

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**SUPPLEMENTAL REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007**

**CATHERINE BULGRIN, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Stow-Munroe Falls City School District  
4350 Allen Road  
Stow, Ohio 44224

We have reviewed the *Independent Auditor's Report* of the Stow-Munroe Falls City School District, Summit County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stow-Munroe Falls City School District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 4, 2008

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**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards**

Board of Education  
Stow-Munroe Falls City School District  
4350 Allen Road  
Stow, Ohio 44224

We have audited the financial statements of the governmental activities, its major fund and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated December 14, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Stow-Munroe Falls City School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
December 14, 2007

**STOW-MUNROE FALLS CSE**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARI**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 200**

FEDERAL GRANTOR SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>						
(B) Food Donation	10.550	N/A	\$ -	\$ 88,790	\$ -	\$ 88,790
<b>Total Food Donation</b>			-	88,790	-	88,790
(C) National School Lunch Program	10.555	044834-LLP4-2006	67,148		67,147	
(C) National School Lunch Program	10.555	044834-LLP4-2007	181,044		181,044	
<b>Total National School Lunch Program</b>			248,192		248,191	
<b>Total U.S. Department of Agriculture</b>			248,192	88,790	248,191	88,790
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>						
(F) Title I Grants to Local Educational Agencies	84.010	044834-C1S1-2006	101		466	
Title I Grants to Local Educational Agencies	84.010	044834-C1S1-2007	239,524		236,675	
<b>Total Title I Grants to Local Educational Agencies</b>			239,625		237,141	
<b>Special Education Cluster:</b>						
(A) (G) Special Education_Grants to States	84.027	044834-6BSF-2006	203,015		208,775	
(A) Special Education_Grants to States	84.027	044834-6BSF-2007	866,192		987,212	
<b>Total Special Education_Grants to States</b>			1,069,207		1,195,987	
(A) (H) Special Education_Preschool Grants	84.173	044834-PGS1-2006	611		-	
(A) Special Education_Preschool Grants	84.173	044834-PGS1-2007	11,731		17,567	
<b>Total Special Education_Preschool Grants</b>			12,342		17,567	
<b>Total Special Education Cluster</b>			1,081,549		1,213,554	
(I) Safe and Drug-Free Schools and Communities State Grants	84.186	044834-DRS1-2006	(296)		1,234	
Safe and Drug-Free Schools and Communities State Grant	84.186	044834-DRS1-2007	10,947		8,951	
<b>Total Safe and Drug-Free School and Communities State Grants</b>			10,651		10,185	
(J) State Grants for Innovative Programs	84.298	044834-C2S1-2006	(1,960)		-	
State Grants for Innovative Programs	84.298	044834-C2S1-2007	11,366		10,802	
<b>Total State Grants for Innovative Programs</b>			9,406		10,802	
Education Technology State Grants	84.318	044834-TJS1-2006	118		-	
Education Technology State Grants	84.318	044834-TJS1-2007	2,069		1,809	
<b>Total Education Technology State Grants</b>			2,187		1,809	
(K) English Language Acquisition Grants	84.365	044834-T3S1-2006	(111)		-	
English Language Acquisition Grants	84.365	044834-T3S1-2007	19,599		19,599	
English Language Acquisition Grants	84.365	044834-T3S2-2007	5,280		5,280	
<b>Total English Language Acquisition Grants</b>			24,768		24,879	
Improving Teacher Quality State Grants	84.367	044834-TRS1-2006	34,548		29,168	
Improving Teacher Quality State Grants	84.367	044834-TRS1-2007	110,796		97,752	
<b>Total Improving Teacher Quality State Grants</b>			145,344		126,920	
Hurricane Education Recovery	84.938	044834-HR01-2006	12,000		12,000	
<b>Total Hurricane Education Recovery</b>			12,000		12,000	
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE SIX DISTRICT EDUCATIONAL COMPACT</b>						
(E) Federal Perkins Loan Program_Federal Capital Contributions	84.038	N/A	-		3,724	
(E) Federal Perkins Loan Program_Federal Capital Contributions	84.038	N/A	39,000		37,687	
<b>Total Federal Perkins Loan Program</b>			39,000		41,411	
<b>Total U.S. Department of Education</b>			1,564,530		1,678,701	
<b>Total Federal Financial Assistance</b>			\$ 1,812,722	\$ 88,790	\$ 1,926,892	\$ 88,790



**STOW-MUNROE FALLS CSD  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

- (A) Included as part of "Special Education Grant Cluster" in determining major programs.
- (B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) This schedule was prepared on the cash basis of accounting.
- (E) Passed through the Six District Educational Compact.
- (F) Amount of \$180 transferred to fiscal year 2007 grant year based on Ohio Department of Education Administrative Action.
- (G) Amount of \$960 transferred to fiscal year 2007 grant year based on Ohio Department of Education Administrative Action.
- (H) Amount of \$755 transferred to fiscal year 2007 grant year based on Ohio Department of Education Administrative Action.
- (I) Amount of \$296 transferred to fiscal year 2007 grant year based on Ohio Department of Education Administrative Action.
- (J) Amount of \$1,960 transferred to fiscal year 2007 grant year based on Ohio Department of Education Administrative Action.
- (K) Amount of \$111 transferred to fiscal year 2007 grant year based on Ohio Department of Education Administrative Action.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Education  
Stow-Munroe Falls City School District  
4350 Allen Road  
Stow, Ohio 44224

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Stow-Munroe Falls City School District's basic financial statements and have issued our report thereon dated December 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stow-Munroe Falls City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stow-Munroe Falls City School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Stow-Munroe Falls City School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Stow-Munroe Falls City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Stow-Munroe Falls City School District's financial statements that is more than inconsequential will not be prevented or detected by Stow-Munroe Falls City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Stow-Munroe Falls City School District's internal control.

Board of Education  
Stow-Munroe Falls City School District

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stow-Munroe Falls City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2007-SMFCSD-001 and 2007-SMFCSD-002.

We noted certain matters that we reported to the management of Stow-Munroe Falls City School District in a separate letter dated December 14, 2007.

Stow-Munroe Falls City School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Stow-Munroe Falls City School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management and Board of Education of Stow-Munroe Falls City School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
December 14, 2007



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Report on Compliance With Requirements Applicable to Its Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Education  
Stow-Munroe Falls City School District  
4350 Allen Road  
Stow, Ohio 44224

#### Compliance

We have audited the compliance of Stow-Munroe Falls City School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2007. Stow-Munroe Falls City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Stow-Munroe Falls City School District's management. Our responsibility is to express an opinion on Stow-Munroe Falls City School 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, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stow-Munroe Falls City School Districts compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Stow-Munroe Falls City School District's compliance with those requirements.

In our opinion, Stow-Munroe Falls City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2007.

Board of Education  
Stow-Munroe Falls City School District

Internal Control Over Compliance

The management of Stow-Munroe Falls City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Stow-Munroe Falls City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stow-Munroe Falls City School District's internal control over compliance.

A control deficiency in Stow-Munroe Falls City School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Stow-Munroe Falls City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Stow-Munroe Falls City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Stow-Munroe Falls City School District's internal control.

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

This report is intended solely for the information and use of management and Board of Education of Stow-Munroe Falls City School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
December 14, 2007

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Cluster: Special Education: Grants to States - CFDA #84.027; and Special Education: Preschool Grants - CFDA #84.173.
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

<b>2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2007-SMFCSD-001

Ohio Revised Code Section 5705.39 requires that the total appropriation from each fund should not exceed total estimated resources.

The District had appropriations exceeding the total estimated resources at December 31, 2006 and for the fiscal year ended June 30, 2007 in the following funds:

December 31, 2006

<u>Nonmajor Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Bond Retirement	\$ 2,998,691	\$ 3,419,785	\$ 421,094

June 30, 2007

<u>Nonmajor Funds</u>			
Public School Fund	\$ 309,889	\$ 314,721	\$ 4,832
Improving Teacher Quality	168,565	169,854	1,289

With appropriations exceeding estimated resources, the District may spend more funds than in the Treasury or in the process of collection and may cause fund deficits.

We recommend that the District comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The District is attempting to monitor its budget more closely and to submit additional amendments for estimated resources or reduce its appropriations as necessary.

Finding Number	2007-SMFCSD-002
----------------	-----------------

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

The District had appropriations exceeding estimated resources throughout the year and at year end. Thus, the District did not request enough amended certificates throughout the year or at year end upon notice of increased or decreased resources in order to equal or exceed appropriations.

The District is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2007-SMFCSD-002 - (continued)

We recommend that the District review its available resources versus its appropriations throughout the year and file amended certificates when necessary. This will facilitate the District's appropriation process.

Client Response: The District is attempting to monitor its budget more closely and to submit additional amendments for estimated resources more frequently throughout the year.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**OF THE**

**STOW-MUNROE FALLS CITY  
SCHOOL DISTRICT**

**SUMMIT COUNTY, OHIO**

**FOR THE**

**FISCAL YEAR ENDED JUNE 30, 2007**

**PREPARED BY  
TREASURER'S DEPARTMENT  
CATHERINE BULGRIN, TREASURER**

**4350 ALLEN ROAD**

**STOW, OHIO 44224**



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2007**

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## STOW-MUNROE FALLS CITY SCHOOLS

Administrative Offices  
4350 Allen Road  
Stow, OH 44224-1082

(330) 689-5445 • Phone  
(330) 688-1629 • FAX  
<http://www.stow.summit.k12.oh.us>



December 14, 2007

Members of the Board of Education and Residents of the  
Stow-Munroe Falls City School District

The Comprehensive Annual Financial Report (CAFR) of the Stow-Munroe Falls City School District (the "District") for the fiscal year ended June 30, 2007 is hereby submitted. This CAFR includes financial statements and other financial and statistical data and conforms to accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

State statute requires an annual audit by independent auditors. The firm of Julian & Grube, Inc. conducted the audit for fiscal year 2007. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and include a review of internal controls and tests of compliance with Federal and State laws and regulations. The Independent Auditor's Report is included in this CAFR.

As a part of the District's independent audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2007 provided no instances of material weaknesses in internal controls.

This transmittal letter is designed to provide historical information about the District, as well as compliment the required Management's Discussion and Analysis (MD&A). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The District's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Auditor's Report. This transmittal letter should be read in conjunction with the MD&A which can be found beginning on page 13.

*District Vision: "To actively engage all learners in meaningful experiences which enable them to acquire the tools necessary to become productive, responsible citizens."*

## **PROFILE OF STOW-MUNROE FALLS CITY SCHOOL DISTRICT**

The District ranks as the 53rd largest by total enrollment among the 876 public school districts and community schools in the State of Ohio. As of the current school year (2006-07), the average daily membership (ADM) was 5,927 students attending nine schools.

The District has 675 full and part-time employees (not including supplemental positions). The District employs 365 certified staff and 310 non-teaching staff members. Included in these totals are the 30 administrators employed by the District.

The District offers a wide variety of educational programs for all segments of the community. Stow-Munroe Falls High School is part of the Six District Educational Compact which offers 24 career programs to students in five other neighboring high schools. Six of the career programs are offered at SMFHS: Cooperative Business Education, Marketing Education, Business Careers Technology, Culinary Arts and Catering, Pre-engineering Academy and Career Based Intervention. The District provides extensive special education services and offers a gifted program for grades 4-8. All District kindergarten students are offered the option of attending all-day kindergarten classes.

A full range of extracurricular programs and activities are available to students beginning with the elementary grades. All District schools have libraries and special purpose rooms.

An active Council of Parent Teacher Associations provides for articulation, cooperation, communication and partnership between parents, community members, and school officials.

The District cooperates with the City of Stow Park and Recreation Department, churches and a number of community and civic organizations in making school facilities available for athletic, recreational and enrichment activities.

Classroom teachers at all levels are supported by specialists in media, guidance, art, instrumental and vocal music, physical education and math. A comprehensive interscholastic and intramural sports program is offered to students at select grade levels of the District. All elementary schools have full-time media aides and secondary schools are staffed by certified media specialists. Four psychologists, ten counselors, specific coordinators for Title I (a federally funded reading and mathematics program), and gifted programs offer direction, support and coordination of services for all students. All schools have nurses for most of the school day, five days a week.

### ***Employees***

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2006-07 school year) for a teacher with a bachelor's degree is \$33,637, and the maximum salary for a teacher with a master's degree plus 60 graduate hours and 27 years of experience is \$71,276.

The District's certificated staff, excluding administration, are members of the Stow Teachers Association (S.T.A.), a labor organization affiliated with the Ohio Education Association. The current contract between the Board of Education and the S.T.A. expires June 30, 2010

All of the District's support staff employees, including secretarial, custodial, maintenance, food service, transportation, and teacher aides, are represented for bargaining purposes by the Stow-Munroe Falls Classified Employees' Association (S.M.F.C.E.A.), a labor organization affiliated with the Ohio Education Association. The current S.M.F.C.E.A. contract expires June 30, 2010.

In the judgment of the Board and administration, labor relations between the District and its employees remain excellent.



### ***The Reporting Entity***

The District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", as amended by Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations are Component Units." In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District (the primary government) and its potential component units. Based upon the application of these criteria, the District has no component units and is not itself a component unit of another government. The basic financial statements of the reporting entity include only those of the District (the primary government).

The District participates in certain organizations that are defined as jointly governed organizations and public entity risk pools. These organizations include the Northeast Ohio Network for Educational Technology (NeoNet), the Six District Educational Compact, the Ohio Schools Council, the Stark County Schools Council of Governments Health Benefits Program, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Note 2.A to the basic financial statements.

### ***Budgetary Controls***

In addition to the internal controls mentioned above, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of all funds are included in the annual appropriated budget. The legal level of budgetary control is at the first digit function for the general fund and the fund level for all other funds. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Unencumbered amounts lapse at year-end. A complete description of the District's Budgetary Process can be found in Note 2.E. to the basic financial statements. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The general fund balance was \$7,543,622 at June 30, 2007 as can be seen on the budgetary statement on page 29.

## **ECONOMIC CONDITION**

### ***Local Economy***

The District is located in Summit County, in Northeast Ohio, approximately thirty miles south of Cleveland. Most of the District is located within Summit County, with a small portion falling in Portage County.

The District is served by diversified transportation facilities including immediate access to two State highways and Interstate 80 (Ohio Turnpike).

Major commercial banks with offices within the District include National City Bank, First Merit Bank, Sky Bank, Fifth Third Bank and Charter One Bank.

Three daily newspapers and one weekly newspaper serve the District. The District falls within the broadcast area of six television stations and numerous AM/FM radio stations.

Within commuting distance of the District are numerous public and private two and four-year colleges and universities including Kent State University, Akron University, Cleveland State University, Youngstown State University, Walsh, and Mount Union.

The cities of Stow and Munroe Falls are located in northern Summit County, northeast of Akron and Cuyahoga Falls. They have a reputation for friendliness, hospitality, and have great pride in their history. They are growing, progressive cities that welcome new business ventures and support their existing ones. The quality schools have played a major role in making the community an attractive family environment which continues to attract quality professional and managerial persons.

Stow-Munroe Falls residents are within easy driving time of medical facilities, colleges and universities, recreational facilities, including national, state and local parks, shopping malls and professional athletic facilities.

### ***Long-Term Financial Planning***

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The five-year forecast provides early warning signs of potential financial problems.

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in improvements in the District's financial condition include the renewal of a 7.61 mill emergency levy in 2007.

### ***Major Initiatives for the Year***

The District implemented a number of significant programs during the past year to meet student and community needs.

The District has been involved in three House Bill 264 projects that replaced and upgraded HVAC equipment and other energy saving devices.

The District is using computer programs to increase efficiency and cost savings in areas such as Transportation, Facilities, and preventative maintenance programs, utilization of staff and permanent improvement projects and projections.

The District entered into a \$1,500,000 H.B. 264 Energy Conservation Project with Honeywell International and CT Taylor to make energy saving improvements to several building in the District. Savings generated from the energy saving improvements will be used to pay for the cost of the project over a 15 year term.

### ***Major Initiatives for the Future***

The District will continue to refine its permanent improvement plan for future facility upgrades in conjunction with the Ohio School Facilities Commission. Public meetings will be scheduled for community discussion and direction as the District moves forward to implement its permanent improvement plan.

The District will purchase Study Island and Pre K-12 Notification Systems for use by the Administration, Staff, Parents and Students of Stow-Munroe Falls City Schools. Study Island is a provider of web-based state assessment preparation programs and standards based learning programs. Pre K-12 Notification Systems is a tool that can rapidly relay information to staff and parents in case of emergencies via telephone and e-mail.

The District will examine the costs to administer all-day kindergarten to all students.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out. The District will continue to pursue new money levy options to meet the rising costs of the District and supplement the effects that House Bill No. 66 had on Tangible Property Tax revenue and the State funding formula.

### **INDEPENDENT AUDIT**

Provisions of State statute require the District's financial statements to be subjected to an annual audit by an independent auditor. Those provisions have been satisfied and the opinion of the District's independent auditors is included herein.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system.

## AWARDS

*GFOA Certificate of Achievement* - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stow-Munroe Falls City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

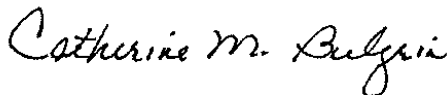
*ASBO Certificate* - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2006, to the Stow-Munroe Falls City School District. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing business officials. Management believes that the Comprehensive Annual Financial Report submitted for the fiscal year ended June 30, 2007, will conform to ASBO's principles and standards.

## ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Treasurer's Office staff. In addition, we acknowledge the outstanding services of our data processing department in meeting the vast informational requirements. Our consultant, Julian & Grube, Inc., provided us with expert technical assistance in all phases of preparing the report. The assistance of the Summit County Auditor's office in providing information is also appreciated.

In closing, without the leadership and support of the Board of Education of the District, preparation of this report would not have been possible.

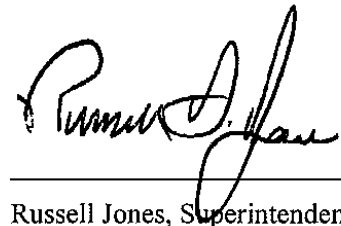
Sincerely,



Catherine Bulgrin, Treasurer/CFO



Thomas Adams, Business Manager



Russell Jones, Superintendent

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY OHIO**

PRINCIPAL OFFICERS  
JUNE 30, 2007

**Board of Education**

John Priboric - President

Kathy Armstrong - Vice President

David Alexander

Dorne Chadsey

Dawn Doolittle

**Superintendent**

Dr. Russell Jones

**Treasurer/CFO**

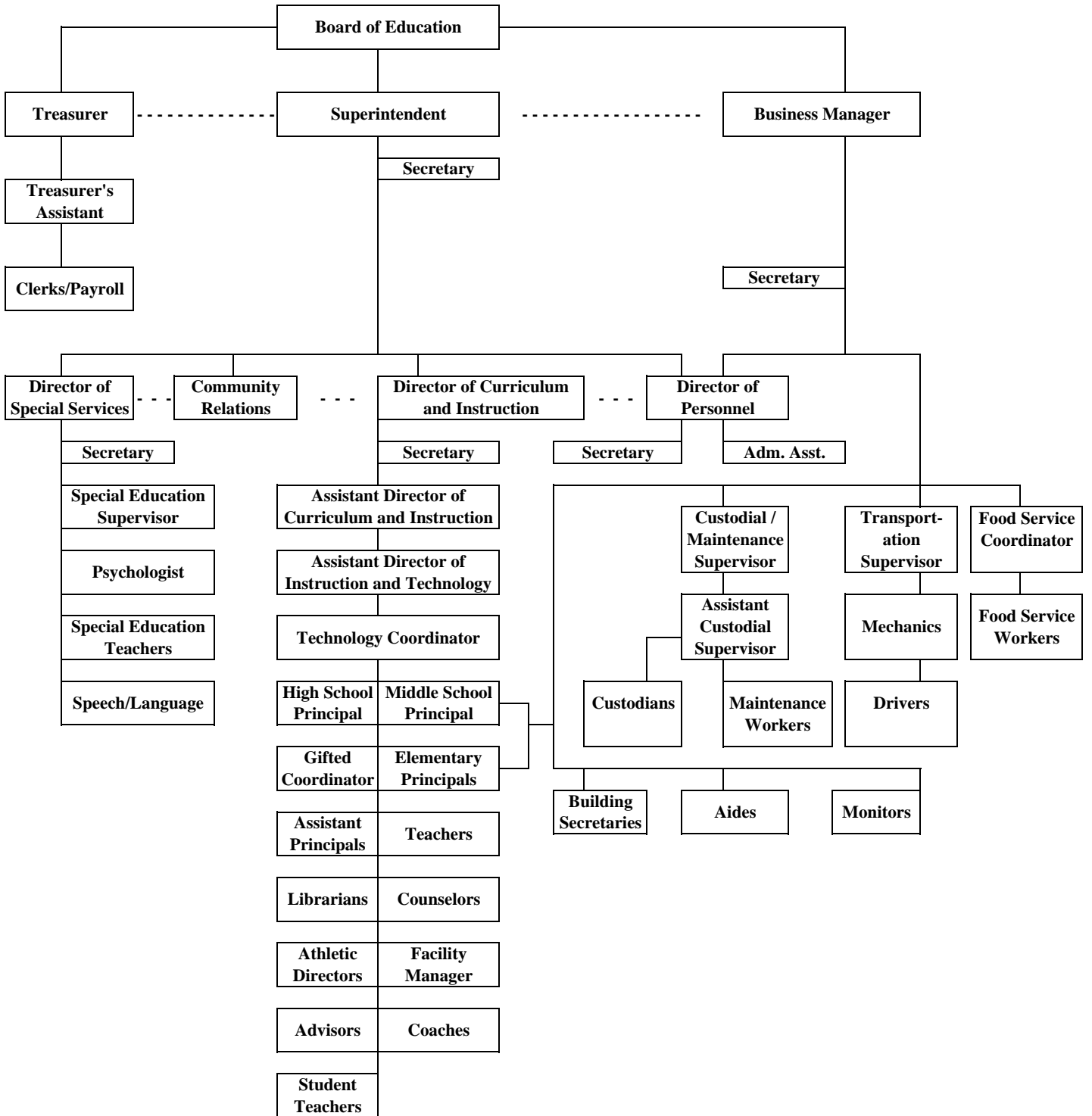
Catherine Bulgrin

**Business Manager**

Tom Adams

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**ORGANIZATIONAL CHART**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stow-Munroe Falls  
City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2006

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Education  
Stow-Munroe Falls City School District  
4350 Allen Road  
Stow, Ohio 44224

We have audited the accompanying financial statements of the governmental activities, its major fund and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Stow-Munroe Falls City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Stow-Munroe Falls City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of Stow-Munroe Falls City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report  
Stow-Munroe Falls City School District  
Page Two

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stow-Munroe Falls City School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Julian & Grube, Inc.  
December 14, 2007

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The management's discussion and analysis of the Stow-Munroe Falls City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities increased \$2,484,918 which represents a 17.90% increase from 2006.
- General revenues accounted for \$49,727,820 in revenue or 88.33% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,568,390 or 11.67% of total revenues of \$56,296,210.
- The District had \$53,811,292 in expenses related to governmental activities; \$6,568,390 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$49,727,820 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$50,757,328 in revenues and \$48,395,598 in expenditures and other financing uses. During fiscal year 2007, the general fund's fund balance increased \$2,361,730 from \$2,271,480 to \$4,633,210.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

**Reporting the 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 District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 25-26 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 20. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

***Governmental Funds***

Most of the 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* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the 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 basic financial statements. The basic governmental fund financial statements can be found on pages 27-31 of this report.

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

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 32 and 33. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic 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. These notes to the basic financial statements can be found on pages 35-61 of this report.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**The District as a Whole**

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

The table below provides a summary of the District's net assets for 2007 and 2006.

	<b>Net Assets</b>	
	Governmental Activities 2007	Governmental Activities 2006
<b><u>Assets</u></b>		
Current and other assets	\$ 41,254,372	\$ 40,939,795
Capital assets, net	<u>18,416,500</u>	<u>18,307,667</u>
Total assets	<u>59,670,872</u>	<u>59,247,462</u>
<b><u>Liabilities</u></b>		
Current liabilities	34,638,715	35,693,888
Long-term liabilities	<u>8,667,462</u>	<u>9,673,797</u>
Total liabilities	<u>43,306,177</u>	<u>45,367,685</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	14,594,908	13,822,667
Restricted	1,261,715	1,071,897
Unrestricted (deficit)	<u>508,072</u>	<u>(1,014,787)</u>
Total net assets	<u>\$ 16,364,695</u>	<u>\$ 13,879,777</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$16,364,695. Of this total, \$1,261,715 is restricted in use.

At year-end, capital assets represented 30.86% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$14,594,908. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

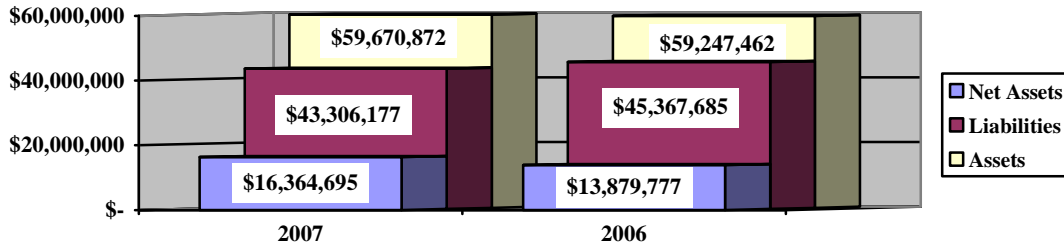
A portion of the District's net assets, \$1,261,715, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$508,072.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The graph below illustrates the District assets, liabilities and net assets at June 30, 2007 and 2006:

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2007 and 2006. Certain revenue amounts for 2006 have been restated to conform to 2007 presentation.

**Change in Net Assets**

	Governmental Activities 2007	Governmental Activities 2006
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,327,409	\$ 2,345,462
Operating grants and contributions	4,180,948	3,909,475
Capital grants and contributions	60,033	-
General revenues:		
Property taxes	30,920,562	30,179,260
Grants and entitlements	17,957,172	17,679,553
Investment earnings	734,831	489,912
Other	115,255	110,384
Total revenues	<u>56,296,210</u>	<u>54,714,046</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Change in Net Assets</b>	
	Governmental Activities	Governmental Activities
	<u>2007</u>	<u>2006</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 23,550,656	\$ 23,764,903
Special	4,427,824	3,989,858
Vocational	1,458,317	1,541,980
Other	902,031	940,423
Support services:		
Pupil	3,332,745	3,080,777
Instructional staff	2,829,699	2,624,390
Board of education	310,104	368,110
Administration	2,815,201	2,992,001
Fiscal	1,098,441	1,019,822
Business	536,163	588,952
Operations and maintenance	5,282,427	5,019,556
Pupil transportation	2,995,031	2,922,388
Central	762,104	422,118
Operations of non-instructional services	94,980	135,432
Food service operations	1,343,765	1,403,937
Extracurricular activities	1,374,551	1,351,955
Intergovernmental	524,702	483,660
Interest and fiscal charges	<u>172,551</u>	<u>210,613</u>
Total expenses	<u>53,811,292</u>	<u>52,860,875</u>
Change in net assets	2,484,918	1,853,171
Net assets at beginning of year	<u>13,879,777</u>	<u>12,026,606</u>
Net assets at end of year	<u>\$ 16,364,695</u>	<u>\$ 13,879,777</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$2,484,918. Total governmental expenses of \$53,811,292 were offset by program revenues of \$6,568,390 and general revenues of \$49,727,820. Program revenues supported 12.21% of the total governmental expenses.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

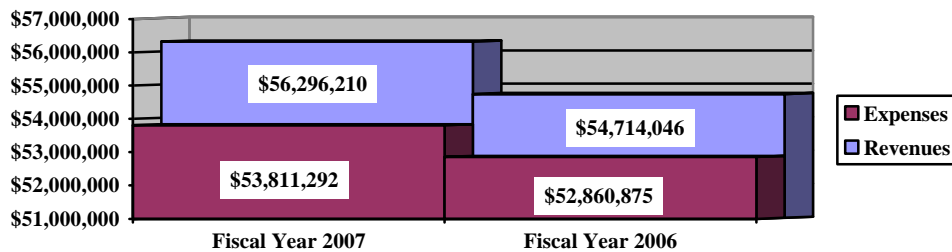
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 86.82% of total governmental revenue

In fiscal 2007, the District received approximately \$200,000 more in IDEA Part B grant funding revenue than in the prior year. Interest earnings increased approximately \$245,000 due to higher interest rates on investments in 2007. Additionally, tax revenue increased approximately \$741,000 primarily due to a greater amount of taxes collected by the County Auditors and available as an advance at year-end. The amount collected and available as an advance can vary depending upon when tax bills are sent. Capital grants and contributions increased as the District received monies from the State of Ohio for school bus purchases.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$30,338,828 or 56.38% of total governmental expenses for fiscal 2007. All expenditures were comparable to the prior year.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2007 and 2006.

**Governmental Activities - Revenues and Expenses**



As can be seen in the chart above, revenues increased as well as expenses over the prior year, revenues increased by 2.89% while expenses increased 1.80%. As a result, net assets increased \$2,484,918 during fiscal year 2007.



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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 grants and entitlements. Certain "net cost of services" for 2006 have been restated to conform to 2007 presentation.

**Governmental Activities**

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 23,550,656	\$ 22,285,411	\$ 23,764,903	\$ 22,508,047
Special	4,427,824	2,732,048	3,989,858	2,456,248
Vocational	1,458,317	1,235,246	1,541,980	1,293,258
Other	902,031	902,031	940,423	940,423
Support services:				
Pupil	3,332,745	2,755,195	3,080,777	2,581,690
Instructional staff	2,829,699	2,659,897	2,624,390	2,506,737
Board of education	310,104	302,095	368,110	364,816
Administration	2,815,201	2,629,840	2,992,001	2,814,535
Fiscal	1,098,441	1,098,441	1,019,822	1,019,822
Business	536,163	535,231	588,952	588,952
Operations and maintenance	5,282,427	5,221,180	5,019,556	5,014,214
Pupil transportation	2,995,031	2,770,999	2,922,388	2,781,250
Central	762,104	735,083	422,118	395,118
Operations of non-instructional services	94,980	14,274	135,432	38,467
Food service operations	1,343,765	114,005	1,403,937	87,621
Extracurricular activities	1,374,551	1,027,973	1,351,955	1,023,731
Intergovernmental pass through	524,702	51,402	483,660	(19,604)
Interest and fiscal charges	<u>172,551</u>	<u>172,551</u>	<u>210,613</u>	<u>210,613</u>
<b>Total expenses</b>	<u>\$ 53,811,292</u>	<u>\$ 47,242,902</u>	<u>\$ 52,860,875</u>	<u>\$ 46,605,938</u>

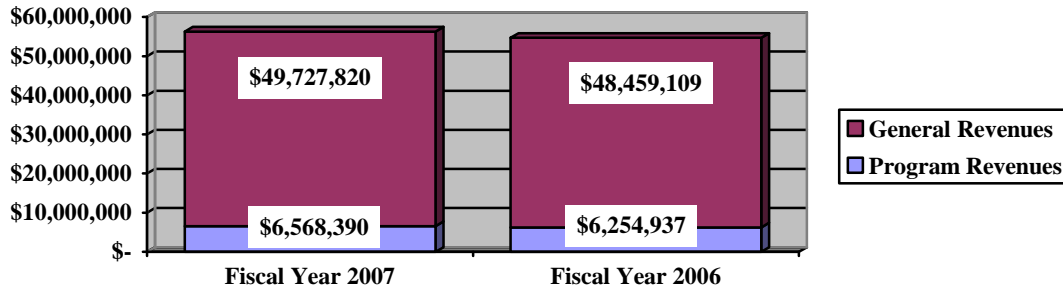
The dependence upon tax and other general revenues for governmental activities is apparent, 89.50% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.79%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The graph below presents the District's governmental activities revenue for fiscal year 2007 and 2006. Both general and program revenues for 2006 have been restated to conform to 2007 presentation.

**Governmental Activities - General and Program Revenues**



General revenues increased \$1,268,711 or 2.62% from fiscal 2006 to 2007 while program revenues increased \$313,453 or 5.01% from 2006 to 2007. The increase in governmental activities revenues is discussed on page 18.

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$6,003,099, which is higher than last year's total of \$3,482,156. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	<u>Fund Balance June 30, 2007</u>	<u>Fund Balance June 30, 2006</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ 4,633,210	\$ 2,271,480	\$ 2,361,730	103.97 %
Other Governmental	<u>1,369,889</u>	<u>1,210,676</u>	<u>159,213</u>	13.15 %
Total	<u>\$ 6,003,099</u>	<u>\$ 3,482,156</u>	<u>\$ 2,520,943</u>	72.40 %

Fund balance of the other governmental funds increased primarily due to bond proceeds of \$1,458,000 received into the Building fund. These proceeds are to be used for various energy improvements to District buildings.

**General Fund**

The District's general fund balance increased \$2,361,730. Revenues increased over the prior year by \$1,488,675, or 3.02%, while expenditures increased \$744,443, or 1.57%, over the prior year. An analysis of the general fund's revenues and expenditures is provided below.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 29,896,467	\$ 29,097,764	\$ 798,703	2.74 %
Earnings on investments	667,243	464,781	202,462	43.56 %
Intergovernmental	19,348,924	18,954,660	394,264	2.08 %
Other revenues	<u>844,694</u>	<u>751,448</u>	<u>93,246</u>	12.41 %
Total	<u>\$ 50,757,328</u>	<u>\$ 49,268,653</u>	<u>\$ 1,488,675</u>	3.02 %
<b><u>Expenditures</u></b>				
Instruction	\$ 28,405,103	\$ 28,201,646	\$ 203,457	0.72 %
Support services	18,320,853	17,664,655	656,198	3.71 %
Non-instructional services	23,377	38,614	(15,237)	(39.46) %
Extracurricular activities	902,742	861,443	41,299	4.79 %
Facilities acquisition and construction	333,691	382,551	(48,860)	(12.77) %
Debt service	<u>315,865</u>	<u>408,279</u>	<u>(92,414)</u>	(22.64) %
Total	<u>\$ 48,301,631</u>	<u>\$ 47,557,188</u>	<u>\$ 744,443</u>	1.57 %

During fiscal year 2007, interest rates continued to rise from those experienced in fiscal year 2006. In addition, the District continued its investment structure of investing in more long-term investments, which offered a higher yield. As a result, the District was able to increase its return on investments from fiscal year 2006. Tax revenue increased due to a greater amount of taxes collected by the County Auditors and available as an advance at year-end. The amount collected and available as an advance can vary depending upon when tax bills are sent. The increase in "other revenues" consists of overall increases in revenue items such as rentals, contributions and donation, services provided to other districts and miscellaneous other revenues. None of the increase in a particular area was significant. All other revenue items were comparable to the prior year.

The increase in instruction and support services expenditures are the result of normal and customary wage and benefit increases from the prior year. These two line items represented 96.74% and 96.44% of total general fund expenditures in fiscal year 2007 and 2006, respectively.

The District's debt service payments decreased in fiscal year 2007 versus 2006 as the District began consolidating notes into bonds and continuing to make bond payments which reduced the amount owed. All other material expenditure line items were comparable to the prior year.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

***General Fund Budgeting Highlights***

The 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 the course of fiscal 2007, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$49,968,809 and final budgeted revenues and other financing sources were \$49,875,570. Actual revenues and other financing sources for fiscal 2007 was \$50,306,769. This was \$431,199 greater than the final budgeted revenues. The District conservatively budgets revenues as can be seen with actual revenues being larger than in the original and final budget. There were no major budget variances between the original budget, final budget and actual revenues as these amounts were all within 1.0% of each other.

General fund original appropriations (appropriated expenditures including other financing uses) of \$51,127,177 were decreased to \$51,103,994 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$50,566,730, which was \$537,264 less than the final budgeted appropriations. The District does not budget advances or transfers as expenditures. The District conservatively budgets appropriations as can be seen with actual expenditures being less than in the original and final budget. There were no major budget variances between the original budget, final budget and actual expenditures as these amounts were all within 1.1% of each other.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2007, the District had \$18,416,500 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress (CIP). This entire amount is reported in governmental activities. The following table shows fiscal 2007 balances compared to 2006:

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

	Governmental Activities	
	2007	2006
Land	\$ 563,915	\$ 563,915
Land improvements	849,451	938,762
Building and improvements	12,473,045	13,248,043
Furniture and equipment	844,283	992,038
Vehicles	2,304,370	2,564,909
CIP	1,381,436	-
Total	\$ 18,416,500	\$ 18,307,667

The overall increase in capital assets of \$108,833 is due to depreciation expense of \$1,305,345 and disposals of \$313 (net of accumulated depreciation) being less than capital outlays of \$1,414,491 in the fiscal year.

During fiscal year 2007, the District invested \$1,237,136 in an energy conservation projects to make improvements to the District's buildings that will save energy costs in future years. In addition, the District has undertaken a bridge project at the high school in which it incurred \$144,300 in costs. These costs are recorded as construction in progress. See Note 8 to the basic financial statements for additional information on the District's capital assets.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

***Debt Administration***

At June 30, 2007, the District had \$4,645,000 in general obligation bonds outstanding. Of this total, \$640,000 is due within one year and \$4,005,000 is due in greater than one year. The following table summarizes the note and bond obligations outstanding.

**Outstanding Bonds and Notes, at Year End**

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
Energy conservation notes	\$ -	\$ 1,730,000
Bond anticipation notes	-	870,000
General obligation bonds	<u>4,645,000</u>	<u>1,885,000</u>
Total	<u>\$ 4,645,000</u>	<u>\$ 4,485,000</u>

The District issued \$2,347,000 and retired \$4,947,000 in bond anticipation notes during fiscal 2007. In addition, the District issued \$3,805,000 and retired \$1,045,000 in general obligation bonds during fiscal year 2007.

See Note 9 to the basic financial statements for additional information on the District's long-term obligations.

**Current Financial Related Activities**

As the preceding information shows, the District relies heavily upon state foundation monies, (39% of revenues), general property tax (54%), tangible personal property tax (4%), and open enrollment tuition and interest income (3%) making up the majority of the remaining balance. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These issues stem from issues that are local and at the State level. The local challenges will continue to exist, as the District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio neglects to deal with the unconstitutionality of the State's educational funding system.

The District is currently facing two challenges. One challenge is the future of the State funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Ohio General Assembly was directed to enact a school-funding mechanism that is to be thorough and efficient. The District is unable to determine what effect, if any, this decision will have on future funding from the State.

In addition to the issues above, House Bill 66 speeds up the phase out of the tangible personal property tax of general businesses, telephone and telecommunication companies, and railroads. This phase out will lead to the District eventually losing \$55,000,000 of its tax base. The District continues to get information and opinions, while trying to evaluate them as they affect the five year forecast.

Due to unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Catherine Bulgrin, Treasurer, at Stow-Munroe Falls City School District, 4350 Allen Road, Stow, Ohio 44224.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2007

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 10,030,435
Receivables:	
Taxes . . . . .	30,573,770
Accounts . . . . .	2,448
Intergovernmental . . . . .	424,079
Accrued interest . . . . .	78,095
Materials and supplies inventory . . . . .	68,703
Unamortized bond issue costs . . . . .	76,842
Capital assets:	
Land and construction in progress . . . . .	1,945,351
Depreciable capital assets, net. . . . .	16,471,149
Total capital assets, net . . . . .	18,416,500
 Total assets . . . . .	 59,670,872
<b>Liabilities:</b>	
Accounts payable. . . . .	266,592
Contracts payable. . . . .	328,092
Retainage payable. . . . .	48,511
Accrued wages and benefits . . . . .	4,812,977
Pension obligation payable. . . . .	1,299,675
Intergovernmental payable . . . . .	349,291
Unearned revenue . . . . .	27,506,259
Accrued interest payable . . . . .	27,318
Long-term liabilities:	
Due within one year. . . . .	1,079,742
Due in more than one year . . . . .	7,587,720
Total long-term liabilities, net . . . . .	8,667,462
 Total liabilities . . . . .	 43,306,177
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	14,594,908
Restricted for:	
Capital projects . . . . .	517,135
Debt service. . . . .	324,676
Locally funded programs . . . . .	18,765
State funded programs . . . . .	35,353
Federally funded programs . . . . .	138,496
Student activities . . . . .	79,747
Public school support. . . . .	136,761
Other purposes . . . . .	10,782
Unrestricted. . . . .	508,072
 Total net assets . . . . .	 \$ 16,364,695

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 23,550,656	\$ 839,577	\$ 425,668	\$ -	\$ (22,285,411)
Special . . . . .	4,427,824	20,500	1,675,276	-	(2,732,048)
Vocational . . . . .	1,458,317	22,046	201,025	-	(1,235,246)
Other . . . . .	902,031	-	-	-	(902,031)
Support services:					
Pupil. . . . .	3,332,745	232,209	345,341	-	(2,755,195)
Instructional staff . . . . .	2,829,699	9,335	160,467	-	(2,659,897)
Board of education . . . . .	310,104	-	8,009	-	(302,095)
Administration. . . . .	2,815,201	-	185,361	-	(2,629,840)
Fiscal. . . . .	1,098,441	-	-	-	(1,098,441)
Business. . . . .	536,163	-	932	-	(535,231)
Operations and maintenance . . . . .	5,282,427	61,247	-	-	(5,221,180)
Pupil transportation. . . . .	2,995,031	-	163,999	60,033	(2,770,999)
Central . . . . .	762,104	21	27,000	-	(735,083)
Operation of non-instructional services . . . . .	94,980	-	80,706	-	(14,274)
Food service operations. . . . .	1,343,765	911,688	318,072	-	(114,005)
Extracurricular activities. . . . .	1,374,551	230,786	115,792	-	(1,027,973)
Intergovernmental . . . . .	524,702	-	473,300	-	(51,402)
Interest and fiscal charges . . . . .	172,551	-	-	-	(172,551)
<b>Total governmental activities . . . . .</b>	<b>\$ 53,811,292</b>	<b>\$ 2,327,409</b>	<b>\$ 4,180,948</b>	<b>\$ 60,033</b>	<b>(47,242,902)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	29,939,799
Debt service. . . . .	634,047
Capital outlay. . . . .	346,716
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	17,957,172
Miscellaneous . . . . .	734,831
	115,255
<b>Total general revenues . . . . .</b>	<b>49,727,820</b>
Change in net assets . . . . .	2,484,918
<b>Net assets at beginning of year . . . . .</b>	<b>13,879,777</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 16,364,695</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 8,275,959	\$ 1,754,476	\$ 10,030,435
<b>Receivables:</b>			
Taxes . . . . .	29,587,550	986,220	30,573,770
Accounts . . . . .	264	2,184	2,448
Intergovernmental . . . . .	-	424,079	424,079
Accrued interest . . . . .	78,095	-	78,095
Interfund loans . . . . .	240,047	-	240,047
Materials and supplies inventory . . . . .	21,694	47,009	68,703
<b>Total assets . . . . .</b>	<b>\$ 38,203,609</b>	<b>\$ 3,213,968</b>	<b>\$ 41,417,577</b>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 207,401	\$ 59,191	\$ 266,592
Contracts payable . . . . .	-	328,092	328,092
Retainage payable . . . . .	-	48,511	48,511
Accrued wages and benefits . . . . .	4,653,718	159,259	4,812,977
Compensated absences payable . . . . .	7,211	8,358	15,569
Pension obligation payable . . . . .	1,232,615	67,060	1,299,675
Intergovernmental payable . . . . .	335,312	13,979	349,291
Interfund loan payable . . . . .	-	240,047	240,047
Deferred revenue . . . . .	518,128	29,337	547,465
Unearned revenue . . . . .	26,616,014	890,245	27,506,259
<b>Total liabilities . . . . .</b>	<b>33,570,399</b>	<b>1,844,079</b>	<b>35,414,478</b>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	522,271	412,490	934,761
Reserved for unclaimed monies . . . . .	10,782	-	10,782
Reserved for property tax unavailable for appropriation . . . . .	2,488,765	82,903	2,571,668
Reserved for debt service . . . . .	-	308,471	308,471
<b>Unreserved, undesignated, reported in:</b>			
General fund . . . . .	1,611,392	-	1,611,392
Special revenue funds . . . . .	-	355,740	355,740
Capital projects funds . . . . .	-	210,285	210,285
<b>Total fund balances . . . . .</b>	<b>4,633,210</b>	<b>1,369,889</b>	<b>6,003,099</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 38,203,609</b>	<b>\$ 3,213,968</b>	<b>\$ 41,417,577</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007

<b>Total governmental fund balances</b>		\$ 6,003,099
<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.		18,416,500
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 495,843	
Interest	35,357	
Intergovernmental revenue	16,265	
Total		547,465
Unamortized premiums are not recognized in the funds.		(93,434)
Unamortized bond issuance costs are not recognized in the funds.		76,842
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	(4,645,000)	
Compensated absences	(3,913,459)	
Accrued interest payable	(27,318)	
Total		(8,585,777)
<b>Net assets of governmental activities</b>		<b>\$ 16,364,695</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 29,896,467	\$ 979,483	\$ 30,875,950
Tuition . . . . .	685,399	-	685,399
Earnings on investments . . . . .	667,243	49,648	716,891
Charges for services . . . . .	-	911,688	911,688
Extracurricular . . . . .	49,273	376,301	425,574
Classroom materials and fees . . . . .	-	172,174	172,174
Other local revenues . . . . .	110,022	276,275	386,297
Intergovernmental - State . . . . .	19,348,924	700,717	20,049,641
Intergovernmental - Federal . . . . .	-	2,005,425	2,005,425
Total revenue . . . . .	<u>50,757,328</u>	<u>5,471,711</u>	<u>56,229,039</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	22,168,071	600,709	22,768,780
Special . . . . .	3,869,106	515,223	4,384,329
Vocational . . . . .	1,467,448	209	1,467,657
Other . . . . .	900,478	-	900,478
Support Services:			
Pupil . . . . .	2,796,998	520,296	3,317,294
Instructional staff . . . . .	2,655,885	159,996	2,815,881
Board of education . . . . .	305,914	4,190	310,104
Administration . . . . .	2,634,974	173,115	2,808,089
Fiscal . . . . .	1,091,921	13,506	1,105,427
Business . . . . .	537,295	10,721	548,016
Operations and maintenance . . . . .	4,722,223	136,543	4,858,766
Pupil transportation . . . . .	2,843,588	25,615	2,869,203
Central . . . . .	732,055	27,018	759,073
Operation of non-instructional services . . . . .	23,377	71,285	94,662
Food service operations . . . . .	-	1,338,914	1,338,914
Extracurricular activities . . . . .	902,742	308,348	1,211,090
Intergovernmental pass through . . . . .	-	528,287	528,287
Facilities acquisition and construction . . . . .	333,691	1,269,194	1,602,885
Debt service:			
Principal retirement . . . . .	237,830	5,754,170	5,992,000
Interest and fiscal charges . . . . .	78,035	118,294	196,329
Bond issuance costs . . . . .	-	79,507	79,507
Total expenditures . . . . .	<u>48,301,631</u>	<u>11,655,140</u>	<u>59,956,771</u>
Excess of revenues over (under) expenditures . . . . .	<u>2,455,697</u>	<u>(6,183,429)</u>	<u>(3,727,732)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	93,967	93,967
Transfers (out) . . . . .	(93,967)	-	(93,967)
Sale of bonds . . . . .	-	3,805,000	3,805,000
Premium on bonds sold . . . . .	-	96,675	96,675
Sale of notes . . . . .	-	2,347,000	2,347,000
Total other financing sources (uses) . . . . .	<u>(93,967)</u>	<u>6,342,642</u>	<u>6,248,675</u>
Net change in fund balances . . . . .	2,361,730	159,213	2,520,943
<b>Fund balances at beginning of year . . . . .</b>	<u>2,271,480</u>	<u>1,210,676</u>	<u>3,482,156</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 4,633,210</u>	<u>\$ 1,369,889</u>	<u>\$ 6,003,099</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

<b>Net change in fund balances - total governmental funds</b>	\$	2,520,943
<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 are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 1,414,491	
Current year depreciation	<u>(1,305,345)</u>	
Total		109,146
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(313)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported on the statement of activities:		
Decrease in accrued interest payable	23,202	
Amortization of bond premium	3,241	
Amortization of bond issue costs	<u>(2,665)</u>	
Total		23,778
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	44,612	
Interest	25,455	
Intergovernmental	<u>(2,896)</u>	
Total		67,171
Repayment of bond and notes are expenditures in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:		
Bonds	1,045,000	
Notes	<u>4,947,000</u>	
Total		5,992,000
The issuance of bonds and notes are recorded as an other financing source in the governmental funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
Issuance of bonds	(3,805,000)	
Issuance of notes	<u>(2,347,000)</u>	
Total		(6,152,000)
Premiums on debt issuances are recognized as an other financing source in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		(96,675)
Bond issuance costs are recognized as expenditures in the governmental funds however, they are amortized over the life of the issuance in the statement of activities.		
		79,507
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(58,639)</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>2,484,918</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 29,096,446	\$ 29,042,154	\$ 29,184,438	\$ 142,284
Tuition. . . . .	716,607	715,270	718,774	3,504
Earnings on investments. . . . .	676,384	675,122	678,430	3,308
Extracurricular. . . . .	49,135	49,043	49,283	240
Other local revenues. . . . .	74,601	74,462	74,827	365
Intergovernmental - State . . . . .	19,305,543	19,269,519	19,363,924	94,405
Total revenue . . . . .	<u>49,918,716</u>	<u>49,825,570</u>	<u>50,069,676</u>	<u>244,106</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	23,807,775	23,796,981	23,272,186	524,795
Special. . . . .	3,830,839	3,829,102	3,875,199	(46,097)
Vocational. . . . .	1,616,206	1,615,473	1,596,581	18,892
Other. . . . .	936,169	935,745	908,963	26,782
Support Services:				
Pupil. . . . .	2,884,912	2,883,604	2,842,264	41,340
Instructional staff . . . . .	2,735,698	2,734,458	2,728,677	5,781
Board of education . . . . .	402,448	402,266	370,192	32,074
Administration. . . . .	2,720,394	2,719,160	2,689,199	29,961
Fiscal . . . . .	1,085,272	1,084,780	1,088,862	(4,082)
Business . . . . .	640,798	640,507	581,522	58,985
Operations and maintenance. . . . .	5,252,147	5,249,765	5,190,420	59,345
Pupil transportation . . . . .	2,824,558	2,823,277	2,781,630	41,647
Central. . . . .	742,456	742,119	721,071	21,048
Operation of non-instructional services . . . . .	25,969	25,957	25,957	-
Extracurricular activities. . . . .	905,492	905,081	860,189	44,892
Facilities acquisition and construction. . . . .	396,587	396,407	383,870	12,537
Debt service:				
Principal retirement . . . . .	238,108	238,000	237,830	170
Interest and fiscal charges . . . . .	81,349	81,312	78,035	3,277
Total expenditures . . . . .	<u>51,127,177</u>	<u>51,103,994</u>	<u>50,232,647</u>	<u>871,347</u>
Excess of revenues over (under) expenditures. . . . .	<u>(1,208,461)</u>	<u>(1,278,424)</u>	<u>(162,971)</u>	<u>1,115,453</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	-	-	48,196	48,196
Transfers (out) . . . . .	-	-	(93,967)	(93,967)
Advances in. . . . .	50,093	50,000	188,897	138,897
Advances (out) . . . . .	-	-	(240,116)	(240,116)
Total other financing sources (uses) . . . . .	<u>50,093</u>	<u>50,000</u>	<u>(96,990)</u>	<u>(146,990)</u>
Net change in fund balance . . . . .	(1,158,368)	(1,228,424)	(259,961)	968,463
<b>Fund balance at beginning of year . . . . .</b>	<b>7,453,131</b>	<b>7,453,131</b>	<b>7,453,131</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>350,452</b>	<b>350,452</b>	<b>350,452</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 6,645,215</u></b>	<b><u>\$ 6,575,159</u></b>	<b><u>\$ 7,543,622</u></b>	<b><u>\$ 968,463</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2007

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 106,963	\$ 129,939
Receivables:		
Accounts . . . . .	100	2,394
	107,063	\$ 132,333
Total assets . . . . .		
<b>Liabilities:</b>		
Accounts payable . . . . .	1,000	\$ 4,142
Due to students . . . . .	-	128,191
	1,000	\$ 132,333
Total liabilities . . . . .		
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	106,063	
Total net assets . . . . .	\$ 106,063	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 9,217
Gifts and contributions. . . . .	24,979
	34,196
Total additions. . . . .	34,196
<b>Deductions:</b>	
Payments in accordance with trust agreements . . . . .	16,840
	17,356
Change in net assets . . . . .	17,356
<b>Net assets at beginning of year. . . . .</b>	<b>88,707</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 106,063</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Stow-Munroe Falls City School District (the "District") operates under a locally-elected, five-member Board form of government and provides educational services as authorized or mandated by state and/or federal agencies. This Board controls the District's nine instructional/support facilities staffed by 310 full-time and part-time non-certificated employees and 365 certificated teaching personnel. Included in these totals are 30 administrators employed by the District. The District provides services to 5,927 students and other community members.

The District is the 53<sup>rd</sup> largest among the 876 public school districts and community schools in the State of Ohio.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criterion, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

Within the District boundaries are three non-public schools. Holy Family School which is operated through the Cleveland Diocese, the Cornerstone Community School which is operated by the Cornerstone Community School Board of Trustee's and the Kids Country Preschool which is operated by Kids Country, Incorporated. Current State legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the District, as directed by the non-public school. This activity is reflected in a nonmajor governmental fund for financial reporting purposes.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

*RELATED ORGANIZATION*

Stow-Munroe Falls Public Library

The Stow-Munroe Falls Public Library (the "Library") is a related organization to the District. The District's Board of Education is responsible for appointing all the trustees of the Library; however, the District's Board of Education cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District serves as the taxing authority and may issue tax related debt on behalf of the Library, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during the fiscal year 2007; however, the District continues to service debt issued on behalf of the Library (see Note 9.A).

*JOINTLY GOVERNED ORGANIZATIONS*

Northeast Ohio Network for Educational Technology (NEOnet)

Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the District. NEOnet is an association of public school districts in a geographic area determined by the Ohio department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Board of Education. All districts in the consortium are required to pay fees, charges, and assessments as charges. NEOnet is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from the general fund. During fiscal year 2007, the District contributed \$165,364 to NEOnet. Financial information can be obtained by contracting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Ave., Suite 200, Cuyahoga Falls, Ohio 44221.

Six District Educational Compact

The Six District Educational Compact is a jointly governed organization to provide for the vocational and special education needs of the students of six participating school districts. The six member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. The District paid \$356,994 to the Six District Educational Compact for services during fiscal year 2007.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization comprised of one hundred and nine member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. 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. In fiscal year 2007, the District paid \$820,964 to the Council. Financial information can be obtained by contacting David Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The District participates in the Council's Energy for Education Program. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating in the program for an extended period of time. The current, three year contract expires in December 2008. The participants make monthly payments based upon estimated usage. At the end of each fiscal year, these estimated payments are compared to actual usage for the year and additional billings are made or refunds are issued accordingly.

In April 2005, the Energy Acquisition Corporation II, a non-profit corporation with a self-appointed board, issued \$246 million in bonds and used the proceeds to prepay for the estimated electric energy costs for 249 entities from Cleveland Electric Illuminating, Ohio Edison and Toledo Edison. The participating school districts are not obligated in any manner for this debt.

The District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating in the program for a twelve year period. The participants make monthly payments based upon estimated usage. Annually, these estimated payments are compared to actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*PUBLIC ENTITY RISK POOL*

Stark County Schools Council of Government Health Benefits Program

The Stark County Schools Council of Government Health Benefits Program is a shared risk pool, with participants from Stark, Summit, and Portage Counties and provides medical/surgical, dental, life insurance and dismemberment insurance. The consortium is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two year terms to serve as the Board of Directors. The assembly exercise control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to Stark County Educational Service Center, 2100 38<sup>th</sup> Street, Canton, Ohio 44709.

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three-member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Fund Accounting**

The 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. The District does not have proprietary funds.

*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 District's major governmental fund:

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

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (c) for grants and other resources whose use is restricted to a particular purpose; and (d) for food service operations.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust funds are private purpose trusts, which primarily account for memorial and scholarship programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activity.

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**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. Fiduciary funds use the accrual basis of accounting.

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 District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*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 Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budget documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriations Resolution, all of which are prepared on the budgetary basis of accounting. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the first digit function for the general fund and the fund level for all other funds. Although the legal level of budgetary control was established at the first digit function level of expenditures for the general fund, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budgeted revenues in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenues in the budgetary statement reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education. The amounts reported as the original budgeted expenditures reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditures represent the final appropriation amounts passed by the Board during the year.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

During fiscal year 2007, investments were limited to federal agency securities, US Treasury money market funds, US Treasury notes, non-negotiable certificates of deposit and repurchase agreements. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and nonnegotiable certificates of deposit, are reported at cost.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Under existing Ohio statutes, all investment earnings are assigned to the general fund except those specifically related to certain trust funds, unless the Board of Education specifically directs interest to be recorded in other funds. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$667,243 which includes \$76,023 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories are accounted for using the consumption method. Inventories of the general fund and Food Service special revenue fund (a nonmajor governmental fund) are stated at cost, which is determined on a first-in, first-out basis. Inventory in the general fund consist of expendable supplies held for consumption. Inventories of the food service fund (a nonmajor governmental fund) consist of donated food, purchased food and supplies held for resale. Inventories reported on the fund financial statements are expensed when used.

**H. Capital Assets**

General capital assets are those related to government activities. 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 District maintained a capitalization threshold of \$5,000 for its general capital assets during fiscal 2007. 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>	Governmental Activities <u>Estimated Lives</u>
Land improvements	15 – 20 years
Buildings and improvements	10 – 40 years
Furniture, fixtures and equipment	5 – 20 years
Vehicles	8 – 15 years



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Interfund Balances**

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

**J. Compensated Absences**

GASB Statement No. 16, "Accounting for Compensated Absences", specifies the method used to accrue liabilities for leave benefits. 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 District will compensate the employees for the benefits through paid time off or some other means.

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**L. Estimates**

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

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**M. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, unclaimed monies, tax advance unavailable for appropriation and debt service. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under state statute. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved.

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes represent unclaimed monies held at fiscal year-end.

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

**O. Interfund Activity**

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 basic financial statements.

Interfund transfers between governmental funds are eliminated for reporting in the government-wide statement of activities.

**P. Extraordinary and Special Items**

Extraordinary items are transactions of 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. During fiscal year 2007, the District did not incur any transactions that would be classified as an extraordinary item or special item.

**Q. Unamortized Bond Issuance Costs and Bond Premiums**

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 9.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balances**

Fund balances at June 30, 2007 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Governmental Funds</u>	
Food Service	\$ 101,746
Management Information Systems	265
SchoolNet Professional Development	50
Ohio Reads	1,710
Vocational Education	5,705
Title III Limited English Proficiency	218

The general fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. These deficit fund balances resulted from adjustments for accrued liabilities.

**B. Non-Compliance**

The District had appropriations in excess of estimated resources in non-compliance with Ohio Revised Code Sections 5705.39 and 5705.36.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 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.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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.

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

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

Protection of 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.

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 District, and must be purchased with the expectation that it will be held to maturity.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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.

**A. Cash on Hand**

At year-end, the District had \$1,050 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2007, the carrying amount of all District deposits was \$4,345,335, exclusive of the \$585,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$4,747,101 of the District's bank balance of \$4,918,049 was exposed to custodial risk as discussed below, while \$170,948 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**C. Investments**

As of June 30, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
Repurchase Agreement	\$ 585,000	\$ 585,000	\$ -	\$ -	\$ -
U.S. Treasury Money Market	74,704	74,704	-	-	-
FHLMC	1,737,263	1,287,824	199,844	149,532	100,063
FHLMC Discount Note	99,400	99,400	-	-	-
U.S. Treasury Notes	249,844	-	249,844	-	-
FHLB	1,893,372	424,868	649,001	719,409	100,094
FHLB Discount Note	95,002	-	95,002	-	-
FNMA Discount Notes	637,070	637,070	-	-	-
FNMA	549,297	249,750	-	49,547	250,000
	<u>\$ 5,920,952</u>	<u>\$ 3,358,616</u>	<u>\$ 1,193,691</u>	<u>\$ 918,488</u>	<u>\$ 450,157</u>

The weighted average maturity of investments is .57 years.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in federal agency securities, and the federal agency securities that underlie the District's repurchase agreement, along with the District's investments in U.S. Treasury securities, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$585,000 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase Agreement	\$ 585,000	9.88
U.S. Treasury Money Market	74,704	1.26
FHLMC	1,737,263	29.34
FHLMC Discount Note	99,400	1.68
U.S. Treasury Notes	249,844	4.22
FHLB	1,893,372	31.98
FHLB Discount Note	95,002	1.60
FNMA Discount Notes	637,070	10.76
FNMA	549,297	9.28
	<u>\$ 5,920,952</u>	<u>100.00</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 4,345,335
Investments	5,920,952
Cash on hand	<u>1,050</u>
Total	<u>\$ 10,267,337</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 10,030,435
Private-purpose trust fund	106,963
Agency fund	<u>129,939</u>
Total	<u>\$ 10,267,337</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund balances at June 30, 2007 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	<u>\$ 240,047</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental Funds from:	<u>Amount</u>
General Fund	<u>\$ 93,967</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. No interfund transfers are reported on the statement of activities.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, and will be 6.25% for 2008 and zero for 2009. 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 District prior to June 30.

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

The District receives property taxes from Summit and Portage Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date tax bills are sent. The amount available as an advance at June 30, 2007 was \$2,488,765 in the general fund, \$32,240 in the bond retirement fund (a nonmajor governmental fund) and \$50,663 in the permanent improvement fund (a nonmajor governmental fund). These amounts have been recorded as revenue. The amount available as an advance at June 30, 2006 was \$1,793,004 in the general fund and \$61,978 in the bond retirement fund (a nonmajor governmental fund).



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 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 unearned revenue.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 911,792,170	94.77	\$ 914,974,050	94.75
Public utility personal	11,718,780	1.22	11,754,660	1.22
Tangible personal property	<u>38,613,915</u>	<u>4.01</u>	<u>38,891,955</u>	<u>4.03</u>
Total	<u>\$ 962,124,865</u>	<u>100.00</u>	<u>\$ 965,620,665</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 46.73		\$ 46.24	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2007 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. 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. A summary of the receivables reported on the statement of net assets follows:

<b>Governmental Activities:</b>	
Taxes	\$ 30,573,770
Accounts	2,448
Accrued interest	78,095
Intergovernmental	<u>424,079</u>
Total	<u>\$ 31,078,392</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance <u>06/30/06</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/07</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 563,915	\$ -	\$ -	\$ 563,915
Construction in progress	<u>-</u>	<u>1,381,436</u>	<u>-</u>	<u>1,381,436</u>
Total capital assets, not being depreciated	<u>563,915</u>	<u>1,381,436</u>	<u>-</u>	<u>1,945,351</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,870,148	-	-	2,870,148
Buildings and improvements	30,976,959	16,678	-	30,993,637
Furniture, fixtures and equipment	3,719,863	16,377	-	3,736,240
Vehicles	<u>4,610,233</u>	<u>-</u>	<u>(21,030)</u>	<u>4,589,203</u>
Total capital assets, being depreciated	<u>42,177,203</u>	<u>33,055</u>	<u>(21,030)</u>	<u>42,189,228</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,931,386)	(89,311)	-	(2,020,697)
Buildings and improvements	(17,728,916)	(791,676)	-	(18,520,592)
Furniture, fixtures and equipment	(2,727,825)	(164,132)	-	(2,891,957)
Vehicles	<u>(2,045,324)</u>	<u>(260,226)</u>	<u>20,717</u>	<u>(2,284,833)</u>
Total accumulated depreciation	<u>(24,433,451)</u>	<u>(1,305,345)</u>	<u>20,717</u>	<u>(25,718,079)</u>
Governmental activities capital assets, net	<u>\$ 18,307,667</u>	<u>\$ 109,146</u>	<u>\$ (313)</u>	<u>\$ 18,416,500</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 710,506
Special	11,981
<u>Support Services:</u>	
Pupil	3,938
Instructional staff	2,743
Administration	7,667
Fiscal	3,763
Operations and maintenance	252,606
Pupil transportation	134,034
Extracurricular activities	161,940
Food service operations	<u>16,167</u>
Total depreciation expense	<u>\$ 1,305,345</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2007, the following changes occurred in the governmental activities long-term obligations.

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/07</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental Activities:</b>					
<u>Bond Anticipation Notes</u>					
Bus acquisition, 5.01%	\$ 870,000	\$ -	\$ (870,000)	\$ -	\$ -
Bus acquisition, 5.50%	-	790,000	(790,000)	-	-
Energy conservation, 3.54%	1,730,000	-	(1,730,000)	-	-
Energy conservation, 4.00%	-	1,557,000	(1,557,000)	-	-
	<u>2,600,000</u>	<u>2,347,000</u>	<u>(4,947,000)</u>	<u>-</u>	<u>-</u>
Total Bond Anticipation Notes					
<u>General Obligation Bonds</u>					
1985 School Building, 9.125%	590,000	-	(590,000)	-	-
1996 Allen Rd., 5.16%	65,000	-	(65,000)	-	-
1996 Public Library, 5.33%	1,230,000	-	(390,000)	840,000	410,000
2006 Bus acquisition/energy conservation, 4.00-5.00%	-	3,805,000	-	3,805,000	230,000
	<u>1,885,000</u>	<u>3,805,000</u>	<u>(1,045,000)</u>	<u>4,645,000</u>	<u>640,000</u>
Total General Obligation Bonds					
<u>Other Obligations:</u>					
Retirement incentive payable	1,267,428	-	(1,267,428)	-	-
Compensated absences	3,921,369	407,001	(399,342)	3,929,028	439,742
	<u>5,188,797</u>	<u>407,001</u>	<u>(1,666,770)</u>	<u>3,929,028</u>	<u>439,742</u>
Total Other Obligations					
Total governmental activities long-term obligations	<u>\$ 9,673,797</u>	<u>\$ 6,559,001</u>	<u>\$ (7,658,770)</u>	8,574,028	<u>\$ 1,079,742</u>
				Add: unamortized premium on bonds	<u>93,434</u>
				Total on statement of net assets	<u>\$ 8,667,462</u>

Bond Anticipation Notes

During fiscal year 2007, the District issued \$2,347,000 and retired \$4,947,000 in bond anticipation notes whose proceeds were used for energy improvements to various District buildings and for school bus acquisitions. The proceeds of the notes issued in fiscal year 2007 were reported in the debt service fund (a nonmajor governmental fund). During fiscal year 2007, principal payments on the bond anticipation notes were made from the general fund, debt service fund (a nonmajor governmental fund) and the building fund (a nonmajor governmental fund) in the amounts of \$172,830, \$4,694,170 and \$80,000, respectively. There are no bond anticipation notes outstanding at June 30, 2007.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

Series1985 School Building Bonds

In fiscal year 1986, the District issued \$11,800,000 in general obligation bonds for the purpose of financing improvements to the District's High School. These bonds matured December 1, 2006. Principal payments on the general obligation bonds were made from the debt service fund (a nonmajor governmental fund) in the amount of \$590,000. The source of revenue to retire the bonds was derived from voted property tax levies recorded in the debt service fund (nonmajor governmental fund).

Series1996 Public Library Bonds

In fiscal year 1997, the District issued \$3,952,000 in general obligation bonds for the purpose of financing improvements to public library buildings. These bonds mature December 1, 2008. During fiscal year 2007, principal payments on the general obligation bonds were made from the debt service fund (a nonmajor governmental fund) in the amount of \$390,000. The source of revenue to retire the bonds is derived from voted property tax levies recorded in the debt service fund (nonmajor governmental fund).

Series1996 Allen Road Bonds

In fiscal year 1997, the District issued \$530,000 in general obligation bonds for the purchase of an administration building. These bonds matured December 1, 2006. Principal payments on the general obligation bonds were made from the general fund in the amount of \$65,000.

Series2006 Bus Acquisition/Energy Conservation Bonds

In fiscal year 2007, the District issued \$3,805,000 in general obligation bonds for the purpose of financing school bus acquisitions and energy conservation projects to various District buildings. These bonds mature December 1, 2021. During fiscal year 2007, no principal or interest payments were required on the general obligation bonds.

The following is a summary of future annual debt service requirements for maturity for the general obligation bonds:

Fiscal Year Ending	General Obligation Bonds		
	Principal	Interest	Total
2008	\$ 640,000	\$ 258,453	\$ 898,453
2009	650,000	162,210	812,210
2010	235,000	141,500	376,500
2011	235,000	132,100	367,100
2012	250,000	122,400	372,400
2013-2017	1,410,000	435,907	1,845,907
2018-2022	1,225,000	133,824	1,358,824
Total	<u>\$ 4,645,000</u>	<u>\$ 1,386,394</u>	<u>\$ 6,031,394</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

*Retirement Incentive Payable*

During fiscal 2005, the District offered certified employees a retirement incentive equal to a one-time bonus of \$55,000 in addition to normal severance payments. Thirty-five employees accepted the incentive and elected to retire. During fiscal 2007, the District made \$1,267,428 in payments to retire this liability in full. Payments were made from the general fund.

*Compensated Absences*

Compensated absences represent accumulated vacation and an estimated severance liability for employees both eligible to retire and those expected to become eligible in the future. Compensated absences will be paid from the fund from which the employee is paid. Compensated absences will be paid from the general fund and the following nonmajor governmental funds: food service, auxiliary services, IDEA Part B grants, vocational education, Title I disadvantaged children, and Title VI innovative education program.

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2007, are a voted debt margin of \$78,597,009 (including available funds of \$346,911) and an unvoted debt margin of \$921,057.

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. These have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 10 - RISK MANAGEMENT - (Continued)**

**B. Employee Group Life, Medical, Dental, and Vision Insurance**

The District has contracted with Stark County Schools Council of Government (the “Consortium”) to provide medical/surgical, dental, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The Consortium is a shared risk pool comprised of forty-two members. The members pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating entities and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$250,000 per participant and an aggregate stop-loss provision of \$107,330,408.

Premium contributions are determined annually based on the claims experience of the individual member. Premiums can be increased or decrease by up to 20% of the prior year’s contribution. Members may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating member claims would be paid without regard to their individual account balances. The Consortium’s board of Directors has authority to return monies to an exiting member subsequent to the settlement of all claims and expenses.

The Consortium reported the following summary of actuarially measured liabilities and assets available to pay these liabilities as of June 30:

	2007	2006	
Cash and investments	\$ 34,211,002	\$ 22,630,345	
Actuarial liabilities	10,460,000	9,510,000	

**C. Workers’ Compensation**

The District participates in the OSBA Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the state based on the rate for the GRP rather than its individual rate.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

The 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 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 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$857,504, \$820,370, and \$812,316; 45.95 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$463,491 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 11 - PENSION PLANS - (Continued)**

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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions to fund pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$3,157,539, \$3,100,340 and \$3,010,370; 84.37 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$493,666 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$38,548 made by the District and \$79,177 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$242,888 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

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. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. The total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$421,016 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**NOTE 13 - CONTRACTUAL COMMITMENTS**

The District had the following contractual commitments outstanding at June 30, 2007:

Contractor	Total Contract	Amount Paid By June 30, 2007	Remaining Commitment
Honeywell	\$ 1,318,024	\$ (860,533)	\$ 457,491
CT Taylor	165,334	(144,300)	21,034
Total	<u>\$ 1,483,358</u>	<u>\$ (1,004,833)</u>	<u>\$ 478,525</u>

These contractual commitments relate to a H.B 264 energy conservation project and a High School Bridge project undertaken by the District. In addition to the amounts paid above, the District has recorded a contracts payable and retainage payable in the amounts of \$328,092 and \$48,511, respectively, for costs incurred prior to fiscal year end on the H.B. 264 energy conservation project. Costs incurred during by fiscal year end (including contracts and retainage payable) have been recorded as construction-in-progress in the District's capital assets (see Note 8). These projects are expected to be completed in fiscal year 2008.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).
- (e) Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ (259,961)
Net adjustment for revenue accruals	687,652
Net adjustment for expenditure accruals	1,221,747
Net adjustment for other sources/uses	3,023
Adjustment for encumbrances	<u>709,269</u>
GAAP basis	<u>\$ 2,361,730</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is a party to legal proceedings. Management of the District is of the opinion that the outcome of any such legal proceeding will not have a material adverse effect, if any, on the financial condition of the District.

**NOTE 16 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2006	\$ (304,762)	\$ -
Current year set-aside requirement	904,797	904,797
Current year offsets	-	(288,064)
Qualifying disbursements	<u>(782,960)</u>	<u>(861,194)</u>
Total	<u>\$ (182,925)</u>	<u>\$ (244,461)</u>
Balance carried forward to FY 2008	<u>\$ (182,925)</u>	<u>\$ -</u>

The excess disbursements during the year reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement for future years.

Although the District had offsets and qualifying disbursements during the year that reduced the capital acquisition set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**NOTE 17 – SIGNIFICANT SUBSEQUENT EVENT**

On August 20, 2007, Ms. Catherine Bulgrin became Treasurer/CFO of the District.

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**COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds**

Special revenue funds are used to account for revenues from specific sources which are restricted, legally or otherwise, to expenditures for specific purposes. A description of the District's special revenue funds follows:

**Food Service Fund** Section 3313.81, Revised Code

A fund used to account for financial transactions related to food service operations.

**Special Trust Fund** Section 5705.09, Revised Code

A fund used to account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

**Uniform School Supplies Fund** Section 3313.81, Revised Code

A fund used to account for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

**Public School Support Fund** Section 5705.12, Revised Code

A fund used to account for specific local revenue sources (i.e.: profits from vending machines, etc.), other than taxes or expendable trusts, that are restricted to expenditures for specified purposes approved by Board resolution. Such expenditures may include curricular and extra-curricular related purposes.

**Other Grants Fund** Sections 5705.09 and 5705.13, Revised Code

A fund used to account for the proceeds of specific revenue sources (except for state and federal grants) that are legally restricted to expenditures for specified purposes.

**District Managed Activity Fund** Section 3313.062, Revised Code

A fund used to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund usually includes athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

**Auxiliary Services Fund** Current Budget Bill. appropriation line item 200-511

A fund used to account for receipts and expenditures incurred in providing services and materials to pupils attending non-public schools within the District.

**Teacher Development Fund** Current Budget Bill, appropriation line item 200-527

A fund used to account for receipts and expenditures necessary for providing assistance to local school districts for the development of in-service programs for professional staff.

**Management Information Systems Fund** Am. Sub. HB 111

A fund used to account for monies associated with the state-wide requirements of the Education Management Information System (EMIS).

**Entry Year Programs Fund** Section 3313.024, Revised Code

A fund used to assist in the implementation of entry-year programs pursuant to division (T) of section 3313.024 of the Ohio Revised Code.

**Data Communication Fund** Section 5705.09, Revised Code

A fund used to account for monies appropriated for the costs incurred in connecting schools to the Ohio Educational Computer Network.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds**

**SchoolNet Professional Development Fund**

Section 5705.09, Revised Code

A fund used to account for a limited number of professional development subsidy grants.

**Ohio Reads Fund**

State Line Item Appropriation GRF 200-455 and 200-566

A fund used: 1) to improve reading outcomes, especially on the fourth grade reading proficiency test, and; 2) for volunteer coordinators in public schools, for educational service centers for costs associated with volunteer coordination, for background checks of volunteers, to evaluate the Ohio Reads program, and for operating expenses associated with administering the program.

**Miscellaneous State Grants Fund**

Section 5705.12, Revised Code

A fund used to account for various monies received from State agencies not classified elsewhere.

**IDEA Part B Grants Fund**

Education of the Handicapped Act, PL 91-230

A fund used to account for Federal monies which assist states in the identification of handicapped children, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

**Vocational Education Fund**

Carl D. Perkins Vocational Education Act of 1984, PL 98-524

A fund used to account for the provision of funds to boards of education, teacher training institutions, and the state administering agency for cooperating in development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational schools, ancillary services, research, advisory committees, and work-study projects, including sex equity grants. Funds are administered by the Ohio Department of Education, Division of Vocational and Career Education.

**Title III Limited English Proficiency**

Catalog of Federal Domestic Assistance #81-041

A fund used to account for funds used to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

**Title I Disadvantaged Children Fund**

PL 97-35; Title I EESA 1965

A fund used to account for monies which are to: 1) establish or improve programs designed to meet the special educational needs of children of migratory agricultural workers or migratory fisherman, and; 2) enable state education agencies to coordinate their state and local migrant education programs and projects with similar programs and projects in other states, including the transfer of school records and other information about children of migrant workers.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds**

**Title VI Innovative Education Program Fund**

PL 97-35; EESA 1965

A fund used to account for Federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and in-service and staff development.

**Drug Free School Grant Fund**

Catalog of Federal Domestic Assistance #84-166

A fund used to account for funds to local educational agencies and consortia of these agencies to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, training, technical assistance, and coordination activities.

**IDEA Preschool-Handicapped Fund**

Education of the Handicapped Act Amendments,  
PL 99-457. Catalog of Federal Domestic Assistance #84-173

A fund used to account for the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

**Improving Teacher Quality Fund**

Catalog of Domestic Assistance #84-340

A fund used to account for monies to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

**Miscellaneous Federal Grants Fund**

Section 5705.12, Revised Code

A fund used to account for various monies received from the federal government directly or through state agencies which are not classified elsewhere.



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Debt Service Fund**

**Bond Retirement Fund**

Section 5705.09, Revised Code

The bond retirement fund is used to account for the retirement of serial bonds and short term loans. All revenues derived from general or special levies, either within or exceeding the statutory unvoted ten-mill limitation, which is levied for debt service on bonds or loans paid into this fund. Since the District maintains only one debt service fund, no combining statements are presented.

**Nonmajor Capital Projects Funds**

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). A description of the District's capital projects funds follows:

**Permanent Improvement Fund**

Section 5705.10, Revised Code

A fund used to account for all transactions related to the acquisition or construction of such permanent improvements as are authorized by Chapter 5705 of the Revised Code.

**Building Fund**

Section 5705.09, Revised Code

A fund used to account for the receipts and expenditures related to all special bond funds in the district.

**SchoolNet Fund**

Section 5705.09, Revised Code

A fund used to account for State grants to provide classroom wiring, which will support the transmission of voice, video, and data; to provide a computer workstation and related technology for every classroom in low-wealth districts.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . .	\$ 604,719	\$ 314,671	\$ 835,086	\$ 1,754,476
Receivables:				
Taxes. . . . .	-	370,194	616,026	986,220
Accounts. . . . .	2,184	-	-	2,184
Intergovernmental . . . . .	424,079	-	-	424,079
Materials and supplies inventory . . . . .	47,009	-	-	47,009
Total assets. . . . .	<u>\$ 1,077,991</u>	<u>\$ 684,865</u>	<u>\$ 1,451,112</u>	<u>\$ 3,213,968</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 59,191	\$ -	\$ -	\$ 59,191
Contracts payable. . . . .	-	-	328,092	328,092
Retainage payable. . . . .	-	-	48,511	48,511
Accrued wages and benefits . . . . .	159,259	-	-	159,259
Compensated absences payable . . . . .	8,358	-	-	8,358
Pension obligation payable. . . . .	67,060	-	-	67,060
Intergovernmental payable . . . . .	13,979	-	-	13,979
Interfund loan payable . . . . .	240,047	-	-	240,047
Deferred revenue . . . . .	16,265	5,083	7,989	29,337
Unearned revenue . . . . .	-	332,871	557,374	890,245
Total liabilities . . . . .	<u>564,159</u>	<u>337,954</u>	<u>941,966</u>	<u>1,844,079</u>
<b>Fund balances:</b>				
Reserved for encumbrances. . . . .	158,092	6,200	248,198	412,490
Reserved for property tax unavailable for appropriation . . . . .	-	32,240	50,663	82,903
Reserved for debt service. . . . .	-	308,471	-	308,471
Unreserved:				
Undesignated, reported in:				
Special revenue funds . . . . .	355,740	-	-	355,740
Capital projects funds . . . . .	-	-	210,285	210,285
Total fund balances . . . . .	<u>513,832</u>	<u>346,911</u>	<u>509,146</u>	<u>1,369,889</u>
Total liabilities and fund balances. . . . .	<u>\$ 1,077,991</u>	<u>\$ 684,865</u>	<u>\$ 1,451,112</u>	<u>\$ 3,213,968</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ -	\$ 640,756	\$ 338,727	\$ 979,483
Earnings on investments . . . . .	7,515	-	42,133	49,648
Charges for services . . . . .	911,688	-	-	911,688
Extracurricular . . . . .	364,657	-	11,644	376,301
Classroom materials and fees . . . . .	172,174	-	-	172,174
Other local revenues . . . . .	218,775	-	57,500	276,275
Intergovernmental - State . . . . .	577,093	93,249	30,375	700,717
Intergovernmental - Federal . . . . .	2,005,425	-	-	2,005,425
Total revenues . . . . .	<u>4,257,327</u>	<u>734,005</u>	<u>480,379</u>	<u>5,471,711</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	586,944	-	13,765	600,709
Special . . . . .	515,223	-	-	515,223
Vocational . . . . .	209	-	-	209
Support services:				
Pupil . . . . .	520,296	-	-	520,296
Instructional staff . . . . .	159,996	-	-	159,996
Board of education . . . . .	4,190	-	-	4,190
Administration . . . . .	173,115	-	-	173,115
Fiscal . . . . .	-	9,240	4,266	13,506
Business . . . . .	-	-	10,721	10,721
Operations and maintenance . . . . .	-	-	136,543	136,543
Pupil transportation . . . . .	25,615	-	-	25,615
Central . . . . .	27,018	-	-	27,018
Operation of non-instructional services . . . . .	71,285	-	-	71,285
Food service operations . . . . .	1,338,914	-	-	1,338,914
Extracurricular activities . . . . .	308,348	-	-	308,348
Intergovernmental pass through . . . . .	528,287	-	-	528,287
Facilities acquisition and construction . . . . .	4,081	-	1,265,113	1,269,194
Debt service:				
Principal retirement . . . . .	-	5,674,170	80,000	5,754,170
Interest and fiscal charges . . . . .	-	89,962	28,332	118,294
Bond issuance cost . . . . .	-	-	79,507	79,507
Total expenditures . . . . .	<u>4,263,521</u>	<u>5,773,372</u>	<u>1,618,247</u>	<u>11,655,140</u>
Excess of revenues (under) expenditures . . . . .	(6,194)	(5,039,367)	(1,137,868)	(6,183,429)
<b>Other financing sources:</b>				
Transfers in . . . . .	93,967	-	-	93,967
Sale of bonds . . . . .	-	2,347,000	1,458,000	3,805,000
Premium on bonds sold . . . . .	-	-	96,675	96,675
Sale of notes . . . . .	-	2,347,000	-	2,347,000
Total other financing sources . . . . .	<u>93,967</u>	<u>4,694,000</u>	<u>1,554,675</u>	<u>6,342,642</u>
Net change in fund balances . . . . .	87,773	(345,367)	416,807	159,213
<b>Fund balances at beginning of year . . . . .</b>	<b>426,059</b>	<b>692,278</b>	<b>92,339</b>	<b>1,210,676</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 513,832</u></b>	<b><u>\$ 346,911</u></b>	<b><u>\$ 509,146</u></b>	<b><u>\$ 1,369,889</u></b>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2007

	<u>Food Service</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>	<u>Other Grants</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . . . .	\$ 2,136	\$ 48,293	\$ 101,638	\$ 137,013	\$ 18,965
Receivables:					
Accounts. . . . .	-	576	172	120	-
Intergovernmental . . . . .	41,423	-	-	-	-
Materials and supplies inventory . . . . .	<u>32,371</u>	<u>-</u>	<u>14,638</u>	<u>-</u>	<u>-</u>
Total assets. . . . .	<u>\$ 75,930</u>	<u>\$ 48,869</u>	<u>\$ 116,448</u>	<u>\$ 137,133</u>	<u>\$ 18,965</u>
<b>Liabilities:</b>					
Accounts payable. . . . .	\$ 1,330	\$ 949	\$ 833	\$ 372	\$ -
Accrued wages and benefits . . . . .	105,239	-	-	-	-
Compensated absences payable . . . . .	8,358	-	-	-	-
Pension obligation payable. . . . .	57,195	-	-	-	-
Intergovernmental payable . . . . .	5,554	-	-	-	-
Interfund loan payable . . . . .	-	431	2,709	-	200
Deferred revenue. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities. . . . .	<u>177,676</u>	<u>1,380</u>	<u>3,542</u>	<u>372</u>	<u>200</u>
<b>Fund balances (deficits):</b>					
Reserved for encumbrances . . . . .	1,075	2,564	1,804	6,228	326
Unreserved-undesignated (deficit) . . . . .	<u>(102,821)</u>	<u>44,925</u>	<u>111,102</u>	<u>130,533</u>	<u>18,439</u>
Total fund balances (deficits) . . . . .	<u>(101,746)</u>	<u>47,489</u>	<u>112,906</u>	<u>136,761</u>	<u>18,765</u>
Total liabilities and fund balances. . . . .	<u>\$ 75,930</u>	<u>\$ 48,869</u>	<u>\$ 116,448</u>	<u>\$ 137,133</u>	<u>\$ 18,965</u>

<b>District Managed Activity</b>	<b>Auxiliary Services</b>	<b>Teacher Development</b>	<b>Management Information Systems</b>	<b>Entry Year Programs</b>	<b>SchoolNet Professional Development</b>	<b>Ohio Reads</b>	<b>Miscellaneous State Grants</b>
\$ 90,643	\$ 62,113	\$ 2,340	\$ 37	\$ 2,597	\$ -	\$ -	\$ 9,038
1,316	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,976
-	-	-	-	-	-	-	-
<u>\$ 91,959</u>	<u>\$ 62,113</u>	<u>\$ 2,340</u>	<u>\$ 37</u>	<u>\$ 2,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,014</u>
\$ 12,134	\$ 2,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	16,258	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,495	-	-	-	-	1,544	-
52	1,462	5	302	164	50	166	-
26	465	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>12,212</u>	<u>24,605</u>	<u>5</u>	<u>302</u>	<u>164</u>	<u>50</u>	<u>1,710</u>	<u>-</u>
13,322	44,702	-	-	-	-	-	-
66,425	(7,194)	2,335	(265)	2,433	(50)	(1,710)	12,014
<u>79,747</u>	<u>37,508</u>	<u>2,335</u>	<u>(265)</u>	<u>2,433</u>	<u>(50)</u>	<u>(1,710)</u>	<u>12,014</u>
<u>\$ 91,959</u>	<u>\$ 62,113</u>	<u>\$ 2,340</u>	<u>\$ 37</u>	<u>\$ 2,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,014</u>

-continued

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2007

	<b>IDEA Part B Grants</b>	<b>Vocational Education</b>	<b>Title III Limited English Proficiency</b>	<b>Title I Disadvantaged Children</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 80,836	\$ 1,313	\$ -	\$ 14,721
Receivables:				
Accounts. . . . .	-	-	-	-
Intergovernmental . . . . .	340,901	-	-	14,701
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	\$ 421,737	\$ 1,313	\$ -	\$ 29,422
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 40,604	\$ -	\$ -	\$ -
Accrued wages and benefits . . . . .	31,252	6,510	-	-
Compensated absences payable . . . . .	-	-	-	-
Pension obligation payable. . . . .	4,826	-	-	-
Intergovernmental payable . . . . .	2,856	508	218	1,960
Interfund loan payable . . . . .	201,857	-	-	11,872
Deferred revenue. . . . .	-	-	-	-
Total liabilities. . . . .	281,395	7,018	218	13,832
<b>Fund balances (deficits):</b>				
Reserved for encumbrances . . . . .	41,702	-	-	14,721
Unreserved-undesignated (deficit) . . . . .	98,640	(5,705)	(218)	869
Total fund balances (deficits) . . . . .	140,342	(5,705)	(218)	15,590
Total liabilities and fund balances. . . . .	\$ 421,737	\$ 1,313	\$ -	\$ 29,422

<b>Title VI Innovative Education Program</b>	<b>Drug Free School Grant</b>	<b>IDEA Preschool- Handicapped</b>	<b>Improving Teacher Quality</b>	<b>Miscellaneous Federal Grants</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 564	\$ 5,800	\$ -	\$ 25,892	\$ 780	\$ 604,719
-	-	-	-	-	2,184
-	2,988	7,813	13,277	-	424,079
-	-	-	-	-	47,009
<u>\$ 564</u>	<u>\$ 8,788</u>	<u>\$ 7,813</u>	<u>\$ 39,169</u>	<u>\$ 780</u>	<u>\$ 1,077,991</u>
\$ -	\$ -	\$ -	\$ 44	\$ -	\$ 59,191
-	-	-	-	-	159,259
-	-	-	-	-	8,358
-	-	-	-	-	67,060
-	-	-	678	4	13,979
-	3,803	5,836	12,848	-	240,047
-	2,988	-	13,277	-	16,265
-	6,791	5,836	26,847	4	564,159
-	5,800	-	25,848	-	158,092
564	(3,803)	1,977	(13,526)	776	355,740
564	1,997	1,977	12,322	776	513,832
<u>\$ 564</u>	<u>\$ 8,788</u>	<u>\$ 7,813</u>	<u>\$ 39,169</u>	<u>\$ 780</u>	<u>\$ 1,077,991</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Food Service</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ -
Charges for services . . . . .	911,688	-	-	-
Extracurricular . . . . .	-	10,512	-	163,777
Classroom materials and fees. . . . .	-	160	172,014	-
Other local revenues . . . . .	-	51,695	-	30,120
Intergovernmental - State . . . . .	7,464	-	-	-
Intergovernmental - Federal . . . . .	310,608	-	-	-
Total revenues . . . . .	<u>1,229,760</u>	<u>62,367</u>	<u>172,014</u>	<u>193,897</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	-	174,718	-
Special . . . . .	-	-	-	-
Vocational . . . . .	-	-	209	-
Support services:				
Pupil . . . . .	-	42,892	-	159,133
Instructional staff. . . . .	-	8,044	-	-
Board of education. . . . .	-	-	-	-
Administration . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	-	18	-	-
Operation of non-instructional services. . . . .	-	-	-	-
Food service operations. . . . .	1,338,914	-	-	-
Extracurricular activities . . . . .	-	1,414	-	10,000
Intergovernmental pass through . . . . .	-	-	-	-
Facilities acquisition and construction . . . . .	-	-	-	-
Total expenditures . . . . .	<u>1,338,914</u>	<u>52,368</u>	<u>174,927</u>	<u>169,133</u>
Excess of revenues over (under) expenditures . . . . .	<u>(109,154)</u>	<u>9,999</u>	<u>(2,913)</u>	<u>24,764</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	93,967	-	-	-
Total other financing sources . . . . .	<u>93,967</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances. . . . .	(15,187)	9,999	(2,913)	24,764
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	(86,559)	37,490	115,819	111,997
Fund balances (deficits) at end of year . . . . .	<u>\$ (101,746)</u>	<u>\$ 47,489</u>	<u>\$ 112,906</u>	<u>\$ 136,761</u>



<u>Other Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>	<u>Teacher Development</u>	<u>Management Information Systems</u>	<u>Entry Year Programs</u>
\$ -	\$ -	\$ 7,515	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	190,368	-	-	-	-
-	-	-	-	-	-
21,082	115,878	-	-	-	-
-	-	465,785	-	19,983	15,950
-	-	-	-	-	-
<u>21,082</u>	<u>306,246</u>	<u>473,300</u>	<u>-</u>	<u>19,983</u>	<u>15,950</u>
6,768	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	14,939
71	-	-	1,109	-	-
4,190	-	-	-	-	-
-	-	-	-	20,151	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	296,934	-	-	-	-
-	-	528,287	-	-	-
-	-	-	-	-	-
<u>11,029</u>	<u>296,934</u>	<u>528,287</u>	<u>1,109</u>	<u>20,151</u>	<u>14,939</u>
<u>10,053</u>	<u>9,312</u>	<u>(54,987)</u>	<u>(1,109)</u>	<u>(168)</u>	<u>1,011</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10,053	9,312	(54,987)	(1,109)	(168)	1,011
8,712	70,435	92,495	3,444	(97)	1,422
<u>\$ 18,765</u>	<u>\$ 79,747</u>	<u>\$ 37,508</u>	<u>\$ 2,335</u>	<u>\$ (265)</u>	<u>\$ 2,433</u>

-continued

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Data Communication</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Miscellaneous State Grants</u>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ -
Charges for services . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Classroom materials and fees. . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - State . . . . .	27,000	3,300	12,000	25,611
Intergovernmental - Federal . . . . .	-	-	-	-
Total revenues . . . . .	<u>27,000</u>	<u>3,300</u>	<u>12,000</u>	<u>25,611</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	3,350	13,710	5,810
Special . . . . .	-	-	-	17,539
Vocational . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	-	-
Instructional staff. . . . .	-	625	-	-
Board of education. . . . .	-	-	-	-
Administration . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	27,000	-	-	-
Operation of non-instructional services. . . . .	-	-	-	-
Food service operations. . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Intergovernmental pass through . . . . .	-	-	-	-
Facilities acquisition and construction . . . . .	-	-	-	-
Total expenditures . . . . .	<u>27,000</u>	<u>3,975</u>	<u>13,710</u>	<u>23,349</u>
Excess of revenues over (under) expenditures . . . . .	<u>-</u>	<u>(675)</u>	<u>(1,710)</u>	<u>2,262</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances. . . . .	-	(675)	(1,710)	2,262
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	-	625	-	9,752
Fund balances (deficits) at end of year . . . . .	<u>\$ -</u>	<u>\$ (50)</u>	<u>\$ (1,710)</u>	<u>\$ 12,014</u>

<b>IDEA Part B Grants</b>	<b>Vocational Education</b>	<b>Title III Limited English Proficiency</b>	<b>Title I Disadvantaged Children</b>	<b>Title VI Innovative Education Program</b>	<b>Drug Free School Grant</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,206,133	39,000	24,768	254,045	9,406	10,651
<u>1,206,133</u>	<u>39,000</u>	<u>24,768</u>	<u>254,045</u>	<u>9,406</u>	<u>10,651</u>
-	42,001	24,192	228,609	-	7,203
492,617	-	-	-	-	-
-	-	-	-	-	-
290,811	-	-	-	-	-
82,301	-	904	5,692	10,397	1,525
-	-	-	-	-	-
152,615	-	-	349	-	-
25,615	-	-	-	-	-
-	-	-	-	-	-
67,523	-	-	2,849	273	640
-	-	-	-	-	-
-	-	-	-	-	-
4,081	-	-	-	-	-
<u>1,115,563</u>	<u>42,001</u>	<u>25,096</u>	<u>237,499</u>	<u>10,670</u>	<u>9,368</u>
<u>90,570</u>	<u>(3,001)</u>	<u>(328)</u>	<u>16,546</u>	<u>(1,264)</u>	<u>1,283</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>90,570</u>	<u>(3,001)</u>	<u>(328)</u>	<u>16,546</u>	<u>(1,264)</u>	<u>1,283</u>
49,772	(2,704)	110	(956)	1,828	714
<u>\$ 140,342</u>	<u>\$ (5,705)</u>	<u>\$ (218)</u>	<u>\$ 15,590</u>	<u>\$ 564</u>	<u>\$ 1,997</u>

-continued

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>IDEA Preschool- Handicapped</b>	<b>Improving Teacher Quality</b>	<b>Miscellaneous Federal Grants</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ 7,515
Charges for services . . . . .	-	-	-	911,688
Extracurricular . . . . .	-	-	-	364,657
Classroom materials and fees. . . . .	-	-	-	172,174
Other local revenues . . . . .	-	-	-	218,775
Intergovernmental - State . . . . .	-	-	-	577,093
Intergovernmental - Federal . . . . .	18,789	117,957	14,068	2,005,425
Total revenues . . . . .	<u>18,789</u>	<u>117,957</u>	<u>14,068</u>	<u>4,257,327</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	67,044	13,539	586,944
Special . . . . .	5,067	-	-	515,223
Vocational . . . . .	-	-	-	209
Support services:				
Pupil . . . . .	12,521	-	-	520,296
Instructional staff. . . . .	-	49,052	276	159,996
Board of education. . . . .	-	-	-	4,190
Administration . . . . .	-	-	-	173,115
Pupil transportation . . . . .	-	-	-	25,615
Central . . . . .	-	-	-	27,018
Operation of non-instructional services. . . . .	-	-	-	71,285
Food service operations. . . . .	-	-	-	1,338,914
Extracurricular activities . . . . .	-	-	-	308,348
Intergovernmental pass through . . . . .	-	-	-	528,287
Facilities acquisition and construction . . . . .	-	-	-	4,081
Total expenditures . . . . .	<u>17,588</u>	<u>116,096</u>	<u>13,815</u>	<u>4,263,521</u>
Excess of revenues over (under) expenditures . . . . .	<u>1,201</u>	<u>1,861</u>	<u>253</u>	<u>(6,194)</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	-	-	-	93,967
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,967</u>
Net change in fund balances. . . . .	1,201	1,861	253	87,773
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	776	10,461	523	426,059
Fund balances (deficits) at end of year . . . . .	<u>\$ 1,977</u>	<u>\$ 12,322</u>	<u>\$ 776</u>	<u>\$ 513,832</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b><u>Food Service Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 1,320,910	\$ 1,264,010	\$ (56,900)
Total Expenditures and Other Financing Uses	<u>1,266,344</u>	<u>1,264,731</u>	<u>1,613</u>
Net Change in Fund Balance	54,566	(721)	(55,287)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>721</u>	<u>721</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 55,287</u>	<u>\$ -</u>	<u>\$ (55,287)</u>
<b><u>Special Trust Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 69,002	\$ 62,796	\$ (6,206)
Total Expenditures and Other Financing Uses	<u>106,105</u>	<u>56,229</u>	<u>49,876</u>
Net Change in Fund Balance	(37,103)	6,567	43,670
Fund Balance, July 1	34,825	34,825	-
Prior Year Encumbrances Appropriated	<u>3,388</u>	<u>3,388</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,110</u>	<u>\$ 44,780</u>	<u>\$ 43,670</u>
<b><u>Uniform School Supplies Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 186,000	\$ 179,590	\$ (6,410)
Total Expenditures and Other Financing Uses	<u>237,098</u>	<u>199,951</u>	<u>37,147</u>
Net Change in Fund Balance	(51,098)	(20,361)	30,737
Fund Balance, July 1	116,505	116,505	-
Prior Year Encumbrances Appropriated	<u>2,857</u>	<u>2,857</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 68,264</u>	<u>\$ 99,001</u>	<u>\$ 30,737</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b><u>Public School Support Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 190,000	\$ 195,286	\$ 5,286
Total Expenditures and Other Financing Uses	<u>314,721</u>	<u>184,650</u>	<u>130,071</u>
Net Change in Fund Balance	(124,721)	10,636	135,357
Fund Balance, July 1	101,439	101,439	-
Prior Year Encumbrances Appropriated	<u>18,450</u>	<u>18,450</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (4,832)</u>	<u>\$ 130,525</u>	<u>\$ 135,357</u>
<b><u>Other Grants Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 18,000	\$ 21,282	\$ 3,282
Total Expenditures and Other Financing Uses	<u>14,420</u>	<u>12,620</u>	<u>1,800</u>
Net Change in Fund Balance	3,580	8,662	5,082
Fund Balance, July 1	9,900	9,900	-
Prior Year Encumbrances Appropriated	<u>77</u>	<u>77</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 13,557</u>	<u>\$ 18,639</u>	<u>\$ 5,082</u>
<b><u>District Managed Activity Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 385,000	\$ 310,875	\$ (74,125)
Total Expenditures and Other Financing Uses	<u>445,756</u>	<u>313,111</u>	<u>132,645</u>
Net Change in Fund Balance	(60,756)	(2,236)	58,520
Fund Balance, July 1	60,556	60,556	-
Prior Year Encumbrances Appropriated	<u>6,867</u>	<u>6,867</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,667</u>	<u>\$ 65,187</u>	<u>\$ 58,520</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b><u>Auxiliary Services Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 500,000	\$ 475,840	\$ (24,160)
Total Expenditures and Other Financing Uses	<u>591,333</u>	<u>577,223</u>	<u>14,110</u>
Net Change in Fund Balance	(91,333)	(101,383)	(10,050)
Fund Balance, July 1	36,644	36,644	-
Prior Year Encumbrances Appropriated	<u>79,314</u>	<u>79,314</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 24,625</u>	<u>\$ 14,575</u>	<u>\$ (10,050)</u>
<b><u>Teacher Development Fund</u></b>			
Total Expenditures and Other Financing Uses	\$ 3,444	\$ 1,104	\$ 2,340
Net Change in Fund Balance	(3,444)	(1,104)	2,340
Fund Balance, July 1	<u>\$ 3,444</u>	<u>\$ 3,444</u>	<u>\$ -</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 2,340</u>	<u>\$ 2,340</u>
<b><u>Management Information Systems Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 24,000	\$ 19,983	\$ (4,017)
Total Expenditures and Other Financing Uses	<u>20,037</u>	<u>19,983</u>	<u>54</u>
Net Change in Fund Balance	3,963	-	(3,963)
Fund Balance, July 1	<u>37</u>	<u>37</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 4,000</u>	<u>\$ 37</u>	<u>\$ (3,963)</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b><u>Entry Year Programs Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 18,000	\$ 16,450	\$ (1,550)
Total Expenditures and Other Financing Uses	<u>17,904</u>	<u>15,287</u>	<u>2,617</u>
Net Change in Fund Balance	96	1,163	1,067
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>1,434</u>	<u>1,434</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,530</u>	<u>\$ 2,597</u>	<u>\$ 1,067</u>
<b><u>Data Communication Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 27,000	\$ 27,000	\$ -
Total Expenditures and Other Financing Uses	<u>27,000</u>	<u>27,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>SchoolNet Professional Development Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 4,600	\$ 3,300	\$ (1,300)
Total Expenditures and Other Financing Uses	<u>3,925</u>	<u>3,925</u>	<u>-</u>
Net Change in Fund Balance	675	(625)	(1,300)
Fund Balance, July 1	<u>625</u>	<u>625</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ (1,300)</u>



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b><u>Ohio Reads Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 12,000	\$ 12,000	\$ -
Total Expenditures and Other Financing Uses	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Miscellaneous State Grants Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 14,593	\$ 22,635	\$ 8,042
Total Expenditures and Other Financing Uses	<u>24,345</u>	<u>23,349</u>	<u>996</u>
Net Change in Fund Balance	(9,752)	(714)	9,038
Fund Balance, July 1	<u>9,752</u>	<u>9,752</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 9,038</u>	<u>\$ 9,038</u>
<b><u>IDEA Part B Grants Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 1,564,078	\$ 1,271,063	\$ (293,015)
Total Expenditures and Other Financing Uses	<u>1,569,808</u>	<u>1,445,394</u>	<u>124,414</u>
Net Change in Fund Balance	(5,730)	(174,331)	(168,601)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>174,331</u>	<u>174,331</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 168,601</u>	<u>\$ -</u>	<u>\$ (168,601)</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b><u>Vocational Education Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 39,000	\$ 39,000	\$ -
Total Expenditures and Other Financing Uses	<u>42,726</u>	<u>41,413</u>	<u>1,313</u>
Net Change in Fund Balance	(3,726)	(2,413)	1,313
Fund Balance, July 1	<u>3,726</u>	<u>3,726</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 1,313</u>	<u>\$ 1,313</u>
<b><u>Title III Limited English Proficiency Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 24,768	\$ 24,768	\$ -
Total Expenditures and Other Financing Uses	<u>24,878</u>	<u>24,878</u>	<u>-</u>
Net Change in Fund Balance	(110)	(110)	-
Fund Balance, July 1	<u>110</u>	<u>110</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Title I Disadvantaged Children Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 254,325	\$ 251,496	\$ (2,829)
Total Expenditures and Other Financing Uses	<u>254,690</u>	<u>253,051</u>	<u>1,639</u>
Net Change in Fund Balance	(365)	(1,555)	(1,190)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>1,555</u>	<u>1,555</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,190</u>	<u>\$ -</u>	<u>\$ (1,190)</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b><u>Title V Innovative Education Program Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 11,366	\$ 9,406	\$ (1,960)
Total Expenditures and Other Financing Uses	<u>11,366</u>	<u>10,802</u>	<u>564</u>
Net Change in Fund Balance	-	(1,396)	(1,396)
Fund Balance, July 1	<u>1,960</u>	<u>1,960</u>	-
Fund Balance, June 30	<u><u>\$ 1,960</u></u>	<u><u>\$ 564</u></u>	<u><u>\$ (1,396)</u></u>
<b><u>Drug Free School Grant Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 16,904	\$ 16,898	\$ (6)
Total Expenditures and Other Financing Uses	<u>18,594</u>	<u>18,588</u>	<u>6</u>
Net Change in Fund Balance	(1,690)	(1,690)	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>1,690</u>	<u>1,690</u>	-
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b><u>IDEA Preschool-Handicapped Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 20,378	\$ 18,178	\$ (2,200)
Total Expenditures and Other Financing Uses	<u>19,788</u>	<u>18,199</u>	<u>1,589</u>
Net Change in Fund Balance	590	(21)	(611)
Fund Balance, July 1	<u>21</u>	<u>21</u>	-
Fund Balance, June 30	<u><u>\$ 611</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (611)</u></u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b><u>Improving Teacher Quality Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 167,319	\$ 158,192	\$ (9,127)
Total Expenditures and Other Financing Uses	<u>169,854</u>	<u>159,438</u>	<u>10,416</u>
Net Change in Fund Balance	(2,535)	(1,246)	1,289
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>1,246</u>	<u>1,246</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (1,289)</u>	<u>\$ -</u>	<u>\$ 1,289</u>
 <b><u>Miscellaneous Federal Grants Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 15,000	\$ 14,187	\$ (813)
Total Expenditures and Other Financing Uses	<u>15,126</u>	<u>13,930</u>	<u>1,196</u>
Net Change in Fund Balance	(126)	257	383
Fund Balance, July 1	<u>523</u>	<u>523</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 397</u>	<u>\$ 780</u>	<u>\$ 383</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b><u>Bond Retirement Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 5,461,373	\$ 5,457,508	\$ (3,865)
Total Expenditures and Other Financing Uses	<u>5,792,732</u>	<u>5,757,097</u>	<u>35,635</u>
Net Change in Fund Balance	(331,359)	(299,589)	31,770
Fund Balance, July 1	624,335	624,335	-
Prior Year Encumbrances Appropriated	<u>6,200</u>	<u>6,200</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 299,176</u>	<u>\$ 330,946</u>	<u>\$ 31,770</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2007

	<b>Permanent Improvement</b>	<b>Building</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 175,163	\$ 659,923	\$ 835,086
Receivables:			
Taxes . . . . .	616,026	-	616,026
Total assets. . . . .	\$ 791,189	\$ 659,923	\$ 1,451,112
<b>Liabilities:</b>			
Contracts payable. . . . .	\$ -	\$ 328,092	\$ 328,092
Retainage payable . . . . .	-	48,511	48,511
Deferred revenue. . . . .	7,989	-	7,989
Unearned revenue . . . . .	557,374	-	557,374
Total liabilities. . . . .	565,363	376,603	941,966
<b>Fund balances:</b>			
Reserved for encumbrances . . . . .	12,300	235,898	248,198
Reserved for property tax unavailable for appropriation . . . . .	50,663	-	50,663
Unreserved-undesignated . . . . .	162,863	47,422	210,285
Total fund balances . . . . .	225,826	283,320	509,146
Total liabilities and fund balances . . . . .	\$ 791,189	\$ 659,923	\$ 1,451,112

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Permanent Improvement</b>	<b>Building</b>	<b>SchoolNet</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 338,727	\$ -	\$ -	\$ 338,727
Earnings on investments . . . . .	7,515	34,618	-	42,133
Extracurricular . . . . .	11,644	-	-	11,644
Other local revenues . . . . .	57,500	-	-	57,500
Intergovernmental - State . . . . .	30,375	-	-	30,375
	445,761	34,618	-	480,379
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	13,761	-	4	13,765
Support services:				
Fiscal . . . . .	4,266	-	-	4,266
Business . . . . .	10,721	-	-	10,721
Operations and maintenance . . . . .	136,543	-	-	136,543
Facilities acquisition and construction . . . . .	27,316	1,237,797	-	1,265,113
Debt service:				
Principal retirement . . . . .	80,000	-	-	80,000
Interest and fiscal charges . . . . .	28,332	-	-	28,332
Bond issuance cost . . . . .	-	79,507	-	79,507
	300,939	1,317,304	4	1,618,247
Excess of revenues over (under) expenditures . . . . .	144,822	(1,282,686)	(4)	(1,137,868)
<b>Other financing sources:</b>				
Sale of bonds . . . . .	-	1,458,000	-	1,458,000
Premium on bonds sold . . . . .	-	96,675	-	96,675
Total other financing sources . . . . .	-	1,554,675	-	1,554,675
Net change in fund balances . . . . .	144,822	271,989	(4)	416,807
<b>Fund balances</b>				
at beginning of year . . . . .	81,004	11,331	4	92,339
<b>Fund balances at end of year . . . . .</b>	\$ 225,826	\$ 283,320	\$ -	\$ 509,146

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b><u>Permanent Improvement Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 449,292	\$ 396,504	\$ (52,788)
Total Expenditures and Other Financing Uses	<u>399,772</u>	<u>317,007</u>	<u>82,765</u>
Net Change in Fund Balance	49,520	79,497	29,977
Fund Balance, July 1	<u>83,366</u>	<u>83,366</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 132,886</u>	<u>\$ 162,863</u>	<u>\$ 29,977</u>
<b><u>Building Fund</u></b>			
Total Revenues and Other Financing Sources	\$ 1,500,000	\$ 1,509,786	\$ 9,786
Total Expenditures and Other Financing Uses	<u>1,473,694</u>	<u>1,473,695</u>	<u>(1)</u>
Net Change in Fund Balance	26,306	36,091	9,785
Fund Balance, July 1	<u>11,331</u>	<u>11,331</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 37,637</u>	<u>\$ 47,422</u>	<u>\$ 9,785</u>
<b><u>SchoolNet Equipment/Infrastructure Fund</u></b>			
Total Expenditures and Other Financing Uses	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ -</u>
Net Change in Fund Balance	(4)	(4)	-
Fund Balance, July 1	<u>4</u>	<u>4</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b><u>Scholarship Fund</u></b>			
Total Revenues	\$ 51,640	\$ 35,032	\$ (16,608)
Total Expenditures	<u>115,910</u>	<u>17,440</u>	<u>98,470</u>
Net Change in Fund Equity	(64,270)	17,592	81,862
Fund Equity, July 1	88,071	88,071	-
Prior Year Encumbrances Appropriated	<u>300</u>	<u>300</u>	<u>-</u>
Fund Equity, June 30	<u>\$ 24,101</u>	<u>\$ 105,963</u>	<u>\$ 81,862</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Beginning Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2007</u>
<b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . .	\$ 122,620	\$ 195,205	\$ 187,886	\$ 129,939
Receivables				
Accounts . . . . .	<u>4,398</u>	<u>2,394</u>	<u>4,398</u>	<u>2,394</u>
Total assets . . . . .	<u><u>\$ 127,018</u></u>	<u><u>\$ 197,599</u></u>	<u><u>\$ 192,284</u></u>	<u><u>\$ 132,333</u></u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 2,475	\$ 4,142	\$ 2,475	\$ 4,142
Loans payable. . . . .	310	-	310	-
Due to students . . . . .	<u>124,233</u>	<u>193,457</u>	<u>189,499</u>	<u>128,191</u>
Total liabilities. . . . .	<u><u>\$ 127,018</u></u>	<u><u>\$ 197,599</u></u>	<u><u>\$ 192,284</u></u>	<u><u>\$ 132,333</u></u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

STATISTICAL SECTION

This part of the Stow-Munroe City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>95-101</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>102-107</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>108-111</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>112-113</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>114-122</b>

**Sources:** Sources are noted on the individual schedules. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 14,594,908	\$ 13,822,667	\$ 13,475,011	\$ 13,566,347	\$ 13,399,505
Restricted	1,261,715	1,071,897	909,159	1,097,917	1,453,640
Unrestricted	508,072	(1,014,787)	(2,357,564)	(1,303,353)	(1,333,184)
Total governmental activities net assets	<u>\$ 16,364,695</u>	<u>\$ 13,879,777</u>	<u>\$ 12,026,606</u>	<u>\$ 13,360,911</u>	<u>\$ 13,519,961</u>

**Source:** School District financial records.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses</b>					
Governmental activities:					
Instruction:					
Regular	\$ 23,550,656	\$ 23,764,903	\$ 25,450,276	\$ 23,103,681	\$ 21,278,031
Special	4,427,824	3,989,858	4,313,470	3,835,287	3,592,459
Vocational	1,458,317	1,541,980	1,847,273	1,297,268	1,254,799
Adult/Continuing	-	-	-	250	989
Other instructional	902,031	940,423	737,074	936,811	1,048,792
Support services:					
Pupil	3,332,745	3,080,777	3,166,707	2,776,546	2,657,613
Instructional staff	2,829,699	2,624,390	2,985,883	2,650,470	2,269,340
Board of education	310,104	368,110	289,971	269,601	331,060
Administration	2,815,201	2,992,001	3,191,741	2,945,966	2,628,576
Fiscal	1,098,441	1,019,822	1,050,449	1,014,760	841,874
Business	536,163	588,952	445,583	488,385	378,808
Operations and maintenance	5,282,427	5,019,556	4,438,153	4,880,797	3,816,579
Pupil transportation	2,995,031	2,922,388	2,960,741	2,894,856	2,462,800
Central	762,104	422,118	505,640	584,798	464,589
Operation of non-instructional services:					
Other non-instructional services	94,980	135,432	57,909	501,165	459,466
Food service operations	1,343,765	1,403,937	1,386,922	1,444,664	1,275,325
Extracurricular activities	1,374,551	1,351,955	1,302,681	1,214,993	948,190
Intergovernmental pass-through	524,702	483,660	617,552	-	-
Interest and fiscal charges	172,551	210,613	278,866	298,510	499,049
Total governmental activities expenses	<u>53,811,292</u>	<u>52,860,875</u>	<u>55,026,891</u>	<u>51,138,808</u>	<u>46,208,339</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

CHANGES IN NET ASSETS - (Continued)  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

<b>Program Revenues</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 839,577	\$ 809,107	\$ 699,094	\$ 317,194	\$ 292,803
Special	20,500	-	-	52,079	273,559
Vocational	22,046	26,770	40,409	30,588	30,651
Adult/Continuing	-	-	-	594	594
Support services:					
Pupil	232,209	189,464	152,916	173,344	107,049
Instructional staff	9,335	14,068	24,033	15,606	91
Board of education	-	-	-	1,475	1,850
Administration	-	-	-	-	4,482
Fiscal	-	-	-	2,676	-
Operations and maintenance	61,247	5,342	58,547	-	-
Pupil transportation	-	-	55,710	-	12,776
Central	21	-	-	-	-
Operation of non-instructional services:					
Food service operations	911,688	985,430	982,914	1,002,911	954,481
Extracurricular activities	230,786	315,281	273,388	411,133	244,005
Operating grants and contributions:					
Instruction:					
Regular	425,668	447,749	548,770	601,497	211,116
Special	1,675,276	485,548	538,298	357,782	403,185
Vocational	201,025	1,709	9,324	18,499	30,500
Support services:					
Pupil	345,341	309,623	215,783	120,346	208,502
Instructional staff	160,467	103,585	71,929	74,433	47,056
Board of education	8,009	3,294	5,322	4,607	3,877
Administration	185,361	177,466	161,481	186,115	135,723
Fiscal	-	-	25,195	-	-
Business	932	-	-	-	-
Pupil transportation	163,999	-	141,555	-	-
Central	27,000	27,000	30,782	27,000	28,000
Operation of non-instructional services:					
Other non-instructional services	80,706	96,965	60,649	496,796	461,135
Food service operations	318,072	330,886	308,308	242,925	213,206
Extracurricular activities	115,792	12,943	9,420	11,009	6,890
Intergovernmental pass-through	473,300	503,264	522,910	-	-
Capital grants and contributions:					
Instruction:					
Regular	-	-	49,350	-	92,933
Support services:					
Pupil transportation	60,033	-	-	17,438	67,958
<b>Total governmental program revenues</b>	<b>6,568,390</b>	<b>4,845,494</b>	<b>4,986,087</b>	<b>4,166,047</b>	<b>3,832,422</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>\$ (47,242,902)</u>	<u>\$ (48,015,381)</u>	<u>\$ (50,040,804)</u>	<u>\$ (46,972,761)</u>	<u>\$ (42,375,917)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 29,939,799	\$ 29,113,425	\$ 28,523,107	\$ 26,143,723	\$ 26,032,094
Debt service	634,047	1,065,835	1,157,845	1,025,310	1,117,393
Capital outlay	346,716	-	-	-	-
Grants and entitlements not restricted					
to specific programs	17,957,172	19,088,996	18,713,795	19,347,434	18,695,113
Investment earnings	734,831	489,912	263,326	115,986	138,041
Miscellaneous	115,255	110,384	48,426	181,258	427,354
<b>Total governmental activities</b>	<b>49,727,820</b>	<b>49,868,552</b>	<b>48,706,499</b>	<b>46,813,711</b>	<b>46,409,995</b>
<b>Change in Net Assets</b>					
Governmental activities	<u>\$ 2,484,918</u>	<u>\$ 1,853,171</u>	<u>\$ (1,334,305)</u>	<u>\$ (159,050)</u>	<u>\$ 4,034,078</u>

Source: School District financial records.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:				
Reserved	\$ 3,021,818	\$ 1,963,826	\$ 1,776,600	\$ 997,971
Unreserved	<u>1,611,392</u>	<u>307,654</u>	<u>(1,146,189)</u>	<u>2,691,362</u>
Total general fund	<u>\$ 4,633,210</u>	<u>\$ 2,271,480</u>	<u>\$ 630,411</u>	<u>\$ 3,689,333</u>
All Other Governmental Funds:				
Reserved	\$ 803,864	\$ 846,476	\$ 742,648	\$ 109,833
Unreserved, reported in:				
Special revenue funds	355,740	271,861	209,024	460,608
Capital projects funds	210,285	92,339	70,094	505,149
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,113</u>
Total all other governmental funds	<u>\$ 1,369,889</u>	<u>\$ 1,210,676</u>	<u>\$ 1,021,766</u>	<u>\$ 1,370,703</u>

**Source:** School District financial records.



<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 1,956,797	\$ 1,372,111	\$ 1,362,605	\$ 2,982,878	\$ 1,899,774	\$ 992,607
<u>2,111,428</u>	<u>(2,639,346)</u>	<u>(1,334,226)</u>	<u>1,231,489</u>	<u>3,913,989</u>	<u>3,758,735</u>
<u>\$ 4,068,225</u>	<u>\$ (1,267,235)</u>	<u>\$ 28,379</u>	<u>\$ 4,214,367</u>	<u>\$ 5,813,763</u>	<u>\$ 4,751,342</u>
\$ 217,874	\$ 138,503	\$ 390,903	\$ 152,576	\$ 210,687	\$ 1,060,699
242,451	338,217	331,954	297,588	298,504	386,181
460,722	(26,389)	320,421	748,548	410,516	870,854
<u>594,179</u>	<u>599,421</u>	<u>612,121</u>	<u>629,124</u>	<u>698,765</u>	<u>899,891</u>
<u>\$ 1,515,226</u>	<u>\$ 1,049,752</u>	<u>\$ 1,655,399</u>	<u>\$ 1,827,836</u>	<u>\$ 1,618,472</u>	<u>\$ 3,217,625</u>

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Revenues</b>					
From local sources:					
Taxes	\$ 30,875,950	\$ 30,165,879	\$ 29,702,046	\$ 27,048,879	\$ 27,423,545
Tuition	685,399	589,338	508,996	631,116	314,206
Earnings on investments	716,891	491,407	251,929	118,392	139,306
Charges for services	911,688	985,430	982,914	1,006,187	959,054
Extracurricular	425,574	379,140	487,552	471,428	383,344
Classroom materials and fees	172,174	162,876	156,784	-	-
Other local revenues	386,297	382,040	215,829	377,775	510,143
Intergovernmental - State	20,049,641	19,692,736	19,534,663	21,552,374	20,399,767
Intergovernmental - Federal	2,005,425	1,837,816	1,857,907	-	-
Total revenues	<u>56,229,039</u>	<u>54,686,662</u>	<u>53,698,620</u>	<u>51,206,151</u>	<u>50,129,365</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	22,768,780	22,883,452	24,700,303	22,295,969	20,547,614
Special	4,384,329	3,996,276	4,297,974	3,805,316	3,602,048
Vocational	1,467,657	1,538,598	1,862,192	1,295,383	1,228,066
Adult/Continuing	-	-	-	250	989
Other	900,478	928,589	737,074	936,811	1,048,792
Current:					
Pupil	3,317,294	3,050,080	3,151,380	2,738,814	2,654,942
Instructional staff	2,815,881	2,601,998	3,000,488	2,632,278	2,285,101
Board of education	310,104	368,110	289,971	303,015	297,815
Administration	2,808,089	2,910,525	3,095,215	2,892,625	2,514,907
Fiscal	1,105,427	1,020,454	1,049,369	1,016,790	881,642
Business	548,016	577,389	435,379	509,438	368,961
Operations and maintenance	4,858,766	4,668,455	4,410,011	4,605,046	3,669,549
Pupil transportation	2,869,203	3,694,489	3,706,834	2,872,125	2,316,596
Central	759,073	437,537	509,889	568,325	498,893
Operation of non-instructional services:					
Other non-instructional services	94,662	134,486	66,870	500,743	466,145
Food service operations	1,338,914	1,381,034	1,362,198	1,383,232	1,146,741
Extracurricular activities	1,211,090	1,164,548	1,096,598	1,136,442	873,341
Intergovernmental pass-through	528,287	482,488	596,202	-	-
Facilities acquisitions and construction	1,602,885	382,551	1,997,407	-	-
Capital outlay	-	-	-	434,633	-
Debt service:					
Principal retirement	5,992,000	3,045,000	3,789,000	2,522,000	3,080,941
Interest and fiscal charges	196,329	200,324	271,518	339,331	446,099
Bond issuance costs	79,507	-	-	-	-
Total expenditures	<u>59,956,771</u>	<u>55,466,383</u>	<u>60,425,872</u>	<u>52,788,566</u>	<u>47,929,182</u>
Excess of revenues over (under) expenditures	<u>(3,727,732)</u>	<u>(779,721)</u>	<u>(6,727,252)</u>	<u>(1,582,415)</u>	<u>2,200,183</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	93,967	80,096	109,324	202,300	46,410
Transfers (out)	(93,967)	(80,096)	(109,324)	(202,300)	(46,410)
Refund of prior year expenditure	-	-	-	-	-
Sale of assets	-	9,700	-	-	-
Capital lease transaction	-	-	-	-	-
Issuance of bonds	3,805,000	-	-	-	-
Premium on bonds sold	96,675	-	-	-	-
Issuance of notes	2,347,000	2,600,000	3,750,000	1,059,000	1,542,000
Total other financing sources (uses)	<u>6,248,675</u>	<u>2,609,700</u>	<u>3,750,000</u>	<u>1,059,000</u>	<u>1,542,000</u>
Net change in fund balances	<u>\$ 2,520,943</u>	<u>\$ 1,829,979</u>	<u>\$ (2,977,252)</u>	<u>\$ (523,415)</u>	<u>\$ 3,742,183</u>
Debt service as a percentage of noncapital expenditures (1)	10.45%	5.49%	6.27%	4.82%	6.43%

**Source:** School District financial records.

(1) For purposes of this analysis, noncapital expenditures are defined as total expenditures less "facilities acquisition and construction" and "capital outlay" expenditures.

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$	23,393,218	\$ 23,943,910	\$ 22,594,354	\$ 21,955,295	\$ 22,202,373
	212,566	301,621	262,135	171,809	216,510
	224,224	682,807	756,840	733,836	666,975
	-	-	-	135	1,155
	317,148	454,641	503,744	469,183	432,288
	-	-	-	-	-
	203,932	338,407	296,766	222,153	389,757
	18,889,960	17,838,087	15,867,742	15,120,804	14,944,110
	-	-	-	-	-
	<u>43,241,048</u>	<u>43,559,473</u>	<u>40,281,581</u>	<u>38,673,215</u>	<u>38,853,168</u>
	22,021,235	23,207,596	22,507,794	19,717,623	18,907,118
	3,001,700	2,649,974	2,305,927	2,396,926	2,099,616
	1,092,600	1,012,059	958,123	909,785	1,029,753
	-	870	6,551	555	-
	551,454	-	-	-	-
	2,479,132	2,126,346	1,909,775	1,820,395	1,584,811
	2,464,966	1,792,995	1,542,288	1,331,589	1,142,293
	187,969	136,392	135,278	79,528	65,479
	2,347,729	2,064,912	1,925,364	1,797,530	1,676,952
	811,215	548,862	341,936	404,211	680,595
	419,944	444,877	430,697	383,175	288,390
	3,298,239	3,559,343	2,738,035	3,118,426	2,740,444
	1,797,336	2,193,374	2,059,104	1,547,427	1,448,586
	516,893	337,510	347,186	293,929	340,572
	485,176	373,632	322,350	369,756	261,567
	-	-	-	-	-
	732,197	853,519	677,521	678,149	640,554
	-	-	-	-	-
	-	-	-	-	-
	1,313,963	2,351,553	1,523,813	1,942,508	1,574,090
	1,030,510	1,110,409	3,721,585	4,107,199	4,586,446
	577,659	654,207	740,027	854,454	929,797
	-	-	-	-	-
	<u>45,129,917</u>	<u>45,418,430</u>	<u>44,193,354</u>	<u>41,753,165</u>	<u>39,997,063</u>
	(1,888,869)	(1,858,957)	(3,911,773)	(3,079,950)	(1,143,895)
	136,235	43,256	9,391	620,196	2,298,537
	(142,497)	(46,042)	(12,291)	(620,422)	(2,299,461)
	(6,130)	-	-	-	-
	-	-	-	1,475	-
	-	-	-	-	453,581
	-	-	-	-	-
	-	-	-	-	-
	-	-	2,512,000	2,544,000	2,946,000
	<u>(12,392)</u>	<u>(2,786)</u>	<u>2,509,100</u>	<u>2,545,249</u>	<u>3,398,657</u>
\$	<u>(1,901,261)</u>	<u>(1,861,743)</u>	<u>(1,402,673)</u>	<u>(534,701)</u>	<u>2,254,762</u>
	2.35%	2.58%	8.72%	10.32%	11.94%

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2007	\$ 914,974,050	\$ 2,614,211,571	\$ 38,891,955	\$ 155,567,820	\$ 11,754,660	\$ 33,584,743
2006	911,792,170	2,605,120,486	38,613,915	154,455,660	11,718,780	33,482,229
2005	838,347,610	2,395,278,886	52,633,230	210,532,920	13,080,400	37,372,571
2004	816,206,050	2,332,017,286	56,950,308	227,801,232	12,819,450	36,627,000
2003	799,925,210	2,285,500,600	60,365,970	241,463,880	13,556,590	38,733,114
2002	708,833,710	2,025,239,171	60,132,970	240,531,880	12,646,960	36,134,171
2001	684,911,940	1,956,891,257	59,824,252	239,297,008	15,231,380	43,518,229
2000	662,844,300	1,893,840,857	58,904,694	235,618,776	17,087,380	48,821,086
1999	613,470,610	1,752,773,171	55,039,846	220,159,384	16,756,680	47,876,229
1998	599,868,160	1,713,909,029	48,802,932	195,211,728	16,775,920	47,931,200

**Source:** Summit County Auditor's Office

- (a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.
- (b) The rate at which tangible personal property used in business is assessed for purposes ad valorem property taxation decreased one percent each year from 35% in 1983 until it reached 25% in 1993.
- (c) Assumes public utilities are assessed at true value which is 35%.

**Total**

---

<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>
\$ 965,620,665	\$ 2,803,364,134	34.45%
962,124,865	2,793,058,374	34.45%
904,061,240	2,643,184,377	34.20%
885,975,808	2,596,445,518	34.12%
873,847,770	2,565,697,594	34.06%
781,613,640	2,301,905,223	33.96%
759,967,572	2,239,706,494	33.93%
738,836,374	2,178,280,719	33.92%
685,267,136	2,020,808,784	33.91%
665,447,012	1,957,051,957	34.00%

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(RATE PER \$1,000 OF ASSESSED VALUE)  
LAST TEN YEARS**

<b>Tax Year/ Collection Year</b>	<b>Overlapping Rates</b>		<b>Direct Rates</b>			
	<b>County</b>	<b>City</b>	<b>Voted</b>		<b>Unvoted</b>	<b>Total</b>
			<b>General</b>	<b>Bond</b>		
2006/2007	\$ 14.57	\$ 9.50	39.80	0.42	5.40	45.62
2005/2006	13.07	9.50	42.20	1.13	5.40	48.73
2004/2005	13.07	9.50	41.08	1.40	5.40	47.88
2003/2004	13.07	9.50	41.13	1.40	5.40	47.93
2002/2003	13.07	9.50	41.57	1.35	5.40	48.32
2001/2002	13.07	9.50	38.76	1.58	5.40	45.74
2000/2001	13.07	9.50	39.14	1.90	5.40	46.44
1999/2000	12.27	7.20	39.24	1.80	5.40	46.44
1998/1999	12.27	7.20	40.14	2.10	5.40	47.64
1997/1998	11.65	7.20	40.54	1.80	5.40	47.74

**Source:** Summit County Auditor's Office

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

PRINCIPAL PROPERTY TAX PAYERS  
DECEMBER 31, 2006 AND DECEMBER 31, 2000

<b>December 31, 2006</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Taxable Assessed Value</b>
Heron Springs Associates LLC	\$ 8,382,140	1	0.92%
Wyndham Ridge LTD	7,843,490	2	0.86%
DDR Ohio Opportunity II LLC	6,670,820	3	0.73%
Ohio Edison	5,926,950	4	0.65%
Marcliff Hidden Lake Apartments Limited	4,653,450	5	0.51%
Stow-Glen Properties LLC	4,606,350	6	0.50%
Morgan Adhesive Co.	4,313,840	7	0.47%
Steels Corners Apartment Co. LTD	4,276,430	8	0.47%
SFC Enterprises LTD	2,760,630	9	0.30%
Walmart Real Estate Business Trust	2,547,290	10	0.28%
Total	\$ 51,981,390		\$ 914,974,050

<b>December 31, 2000</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Taxable Assessed Value</b>
Ohio Edison	\$ 7,435,610	1	0.98%
DDR Ohio Opportunity II LLC	6,482,360	2	0.85%
Stow-Glen Properties LLC	4,098,190	3	0.54%
Morgan Adhesive Co.	3,680,600	4	0.48%
Stow Associates	3,588,120	5	0.47%
Aetna Life Insurance Co.	3,475,530	6	0.46%
Ohio Bell Telephone	3,284,010	7	0.43%
Steels Corners Apartment Co. LTD	2,992,420	8	0.39%
East Ohio Gas	2,605,190	9	0.34%
Stow Falls Retail Limited Partnership	2,332,920	10	0.31%
Total	\$ 39,974,950		759,967,572

**Source:** Summit County Auditor's Office

**Note:** Information on principal property tax payers prior to December 31, 2000 was unavailable.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Delinquent Levy</b>	<b>Total Levy</b>	<b>Current Collection</b>	<b>Percent of Current Levy Collected</b>
2006/2007	\$ 33,277,434	\$ 776,598	\$ 34,054,032	\$ 32,500,835	97.67%
2005/2006	33,283,700	451,231	33,734,931	32,832,469	98.64%
2004/2005	29,823,368	725,697	30,549,065	29,097,672	97.57%
2003/2004	31,794,416	873,524	32,667,940	30,920,892	97.25%
2002/2003	31,861,265	1,055,847	32,917,112	30,850,154	96.83%
2001/2002	26,615,496	693,246	27,308,742	25,922,250	97.40%
2000/2001	26,510,502	746,175	27,256,677	25,764,327	97.19%
1999/2000	25,611,727	693,930	26,305,657	24,917,797	97.29%
1998/1999	24,831,052	500,726	25,331,778	24,330,326	97.98%
1997/1998	24,296,524	528,053	24,824,577	23,768,471	97.83%

**Source:** Summit County Auditor's Office



<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collection As a Percent of Total Levy</b>
\$ 449,506	\$ 32,950,341	96.76%
404,077	33,236,546	98.52%
858,085	29,955,757	98.06%
802,139	31,723,031	97.11%
753,795	31,603,949	96.01%
760,037	26,682,287	97.71%
699,923	26,464,250	97.09%
485,166	25,402,963	96.57%
617,574	24,947,900	98.48%
686,657	24,455,128	98.51%

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>(a) Total Primary Government</b>	<b>(b) Per Capita</b>	<b>(b) Percentage of Personal Income</b>	<b>(b) Per ADM</b>
	<b>General Obligation Bonds</b>	<b>Bond Anticipation Notes</b>	<b>Capital Leases</b>				
2007	\$ 4,645,000	\$ -	\$ -	\$ 4,645,000	\$ 135	0.530%	\$ 784
2006	1,885,000	2,600,000	-	4,485,000	130	0.489%	754
2005	2,910,000	2,020,000	-	4,930,000	143	0.562%	830
2004	3,910,000	1,059,000	-	4,969,000	144	0.566%	833
2003	4,890,000	1,542,000	-	6,432,000	188	0.737%	1,103
2002	5,850,000	2,025,000	95,941	7,970,941	236	0.925%	1,377
2001	6,790,000	2,073,000	96,623	8,959,623	267	1.047%	1,551
2000	7,715,000	2,179,000	282,032	10,176,032	317	1.241%	1,753
1999	8,620,000	2,544,000	554,617	11,718,617	364	2.234%	1,997
1998	9,510,000	2,946,000	825,816	13,281,816	418	2.564%	2,257

**Sources:**

(a) See notes to the financial statements regarding the District's outstanding debt information.

(b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, population and enrollment information.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>		<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Total</b>		
2007	\$ 4,645,000	\$ 4,645,000	0.17%	\$ 135
2006	1,885,000	1,885,000	0.07%	55
2005	2,910,000	2,910,000	0.11%	85
2004	3,910,000	3,910,000	0.15%	114
2003	4,890,000	4,890,000	0.19%	143
2002	5,850,000	5,850,000	0.25%	173
2001	6,790,000	6,790,000	0.30%	202
2000	7,715,000	7,715,000	0.35%	240
1999	8,620,000	8,620,000	0.43%	268
1998	9,510,000	9,510,000	0.49%	299

**Note:** Details regarding the District's outstanding debt can be found in the notes to the financial statements.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Stow-Munroe City School District (1)	\$ 4,645,000	100.00%	\$ 4,645,000
Overlapping debt:			
Summit County	68,665,000	7.43%	5,101,810
Portage County	15,673,928	0.11%	17,241
Akron Metro Regional Transit Authority	1,345,000	7.43%	99,934
City of Cuyahoga Falls	9,076,554	0.05%	4,538
City of Hudson	33,360,000	0.33%	110,088
City of Tallmadge	8,463,314	0.34%	28,775
City of Stow	15,382,799	100.00%	15,382,799
City of Munroe Falls	<u>1,850,000</u>	98.86%	<u>1,828,910</u>
 Total direct and overlapping debt	 <u>\$ 158,461,595</u>		 <u>\$ 27,219,095</u>

**Source:** Ohio Municipal Advisory Council

**Note:** Percent applicable to Stow-Munroe City School District calculated using assessed valuation of the District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

(1) Includes general obligations bonds outstanding and bond anticipation notes outstanding at fiscal year end.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Voted Debt Limit</u>	<u>Total Debt Applicable to Limit</u>	<u>Debt Service Available Balance</u>	<u>Net Debt Applicable to Limit</u>	<u>Voted Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2007	\$ 86,905,860	\$ 4,645,000	\$ 346,911	\$ 4,298,089	\$ 82,607,771	4.95%
2006	86,591,238	1,885,000	692,278	1,192,722	85,398,516	1.38%
2005	81,365,512	2,910,000	612,306	2,297,694	79,067,818	2.82%
2004	79,737,823	3,910,000	505,149	3,404,851	76,332,972	4.27%
2003	78,646,299	4,890,000	594,179	4,295,821	74,350,478	5.46%
2002	70,345,228	5,850,000	626,013	5,223,987	65,121,241	7.43%
2001	68,397,081	6,790,000	636,539	6,153,461	62,243,620	9.00%
2000	66,495,274	7,715,000	647,378	7,067,622	59,427,652	10.63%
1999	61,674,042	8,620,000	721,551	7,898,449	53,775,593	12.81%
1998	59,890,231	9,510,000	928,381	8,581,619	51,308,612	14.33%

**Source:** Summit County Auditor and District financial records

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.

Voted Debt Margins are determined without reference to applicable monies in the District's debt service fund.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (4)</u>	<u>Total Personal Income</u>	<u>Median Age (5)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Summit County</u>	<u>Ohio</u>	<u>United States</u>
2007	34,335	\$ 25,509	\$ 875,851,515	36.9	5,927	5.1%	5.9%	4.7%
2006	34,404	26,646	916,728,984	37.4	5,949	4.6%	5.1%	4.4%
2005	34,394	25,509	877,356,546	36.9	5,937	5.4%	5.9%	5.0%
2004	34,394	25,509	877,356,546	36.9	5,966	6.1%	5.7%	5.1%
2003	34,222	25,509	872,968,998	36.9	5,830	6.2%	5.5%	5.7%
2002	33,771	25,509	861,464,439	36.9	5,787	6.0%	5.3%	6.0%
2001	33,554	25,509	855,928,986	36.9	5,779	4.6%	4.8%	5.8%
2000	32,139	25,509	819,833,751	36.9	5,804	4.2%	3.9%	4.0%
1999	32,162	16,310	524,562,220	33.4	5,867	4.3%	4.0%	4.1%
1998	31,762	16,310	518,038,220	33.4	5,885	4.1%	4.3%	4.5%

(1) U. S. Census Bureau

(2) District records

(3) Civilian Labor Force Estimates, Ohio Department of Job and Family Services.

(4) State Department of Labor

(5) State Department of Commerce

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND FIVE YEARS AGO**

<b>Employer</b>	<b>December 31, 2006</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Stow-Munroe Falls City Schools	675	1	3.87%
MacTac-Morgan Adhesives	365	2	2.09%
City of Stow	250	3	1.43%
Matco Tools Corp	250	4	1.43%
Wrayco Industries Inc.	250	5	1.43%
National Machines Co.	184	6	1.05%
Centimark Corp.	126	7	0.72%
Audio Technica US Inc.	110	8	0.63%
Interplan Health Group	100	9	0.57%
GOJO Industries Inc.	84	10	0.48%
<b>Total</b>	<b>2,394</b>		<b>13.72%</b>

<b>Employer</b>	<b>December 31, 2001</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Stow-Munroe Falls City Schools	639	1	3.66%
MACTAC	400	2	2.29%
Goodyear Stow Mold Plant	230	3	1.32%
Oak Technical	223	4	1.28%
Matco Tools	170	5	0.97%
Eagle Plastics Division-Plastics Components Inc.	150	6	0.86%
National Machine Company	140	7	0.80%
Norton Chemical Process-St. Gobain Norpro Corp	130	8	0.75%
Wrayco Industries Inc	115	9	0.66%
Audio Technica	114	10	0.65%
<b>Total</b>	<b>2,311</b>		<b>13.25%</b>

**Source:** City of Stow

**Note:** Information on principal employers prior to December 31, 2001 was not available.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**STAFFING STATISTICS  
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION  
LAST TEN FISCAL YEARS**

<b>Type</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Professional Staff:										
Teaching Staff:										
Elementary	120	139	154	148	147	144	135	134	123	118
Intermediate	48	57	58	58	49	46	45	43	45	45
Middle	55	58	62	64	59	56	50	54	54	53
High	100	120	130	121	120	119	106	104	102	97
Tutors	17	18	19	17	20	24	31	28	17	18
Librarians	4	4	5	5	5	6	6	6	6	6
Others	1	1	2	2	2	-	2	5	2	2
Administration:										
District	30	35	38	35	32	33	52	32	31	31
Board Members	5	5	5	5	5	5	5	5	5	5
Auxiliary Positions:										
Counselors	10	11	11	10	9	10	11	12	11	11
Speech	5	5	7	7	7	6	6	6	6	4
Mental Health Specialists	5	16	7	6	6	5	5	3	3	3
Support Staff:										
Secretarial	41	41	40	39	48	43	47	38	34	36
Aides	57	57	60	63	63	63	74	56	56	42
Hall monitor/Security	18	19	17	17	23	18	21	15	21	23
Cooks	18	20	20	19	21	20	24	21	21	23
Custodial	37	38	36	37	38	28	37	33	34	34
Maintenance	14	12	11	10	11	9	9	10	9	9
Bus Driver	36	36	37	36	38	41	50	33	34	36
Mechanics	4	5	4	5	5	4	4	4	4	4
Extracurricular	287	239	207	196	191	174	190	186	181	188
<b>Total</b>	<b>912</b>	<b>936</b>	<b>930</b>	<b>900</b>	<b>899</b>	<b>854</b>	<b>910</b>	<b>828</b>	<b>799</b>	<b>788</b>
<b>Function</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Instruction:										
Regular	229	269	275	271	269	267	268	274	259	249
Special	39	46	37	39	40	33	34	28	29	28
Vocational	14	13	19	17	19	20	21	18	18	19
Other	39	62	88	75	79	66	76	73	67	59
Support Services:										
Pupil	43	35	33	31	30	37	42	34	32	33
Instructional staff	112	115	114	118	114	111	92	71	70	63
Administration	35	40	43	40	38	38	57	37	36	36
Fiscal	5	6	6	6	6	6	6	5	5	5
Business	-	-	-	-	-	-	-	1	1	1
Operations and maintenance	69	70	67	66	70	57	70	64	67	71
Pupil transportation	40	41	41	41	43	45	54	37	34	36
Extracurricular activities	287	239	207	196	191	174	190	186	181	188
<b>Total Governmental Activities</b>	<b>912</b>	<b>936</b>	<b>930</b>	<b>900</b>	<b>899</b>	<b>854</b>	<b>910</b>	<b>828</b>	<b>799</b>	<b>788</b>

**Source:** School District records



**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>Instruction:</b>										
Regular and Special										
Enrollment (students)	5,927	5,949	5,937	5,966	5,830	5,787	5,779	5,804	5,867	5,885
Graduates	460	463	480	447	431	420	446	500	416	446
<b>Support services:</b>										
<b>Board of education</b>										
Regular meetings per year	20	20	20	20	19	20	20	19	18	26
Special meetings per year	52	54	56	43	17	20	14	14	11	14
<b>Administration</b>										
Student attendance rate	96.1	95.3	95.0	95.4	94.8	94.8	94.5	94.4	93.8	94.5
<b>Fiscal</b>										
Nonpayroll checks issued	7,196	6,504	6,328	5,899	6,163	5,938	6,252	6,197	5,616	5,599
<b>Operations and maintenance</b>										
Work orders completed	3,000	3,100	3,000	2,800	2,600	2,500	2,300	2,200	2,100	1,800
Square footage maintained	760,409	760,409	760,409	760,409	760,409	760,409	760,409	760,409	760,409	760,409
<b>Pupil transportation</b>										
Avg. students transported daily	4,344	4,161	4,573	4,367	2,372	4,585	4,543	4,814	5,023	6,658
<b>Food service operations:</b>										
Meals served to students	320,200	284,036	267,880	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of students receiving reduced cost or free lunches	12.2%	11.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Source:** District records

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**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

CAPITAL ASSET STATISTICS  
LAST FIVE FISCAL YEARS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Land	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
Land improvements	849,451	938,762	898,026	911,288	1,029,337
Buildings and improvements	12,473,045	13,248,043	13,884,899	12,742,746	13,369,991
Furniture, fixtures and equipment	844,283	992,038	1,123,191	1,142,721	1,334,209
Vehicles	2,304,370	2,564,909	1,934,980	1,224,677	1,249,053
Construction in progress	<u>1,381,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Governmental Activities Capital Assets, net	 <u>\$ 18,416,500</u>	 <u>\$ 18,307,667</u>	 <u>\$18,405,011</u>	 <u>\$ 16,585,347</u>	 <u>\$ 17,546,505</u>

**Source:** School District financial records.

**Note:** Amounts above are presented net of accumulated depreciation.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Echo Hills Elementary (1963)						
Square feet	38,285	38,285	38,285	38,285	38,285	38,285
Capacity (students)	550	550	550	550	550	550
Enrollment	408	407	377	382	378	367
Fishcreek Elementary (1960)						
Square feet	32,153	32,153	32,153	32,153	32,153	32,153
Capacity (students)	500	500	500	500	500	500
Enrollment	386	389	310	296	321	305
Highland Elementary (1938)						
Square feet	33,324	33,324	33,324	33,324	33,324	33,324
Capacity (students)	500	500	500	500	500	500
Enrollment	358	360	323	335	330	314
Indian Trail Elementary (1969)						
Square feet	41,600	41,600	41,600	41,600	41,600	41,600
Capacity (students)	500	500	500	500	500	500
Enrollment	381	383	323	299	309	347
Riverview Elementary (1954)						
Square feet	23,277	23,277	23,277	23,277	23,277	23,277
Capacity (students)	575	575	575	575	575	575
Enrollment	286	290	301	319	305	331
Woodland Elementary (1954)						
Square feet	23,277	23,277	23,277	23,277	23,277	23,277
Capacity (students)	525	525	525	525	525	525
Enrollment	322	333	320	306	297	305
Lakeview Intermediate (1959)						
Square feet	178,882	178,882	178,882	178,882	178,882	178,882
Capacity (students)	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	864	867	917	941	932	932
Kimpton Middle School (1970)						
Square feet	117,500	117,500	117,500	117,500	117,500	117,500
Capacity (students)	1,125	1,125	1,125	1,125	1,125	1,125
Enrollment	913	918	973	955	940	954
High School (1987)						
Square feet	254,514	254,514	254,514	254,514	254,514	254,514
Capacity (students)	2,050	2,050	2,050	2,050	2,050	2,050
Enrollment	1,999	2,002	1,985	1,987	1,916	1,892
Central office (1996)						
Square feet	11,000	11,000	11,000	11,000	11,000	11,000
Transportation and warehouse (1987)						
Square feet	6,597	6,597	6,597	6,597	6,597	6,597

**Source:** District records

**Note:** Year of original construction is in parentheses. Increases in square footage and capacity are the result of renovations and additions. Capacity is the "program" capacity and decreases are the result of changes in federal, state or local standards.

<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
38,285	38,285	38,285	38,285
550	550	550	550
359	379	401	395
32,153	32,153	32,153	32,153
500	500	500	500
321	309	361	360
33,324	33,324	33,324	33,324
500	500	500	500
305	330	378	381
41,600	41,600	41,600	41,600
500	500	500	500
357	363	407	415
23,277	23,277	23,277	23,277
575	575	575	575
321	320	342	368
23,277	23,277	23,277	23,277
525	525	525	525
304	282	320	344
178,882	178,882	178,882	178,882
1,050	1,050	1,050	1,050
933	943	960	956
117,500	117,500	117,500	117,500
1,125	1,125	1,125	1,125
978	973	940	897
254,514	254,514	254,514	254,514
2,050	2,050	2,050	2,050
1,873	1,906	1,954	1,962
11,000	11,000	11,000	11,000
6,597	6,597	6,597	6,597

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment
	Expenses (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2007	\$ 53,688,935	\$ 9,058	\$ 53,638,741	\$ 9,050	5,927
2006	52,221,059	8,778	52,650,262	8,850	5,949
2005	56,365,354	9,494	54,748,025	9,221	5,937
2004	49,927,235	8,368	50,840,298	8,521	5,966
2003	44,402,142	7,616	45,709,290	7,841	5,830
2002	43,521,748	7,521	N/A	N/A	5,787
2001	43,653,814	7,555	N/A	N/A	5,779
2000	39,731,742	6,845	N/A	N/A	5,804
1999	36,791,512	6,271	N/A	N/A	5,867
1998	34,480,820	5,859	N/A	N/A	5,885

**Source:** District records

(1) Debt Service totals have been excluded.

(2) The District implemented GASB 34 in fiscal year 2003.

<b>Percent Change</b>	<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>
-0.37%	344	17.23	96.10%
0.20%	380	15.66	95.30%
-0.49%	396	14.99	95.00%
2.35%	393	15.18	95.40%
0.75%	322	18.10	94.80%
0.14%	349	16.58	94.80%
-0.44%	342	16.90	94.50%
-1.08%	302	19.22	94.40%
-0.31%	296	19.82	93.80%
-0.72%	283	20.80	94.50%

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**TEACHER STATISTICS  
JUNE 30, 2007**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	83	24.13%
Master's Degree	261	75.87%
	<u>344</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	80	23.26%
6 - 10	84	24.42%
11 and over	180	52.33%
	<u>344</u>	<u>100.00%</u>

Source: School District Personnel Records





**Mary Taylor, CPA**  
Auditor of State

**STOW MUNROE FALLS CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 15, 2008**