advances in	148,452	148,452	148,452	0
Advances out	(150,000)	(150,000)	(145,261)	4,739
Transfers out	(75,000)	(75,000)	(49,506)	25,494
<i>Total Other Financing Sources (Uses)</i>	<u>(74,390)</u>	<u>(72,117)</u>	<u>(41,884)</u>	<u>30,233</u>
<i>Net Change in Fund Balance</i>	(933,614)	(482,469)	889,571	1,372,040
<i>Fund Balance at Beginning of Year</i>	9,305,984	9,305,984	9,305,984	0
Prior Year Encumbrances Appropriated	826,608	826,608	826,608	0
<i>Fund Balance at End of Year</i>	<u>\$ 9,198,978</u>	<u>\$ 9,650,123</u>	<u>\$ 11,022,163</u>	<u>\$ 1,372,040</u>

See accompanying notes to the basic financial statements.

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Revere Local School District

Statement of Net Assets

Proprietary Fund

June 30, 2006

	Governmental Activities
	Internal Service Fund
	<hr/>
Assets	
<i>Current</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,616,124
	<hr/>
<i>Total Assets</i>	1,616,124
	<hr/>
Liabilities	
<i>Current</i>	
Accounts Payable	1,167
Claims Payable	448,973
	<hr/>
<i>Total Liabilities</i>	450,140
	<hr/>
Net Assets	
Unrestricted	1,165,984
	<hr/>
<i>Total Net Assets</i>	\$ 1,165,984
	<hr/> <hr/>

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, 2006

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Charges for services	\$ 2,777,724
<i>Total Operating Revenues</i>	<i>2,777,724</i>
Operating Expenses:	
Purchased services	439,139
Claims	2,606,389
<i>Total Operating Expenses</i>	<i>3,045,528</i>
Operating loss	(267,804)
Non-Operating Revenues:	
Interest	44,927
<i>Total Non-Operating Revenues</i>	<i>44,927</i>
<i>Change in Net Assets</i>	<i>(222,877)</i>
<i>Net Assets Beginning of Year</i>	<i>1,388,861</i>
<i>Net Assets End of Year</i>	<i>\$ 1,165,984</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, 2006

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities:	
Cash Received from Charges for Services	\$ 2,777,724
Cash Paid for Goods and Services	(437,972)
Cash Paid for Claims	(2,293,744)
	46,008
<i>Net Cash Provided By Operating Activities</i>	<i>46,008</i>
Cash Flows From Investing Activities:	
Interest on Investments	44,927
	44,927
<i>Net Cash Provided By Investing Activities</i>	<i>44,927</i>
<i>Net Increase in Cash and Cash Equivalents</i>	<i>90,935</i>
<i>Cash and Cash Equivalents at Beginning of Year</i>	<i>1,525,189</i>
<i>Cash and Cash Equivalents at End of Year</i>	<i>\$ 1,616,124</i>
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities:	
Operating Loss	\$ (267,804)
Adjustments:	
Increase in Liabilities	
Accounts Payable	1,167
Claims Payable	312,645
	313,812
<i>Total Adjustments</i>	<i>313,812</i>
<i>Net Cash Provided By Operating Activities</i>	<i>\$ 46,008</i>

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 18,272	\$ 77,749
Liabilities		
Undistributed Monies		\$ 410
Due to Students		77,339
<i>Total Liabilities</i>		\$ 77,749
Net Assets		
Held in Trust for Scholarships	18,272	
<i>Total Net Assets</i>	\$ 18,272	

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, 2006

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$ 698
Deductions	0
<i>Change in Net Assets</i>	698
<i>Net Assets Beginning of Year</i>	17,574
<i>Net Assets End of Year</i>	\$ 18,272

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, 2006

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 103 classified 240 certificated teaching personnel, and 14 administrators, who provide services to community members and 2,871 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 19.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements. For the year ended June 30, 2006, the School District has implemented GASB Statement No. 46 "*Net Assets Restricted by Enabling Legislation*", and Statement No. 47 "*Accounting for Termination Benefits*."

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements. The School District reported no net assets restricted by enabling legislation.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to *all* termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on fund balances as a result of the implementation of these new Standards. 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

B. Fund Accounting

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

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

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

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

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

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

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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

C. Measurement Focus

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

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as unearned/deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned/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 fair 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. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". The School District utilizes a financial institution to service bonded debt as principal and 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 2006, investments were limited to repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan MC 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 considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$606,533, which includes \$78,846 assigned from other School District funds.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside for the purchase of textbooks and capital improvements. See Note 21 for additional information regarding set asides. The School District has no restricted assets for 2006.

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 hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

H. Interfund Balances

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

I. Compensated Absences

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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

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

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

J. Accrued Liabilities and Long-term Obligations

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

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

K. Net Assets

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

L. Fund Balance Reserves

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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

M. Operating Revenues and Expenses

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

N. Interfund Activity

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

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2006.

P. Estimates

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

Q. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2006.

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

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 3 – Restatement of Fund Balance

It was determined that the bond premiums should not be recorded in governmental funds. The following reflects the adjustment to remove the liability:

	General Fund	Other Governmental	Total
Fund Balance June 30, 2005	\$ 8,513,604	\$ 400,195	\$ 8,913,799
Unamortized Premium on Bonds	0	750,140	750,140
Restated Fund Balance June 30, 2005	\$ 8,513,604	\$1,150,335	\$ 9,663,939

Note 4 – Fund Deficits

Fund balances at June 30, 2006 included the following individual fund deficits:

	Deficit Fund Balance
Nonmajor Governmental Funds:	
Food Service	\$ 29,320
Title VI-B	34,721
Title II-A	7,360

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

Note 5 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues 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).

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 1,974,289
Net Adjustment for Revenue Accruals	(261,509)
Advance In	148,452
Advance Out	(145,261)
Net Adjustment for Expenditure Accruals	242,377
Adjustment for Encumbrances	<u>(1,068,777)</u>
Budget Basis	<u>\$ 889,571</u>

Note 6 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 public monies deposited with the institution.

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

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the 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 is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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 cash equivalents.

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$2,778,342 and the bank balance was \$2,815,265. Additionally, \$23,386 was held by a fiscal agent for a coupon bond.

Of the bank balance:

1. \$100,000 was covered by depository insurance; and
2. \$2,715,265 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of June 30, 2006, the School District had the following investments:

Rating by Moody	Entity	Fair Value	Investment Maturities in months (0-6)	Percentage of Total Investment
N/A	First Merit - Repurchase Agreement	\$ 2,090,000	\$ 2,090,000	16.02%
AAAm**	STAROhio	5,036,272	5,036,272	38.61%
Aaa	Federal Home Loan Bank	2,978,881	2,978,881	22.83%
Aaa	Federal Home Loan MC	2,940,024	2,940,024	22.54%
		<u>\$ 13,045,177</u>	<u>\$ 13,045,177</u>	<u>100.00%</u>

** Rated by Standard and Poor's

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

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

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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Summit County. The Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 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, 2006, was \$1,799,193 in the General Fund, \$104,022 in the Debt Service Fund, and \$90,969 in the Permanent Improvement Capital Projects Fund.

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

Revere Local School District
Notes to the Basic Financial Statements
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The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$771,469,720	94.49%	\$854,117,250	95.76%
Public Utility Personal	18,780,180	2.30%	18,567,010	2.08%
Tangible Personal Property	<u>26,212,344</u>	<u>3.21%</u>	<u>19,205,985</u>	<u>2.16%</u>
Total	<u><u>\$816,462,244</u></u>	<u><u>100.00%</u></u>	<u><u>\$891,890,245</u></u>	<u><u>100.00%</u></u>
 Tax rate per \$1,000 of assessed valuation	 \$58.74		 \$58.31	

Note 8 - Receivables

Receivables at June 30, 2006, consisted of taxes, accounts, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of Other Governmental Funds of \$142,864.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance 6/30/2005	Additions	Reductions	Balance 6/30/06
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,900,942	\$ 0	\$ 0	\$ 1,900,942
Construction in Progress	598,816	235,934	(598,816)	235,934
Total Capital Assets not being depreciated	2,499,758	235,934	(598,816)	2,136,876
<i>Capital Assets, being depreciated:</i>				
Land Improvements	550,668	643,086	(51,765)	1,141,989
Buildings and Improvements	25,826,523	0	0	25,826,523
Furniture and Equipment	6,162,405	334,713	(56,892)	6,440,226
Vehicles	2,486,047	0	0	2,486,047
Total Capital Assets, being depreciated	35,025,643	977,799	(108,657)	35,894,785
Less Accumulated Depreciation:				
Land Improvements	(338,408)	(71,069)	51,765	(357,712)
Buildings and Improvements	(10,951,304)	(541,193)	0	(11,492,497)
Furniture and Equipment	(4,745,302)	(425,416)	44,953	(5,125,765)
Vehicles	(2,078,264)	(116,426)	0	(2,194,690)
Total Accumulated Depreciation	(18,113,278)	(1,154,104)	96,718	(19,170,664)
Total Capital Assets being depreciated, net	16,912,365	(176,305)	(11,939)	16,724,121
Governmental Activities Capital Assets, Net	<u>\$ 19,412,123</u>	<u>\$ 59,629</u>	<u>\$ (610,755)</u>	<u>\$ 18,860,997</u>

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 878,753
Special	18,000
Vocational	214
Support Services:	
Pupil	32,502
Instructional Staff	10,314
Administration	5,120
Fiscal	78,538
Business	560
Operation and Maintenance of Plant	37,749
Pupil Transportation	66,000
Central	9,331
Operation of Non Instructional	13,884
Extracurricular Activities	<u>3,139</u>
 Total Depreciation	 <u><u>\$1,154,104</u></u>

Note 10 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. During fiscal year 2006, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage (\$53,693,606 blanket combined building and personal property, \$5,000 deductible), for commercial auto coverage (\$1,000,000 combined single limit for bodily injury and property damage with a \$5 million 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 a significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

The School District pays the State Workers' Compensation system a premium based on a rate of \$.4518 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

C. Employee Medical Benefits

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

	Family	Single
Preferred Provider Organization (PPO) Base OAPSE	\$ 989.36	\$ 406.45
Preferred Provider Organization (PPO) Base	978.38	378.58
Preferred Provider Organization (PPO) Enhanced	1,039.78	402.19
Exclusive Provider Organization (PPO) Enhanced Base	1,050.62	413.03

Dental coverage is provided on a self-insured basis through Anthem Blue Cross, and Blue Shield of Ohio. Monthly premiums are \$101.44 for family coverage and \$38.98 for single coverage. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims liability of \$448,973 reported in the internal service fund at June 30, 2006, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third-party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2006 and 2005 were:

	Beginning of Year	Claims	Payments	End of Year
2005	\$ 182,622	\$ 1,875,978	\$ 1,922,272	\$ 136,328
2006	\$ 136,328	\$ 2,606,389	\$ 2,293,744	\$ 448,973

Note 11 - Pension Plans

A. School Employees Retirement System

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

Revere Local School District
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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. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$370,868, \$325,723 and \$256,655, respectively; 40% has been contributed for fiscal year 2006 and 100% for fiscal years 2005 and 2004. \$221,815 represents the unpaid contribution for fiscal year 2006, 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 stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting STRS 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 place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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, 2006 plan members were required to contribute 10 percent of their annual covered salaries. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers; 13 percent was the portion used to fund pension obligations. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Revere Local School District
Notes to the Basic Financial Statements
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The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,735,942, \$1,731,631 and \$1,729,032, respectively. Contributions to the DC and Combined Plans for fiscal year 2006 were \$26,686 made by the School District and \$59,946 made by the plan members. 81% has been contributed for fiscal year 2006 and 100% for fiscal years 2005 and 2004. \$333,208 represents the unpaid contribution for fiscal year 2006, and is recorded as a liability.

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

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2006, two members of the Board of Education have elected Social Security and three members chose the School Employees Retirement System. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$131,096 during the 2006 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the year ended June 30, 2005, the health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. Premiums are reduced by 50% for those retirees whose household income falls below federal poverty levels.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2006, employer contributions to fund health care benefits were 3.42% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$171,556.

Net health care costs for the year ending June 30, 2005 (the latest information available) were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

Note 13 – Other Employee Benefits

A. Life Insurance

The School District provides life insurance to employees through the Ohio Schools Council, Anthem, in the amount of \$100,000 for administrators, twice the salary for the treasurer and \$28,000 for all other employees.

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work no less than 11 months, earn 10 to 25 days of vacation per year depending upon length of service. 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 288 days for certificated employees and up to 280 days for 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 in the amount of \$8,000 or \$4,500 for certificated employees and \$2,000 or \$4,000 for classified employees.

Eligibility requirement for participation in this program:

1. The employee shall be serving a full-time contractual position of nine (9) or more months, and 30 or more hours.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

2. The employee shall have a minimum of fifteen (15) years of service.
3. The employee must retire in the first year in which he/she is eligible to receive service retirement benefits through the SERS. Eligibility is when the employee is 60 or more years of age with 10 years of service, 55 years of age with 25 years of service, or 30 years of service at any age.

Note 14 - Long - Term Obligations

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

	Outstanding 06/30/05	Additions	Reductions	Outstanding 6/30/2006	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
1993 Improvement 5.62%	438,667	0	121,986	316,681	0
2003 Bond Refunding 2.00% - 5.25%	11,240,000	0	720,000	10,520,000	111,890
2003 Capital Appreciation Bonds	599,880	0	0	599,880	735,000
Accretion on Capital Appreciation Bonds	65,749	47,789	0	113,538	0
Unamortized Bond Premium	750,140	0	66,679	683,461	0
Total General Obligation Bonds	13,094,436	47,789	908,665	12,233,560	846,890
Capital Lease	287,843	0	87,478	200,365	92,994
Compensated Absences	1,591,025	306,784	221,570	1,676,239	320,000
Total Governmental Activities Long-Term Liabilities	<u>\$ 14,973,304</u>	<u>\$ 354,573</u>	<u>\$ 1,217,713</u>	<u>\$ 14,110,164</u>	<u>\$ 1,259,884</u>

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

1993 School Improvement

In 1993, the School District issued a combined total of \$17,978,667 in general obligation bonds for renovations and additions to three buildings in the School District. In 2003, the noncallable bonds were refunded leaving a balance of \$438,667 due December 1, 2008.

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 \$47,789 which represents the annual accretion of discounted interest. The final amount of the capital appreciation bonds will be \$1,200,000.

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. The capital lease will be paid from the capital projects fund.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2006 are as follows:

Fiscal Year Ending June 30,	General Obligation		Capital Appreciation		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/Accretion
2007	\$ 846,890	\$ 535,866	\$ 0	\$ 0	\$ 846,890	\$ 535,866
2008	865,470	524,519	0	0	865,470	524,519
2009	884,321	509,392	0	0	884,321	509,392
2010	1,030,000	361,488	0	0	1,030,000	361,488
2011	1,055,000	324,938	0	0	1,055,000	324,938
2012-2016	4,770,000	1,002,563	599,880	600,120	5,369,880	1,602,683
2017	1,385,000	36,356	0	0	1,385,000	36,356
	<u>\$ 10,836,681</u>	<u>\$ 3,295,122</u>	<u>\$ 599,880</u>	<u>\$ 600,120</u>	<u>\$ 11,436,561</u>	<u>\$ 3,895,242</u>

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 15 – Capitalized Leases

Capital lease obligations related to lighting is leased under long-term agreements. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the capital projects have been reclassified and are reflected as debt service in the basic financial statements for the capital projects fund. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2006. The capital lease will be paid from the capital projects fund.

Fiscal Year Ending June 30,	Capital Lease		
	Principal	Interest	Total
2007	\$ 92,994	\$ 9,699	\$ 102,693
2008	107,371	3,879	111,250
Total	<u>\$ 200,365</u>	<u>\$ 13,578</u>	<u>\$ 213,943</u>

The assets being acquired have been capitalized in the governmental activities in the amount of \$766,308 which is the present value of the minimum lease payments at the inception of the lease.

Note 16 – Unearned/Deferred Revenue

Unearned/Deferred revenue as reported on the governmental fund balance sheet and statement of net assets at June 30, 2006 consisted of the following:

	Balance Sheet	Statement of Net Assets
Property Taxes Receivable	\$ 22,977,356	\$ 22,433,230
Grants Receivable	133,261	0
Deferred Revenue	<u>\$ 23,110,617</u>	<u>\$ 22,433,230</u>

Note 17 - Interfund Transfers

Transfers made during fiscal year 2006 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 49,000
Nonmajor Governmental Funds	49,000	0
Total	<u>\$ 49,000</u>	<u>\$ 49,000</u>

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

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 18 - Interfund Balances

Interfund balances at June 30, 2006 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 133,260	\$ 0
Nonmajor Governmental Funds	0	133,260
Total	\$ 133,260	\$ 133,260

Interfund receivables and payables resulted from the time lag between the dates that payments between funds are made. As of June 30, 2006, all interfund payables outstanding are anticipated to be repaid in fiscal year 2007.

Note 19 - 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, 2006, the District paid approximately \$51,967 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

C. The 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 20 - Contingencies

A. Grants

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

B. Litigation

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

Note 21 - 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.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set-Aside Carryover Balance as of June 30, 2005	\$ 0	\$ (636,322)
Current Year Set-Aside Requirement	414,812	414,812
Qualifying Disbursements	(1,679,356)	(549,187)
Total	\$ (1,264,544)	\$ (770,697)

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

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**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education - Grants to States	050054-6BPM-2005	84.027			\$269	
	050054-6BPM-2006		\$25,000		24,531	
	050054-6BSA-2005		28,357		16,627	
	050054-6BSA-2006		8,750		4,239	
	050054-6BSF-2005		80,264		96,358	
	050054-6BSF-2006		477,843		438,297	
	050054-ASL-2005				427	
Total Special Education -Grants to States			620,214		580,748	
Innovative Education Program Strategies	050054-C2S1-2005	84.298	1,821		2,164	
	050054-C2S1-2006		10,122		9,320	
Total Innovative Education Program Strategies			11,943		11,484	
Safe and Drug-Free Schools and Communities-State Grants	050054-DRS1-2006	84.186	6,729		6,264	
Improving Teacher Quality State Grants	050054-TRS1-2005	84.367	9,607		10,793	
	050054-TRS1-2006		44,825		45,069	
Total Improving Teacher Quality State Grants			54,432		55,862	
<i>Passed Through the Brecksville-Broadview Heights City Schools:</i>						
English Language Acquisition Grants	N/A	84.365	1,856		1,856	
Total U.S. Department of Education			695,174		656,214	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Lunch Program	050054-LLP4-2005	10.555	18,070		18,070	
	050054-LLP4-2006		48,313		48,313	
Total Child Nutrition Cluster			66,383		66,383	
Food Donation	N/A	10.550		\$61,554		\$61,554
Total U.S. Department of Agriculture			66,383	61,554	66,383	61,554
Totals			\$761,557	\$61,554	\$722,597	\$61,554

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, 2006**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

NOTE C – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Revere Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2006 wherein we indicated the District restated beginning fund balances. 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 to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 11, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

Revere Local School District
Summit County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

December 11, 2006



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Revere Local School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Revere Local School District, Summit County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could 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.

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

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



Betty Montgomery
Auditor of State

December 11, 2006

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006**

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 9.38, Deposits of Public Money	Yes	Finding No Longer Valid.



Mary Taylor, CPA
Auditor of State

REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 23, 2007