

STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Stow-Munroe Fall City School District, Summit County, prepared by Julian & Grube, Inc., for the audit period July 1, 2015 through June 30, 2016. 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 Fall City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 27, 2017

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**STOW-MUNROE FALLS CITY
SCHOOL DISTRICT**

SUMMIT COUNTY, OHIO

FOR THE

FISCAL YEAR ENDED JUNE 30, 2016

**PREPARED BY
TREASURER'S DEPARTMENT
DAVID OSBORNE, INTERIM TREASURER**

4350 ALLEN ROAD

STOW, OHIO 44224

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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INTRODUCTORY SECTION

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Stow-Munroe Falls City Schools

4350 Allen Road, Stow, Ohio 44224 | 330.689.5445 | FAX 330.688.1629 | www.smfschools.org

December 22, 2016

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, 2016 is hereby submitted. This CAFR includes financial statements and other financial and statistical data that 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 2016. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes 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.

In addition to the financial audit, a single audit was performed as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The single audit report is not included in the 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, 2016 provided no instances of material weaknesses in internal controls.

This transmittal letter is designed to provide historical information about the District, as well as complement 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 Accountants' 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 second largest school district in Summit County, Ohio. As of the end of the fiscal year, the average daily membership (ADM) was 4,987 students attending nine schools. Enrollment is expected to remain consistent for the near future.

The District has 641 full and part-time employees (not including supplemental positions). The District employs 364 certificated employees, 28 certificated and non-certificated administrators and 249 non-certificated staff members.

The District's instructional buildings range in age from 27 years to 76 years. Detailed information about the District's buildings is presented in the statistical section of the CAFR.

The District offers a wide variety of educational programs for all segments of the community. Stow-Munroe Falls High School (SMFHS) is part of the Six District Educational Compact which offers 25 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, Aviation Career 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 in the elementary grades. All District schools have libraries and special purpose rooms.

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

The District cooperates with the City of Stow's 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 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 or medical assistants for most of the school day, five days a week.

The District had the following accomplishments during the 2015-16 school year: five new buses were added to the fleet; a Chevrolet Silverado 3500 replaced a very old pickup; wireless service upgrades were made; security cameras were upgraded; lower level and entry carpeting was replaced at the high school; new cameras were purchased for the buses; paving was done at Lakeview, the high school, and at Kimpton; the high school fire alarm system was upgraded; roller shades were installed for the exterior windows; and multiple ACER and iPad electronics were purchased.

Employees

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2015-16 school year) for a teacher with a bachelor's degree is \$37,411, and the maximum salary for a teacher with a master's degree plus 15 graduate hours and 27 years of experience is \$79,337.

The District's certificated employees, excluding administration, are members of the Stow Teachers Association (STA), a labor organization affiliated with the Ohio Education Association. The contract between the Board of Education and the STA expires June 30, 2017.

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 (SMFCEA), a labor organization affiliated with the Ohio Education Association. The SMFCEA contract expires June 30, 2017.

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 GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". 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 Worker's Compensation Group Rating Program. These organizations are presented in Note 1.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 fund level for all 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 1.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 \$25,733,219 at June 30, 2016 as can be seen on the budgetary statement on page 31.

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 PNC Bank, First Merit Bank, Huntington 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 University, and Mount Union University.

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.

The District's 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 passage of a 1.99 mill, permanent improvement levy in November 2016.

Major Initiatives for the Year

The District employed a full-time grant researcher and writer.

The District completed all phases of the HB264 and HB 153 projects.

For the second year in a row the District purchased five new buses to continue the fleet upgrade.

The District emphasized upgrading security in both buildings and on buses.

The District continued the process of providing new and replacement iPads and Chromebooks for teaching and testing.

The District participated in a wellness program in conjunction with the Akron General Medical Center.

Major Initiatives for the Future

The District is restructuring its in-service days and programs and using employees as presenters.

The District is planning on replacing the chiller at the high school.

The District will continue making security upgrades at all buildings.

The entire District telephone system is being replaced/upgraded.

The District will continue upgrades of laptops for the teaching staff.

The District plans to convert all personnel records to electronic storage.

The District will use the proceeds of a newly passed permanent improvement levy to provide the crucial repairs and upgrades needed to all buildings.

Book studies will continue and adoptions will be made as necessary.

INDEPENDENT AUDIT

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, 2015. 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, 2015, 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, 2016, 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 Fiscal 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,



David Osborne
Interim Treasurer



Thomas Bratten
Superintendent

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

PRINCIPAL OFFICERS
JUNE 30, 2016

Board of Education

David Licate - President

Lisa Johnson-Bowers - Vice President

Pat Matthews

Gerry Bettio

Kelly Toppin

Superintendent

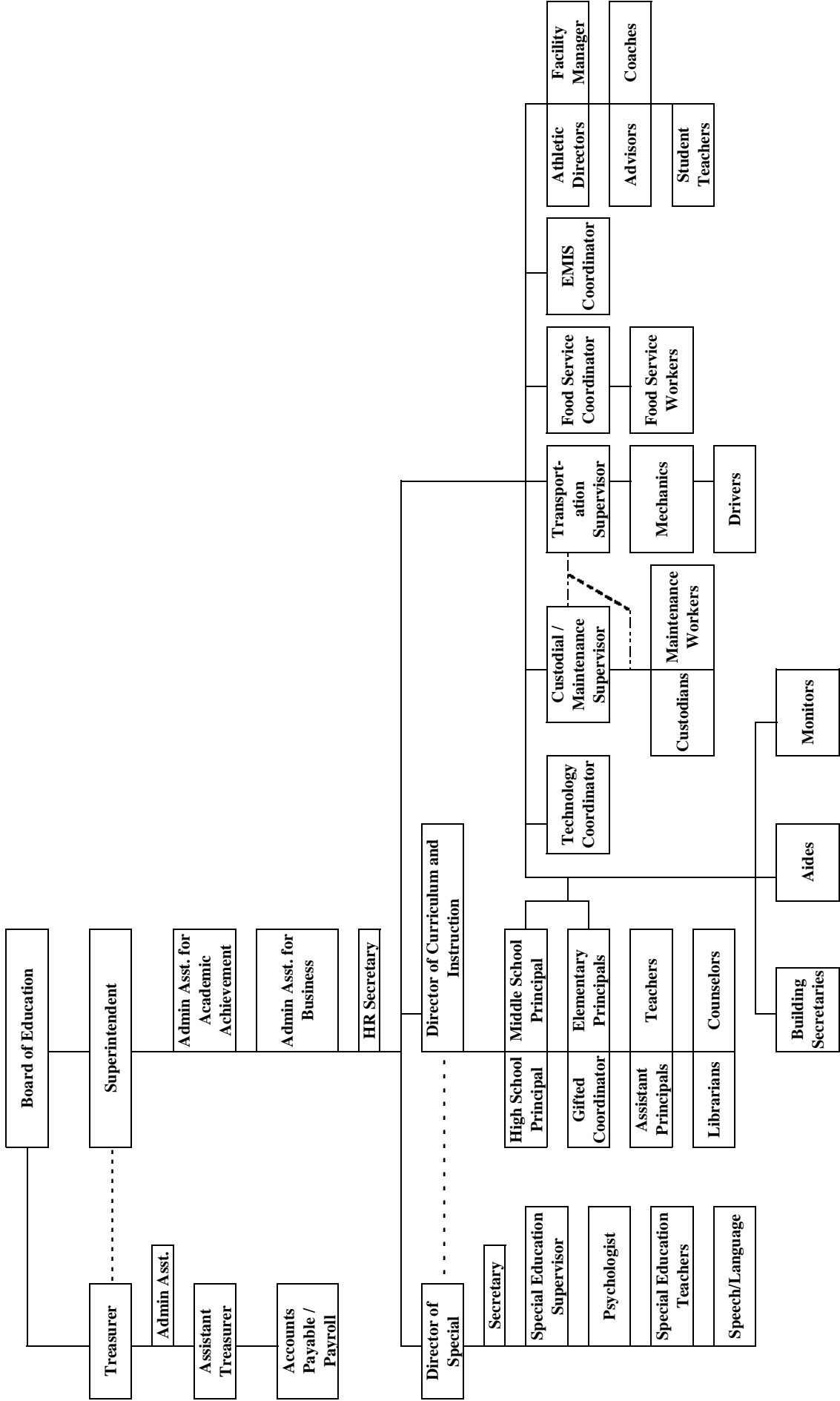
Thomas Bratten

Treasurer/CFO

David Osborne

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

ORGANIZATIONAL CHART





Government Finance Officers Association

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, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

Stow-Munroe Falls City School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

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FINANCIAL SECTION

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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

Stow-Munroe Falls City School District
Summit County
4350 Allen Road
Stow, Ohio 44224

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Stow-Munroe Falls City School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Stow-Munroe Falls City School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the Stow-Munroe Falls City School District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016, on our consideration of the Stow-Munroe Falls City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stow-Munroe Falls City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 22, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016. 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 2016 are as follows:

- The District's net position of governmental activities increased \$1,440,968 which represents an 3.83% increase from 2015.
- General revenues accounted for \$52,918,939 in revenue or 85.87% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,709,477 or 14.13% of total revenues of \$61,628,416.
- The District had \$60,187,448 in expenses related to governmental activities; \$8,709,477 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 \$52,918,939 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$57,824,477 in revenues and other financing sources and \$57,233,564 in expenditures and other financing uses. During fiscal year 2016, the general fund's fund balance increased \$590,913 from a balance of \$28,526,690 to \$29,117,603.

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 position 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 Position 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 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, 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, 2016**

These two statements report the District's net position and changes in that position. This change in net position 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 position 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 position 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 21. 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 position 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 position and changes in fiduciary net position 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 34-70 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 72-78 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2016 and June 30, 2015.

	Net Position	
	Governmental Activities 2016	Governmental Activities 2015
<u>Assets</u>		
Current and other assets	\$ 63,755,732	\$ 63,107,107
Capital assets, net	<u>20,230,649</u>	<u>16,697,580</u>
Total assets	<u>83,986,381</u>	<u>79,804,687</u>
<u>Deferred outflows of resources</u>		
Pensions	<u>9,132,950</u>	<u>5,191,539</u>
Total deferred outflows of resources	<u>9,132,950</u>	<u>5,191,539</u>
<u>Liabilities</u>		
Current liabilities	6,424,045	6,563,598
Long-term liabilities:		
Due within one year	1,292,595	989,995
Due in more than one year:		
Net pension liability	80,857,261	70,437,265
Other amounts	<u>8,988,554</u>	<u>5,453,687</u>
Total liabilities	<u>97,562,455</u>	<u>83,444,545</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	26,286,530	26,425,007
Pensions	<u>5,415,910</u>	<u>12,713,206</u>
Total deferred inflows of resources	<u>31,702,440</u>	<u>39,138,213</u>
<u>Net position</u>		
Net investment in capital assets	14,348,345	14,150,823
Restricted	225,039	185,245
Unrestricted (deficit)	<u>(50,718,948)</u>	<u>(51,922,600)</u>
Total net position	<u>\$ (36,145,564)</u>	<u>\$ (37,586,532)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the District's liabilities and deferred outflows of resources exceeded assets and deferred inflows of resources by \$36,145,564. Of this total, \$225,039 is restricted in use.

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

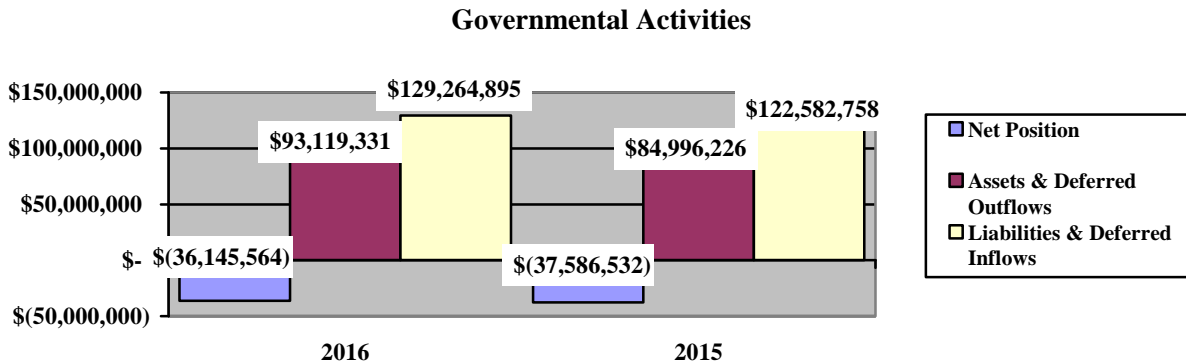
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

At year-end, capital assets represented 24.09% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2016, was \$14,348,345. 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.

Capital assets increased because of an energy conservation project undertaken by the District in fiscal year 2016. This is also the reason that long-term liabilities due in more than one year increased. The District issued energy conservation bonds to finance those capital improvements.

A portion of the District's net position, \$225,039 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$50,718,948. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2016 and 2015.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The table below shows the changes in net position for governmental activities between 2016 and 2015.

	Change in Net Position	
	Governmental Activities	Governmental Activities
	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 4,357,574	\$ 3,989,850
Operating grants and contributions	4,351,903	4,274,728
General revenues:		
Property taxes	34,834,295	36,922,428
Payments in lieu of taxes	218,504	190,233
Grants and entitlements	17,389,770	17,676,902
Investment earnings	94,325	67,469
Miscellaneous	<u>382,045</u>	<u>190,514</u>
 Total revenues	 <u>61,628,416</u>	 <u>63,312,124</u>

-- continued

Tax revenue decreased approximately \$2.09 million during fiscal year 2016. This decrease is due to fluctuations in the amounts of tax advances available from the County Auditors over the past several years.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$36,964,850 or 61.42% of total governmental expenses for fiscal 2016. Overall, expenses increased approximately \$1.56 million over 2015 expenses. The primary reason for this is a customary increase in wages and benefits.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Change in Net Position (Continued)	
	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 27,939,539	\$ 27,052,752
Special	6,849,397	6,956,911
Vocational	1,998,781	1,972,573
Other	177,133	223,883
Support services:		
Pupil	3,868,484	3,872,314
Instructional staff	1,248,109	988,923
Board of education	527,289	522,732
Administration	3,408,342	3,110,141
Fiscal	1,305,665	962,132
Business	249,733	251,158
Operations and maintenance	5,321,944	5,528,552
Pupil transportation	3,074,708	3,100,765
Central	921,569	775,673
Operations of non-instructional services:		
Food service operations	1,325,315	1,360,657
Other non-instructional services	271,661	458,375
Extracurricular activities	1,462,393	1,388,292
Interest and fiscal charges	<u>237,386</u>	<u>103,097</u>
Total expenses	<u>60,187,448</u>	<u>58,628,930</u>
Changes in net position	1,440,968	4,683,194
Net position at beginning of year	<u>(37,586,532)</u>	<u>(42,269,726)</u>
Net position at end of year	<u>\$ (36,145,564)</u>	<u>\$ (37,586,532)</u>

Governmental Activities

Net position of the District's governmental activities increased \$1,440,968. Total governmental expenses of \$60,187,448 were offset by program revenues of \$8,709,477 and general revenues of \$52,918,939. Program revenues supported 14.47% of the total governmental expenses.

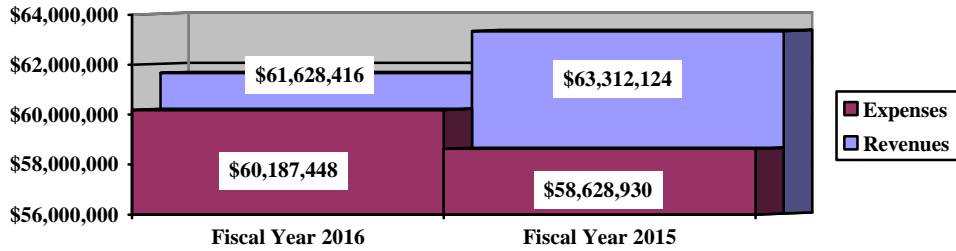
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 84.74% of total governmental revenue.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2016 and 2015.

Governmental Activities - Revenues and Expenses



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 for 2016 and 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
Program expenses				
Instruction:				
Regular	\$ 27,939,539	\$ 24,895,523	\$ 27,052,752	\$ 24,271,290
Special	6,849,397	4,263,890	6,956,911	4,472,612
Vocational	1,998,781	1,800,084	1,972,573	1,758,019
Other	177,133	175,917	223,883	223,883
Support services:				
Pupil	3,868,484	3,538,506	3,872,314	3,506,278
Instructional staff	1,248,109	1,247,695	988,923	971,978
Board of education	527,289	527,289	522,732	522,732
Administration	3,408,342	3,215,616	3,110,141	3,020,466
Fiscal	1,305,665	1,291,286	962,132	934,293
Business	249,733	249,733	251,158	251,158
Operations and maintenance	5,321,944	5,311,744	5,528,552	5,508,662
Pupil transportation	3,074,708	2,915,751	3,100,765	2,952,443
Central	921,569	918,061	775,673	772,967
Operations of non-instructional services:				
Food service operations	1,325,315	96,813	1,360,657	169,522
Other non-instructional services	271,661	(100,250)	458,375	84,939
Extracurricular activities	1,462,393	892,927	1,388,292	840,313
Interest and fiscal charges	237,386	237,386	103,097	103,097
Total expenses	<u>\$ 60,187,448</u>	<u>\$ 51,477,971</u>	<u>\$ 58,628,930</u>	<u>\$ 50,364,652</u>

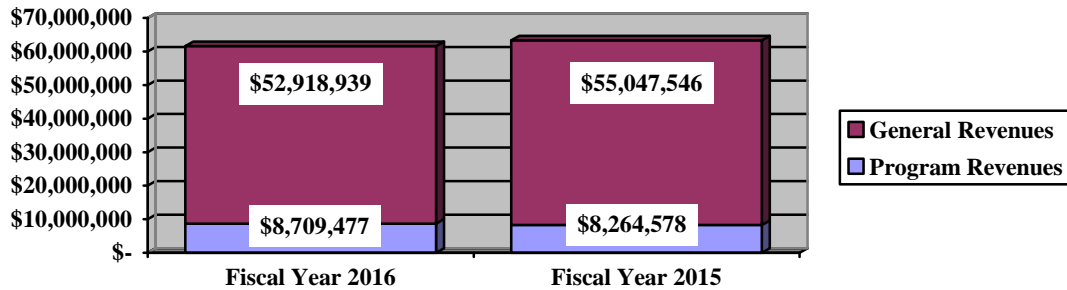
**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The dependence upon tax and other general revenues for governmental activities is apparent as 84.23% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.53%. 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.

The graph below presents the District's governmental activities revenue for fiscal years 2016 and 2015.

Governmental Activities - General and Program Revenues



General revenues decreased \$2,128,607 or 4.02% from fiscal 2015 to 2016 and program revenues increased \$444,899 or 5.11% from 2015 to 2016.

The District's Funds

The District's governmental funds reported a combined fund balance of \$29,802,994, which is greater than last year's total of \$28,921,290. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

	<u>Fund Balance</u> <u>June 30, 2016</u>	<u>Fund Balance</u> <u>June 30, 2015</u>	<u>Increase</u>	<u>Percentage</u> <u>Change</u>
General	\$ 29,117,603	\$ 28,526,690	\$ 590,913	2.07 %
Other Governmental	<u>685,391</u>	<u>394,600</u>	<u>290,791</u>	73.69 %
Total	<u>\$ 29,802,994</u>	<u>\$ 28,921,290</u>	<u>\$ 881,704</u>	3.05 %

General Fund

The District's general fund balance increased \$590,913. Revenues decreased from the prior year by \$1,669,189, or 2.83%, while expenditures increased \$385,363, or 0.68%, from 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, 2016**

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

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 34,230,865	\$ 36,489,178	\$ (2,258,313)	(6.19) %
Earnings on investments	88,500	62,286	26,214	42.09 %
Intergovernmental	19,089,211	19,102,437	(13,226)	(0.07) %
Other revenues	<u>4,001,493</u>	<u>3,425,357</u>	<u>576,136</u>	16.82 %
Total	<u>\$ 57,410,069</u>	<u>\$ 59,079,258</u>	<u>\$ (1,669,189)</u>	(2.83) %
<u>Expenditures</u>				
Instruction	\$ 35,224,291	\$ 35,404,245	\$ (179,954)	(0.51) %
Support services	19,679,119	19,366,396	312,723	1.61 %
Non-instructional services	-	48,251	(48,251)	(100.00) %
Extracurricular activities	962,444	891,909	70,535	7.91 %
Facilities acquisition and construction	669,332	608,666	60,666	9.97 %
Debt service	<u>503,115</u>	<u>333,471</u>	<u>169,644</u>	50.87 %
Total	<u>\$ 57,038,301</u>	<u>\$ 56,652,938</u>	<u>\$ 385,363</u>	0.68 %

The only significant reason that revenue decreased between fiscal year 2016 and fiscal year 2015 is due to a decrease in property tax revenues. This is mainly due to fluctuations in the amount of tax advances available for the County Auditors at fiscal year-end. The increase in "other revenues" was due to an increase in open enrollment revenue and pay to play fees during fiscal year 2016.

The increase in debt service expenditures totaled \$169,644 for fiscal year 2016. This was due to the District entering into a new lease purchase agreement for buses and issuing an energy conservation bond during fiscal year 2016. Payments on these new long-term obligations are made from the general fund.

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.

For the general fund, original budgeted revenues and other financing sources were \$56,519,849. Final budgeted revenues and other financing sources were unchanged from the original budget. Actual revenues and other financing sources for fiscal year 2016 were \$57,337,647. This was \$817,798 greater than the final budgeted revenues. The District conservatively budgets revenues as can be seen with actual revenues being larger than in the final budget.

General fund original appropriations (appropriated expenditures including other financing uses) of \$83,349,111 were unchanged in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2016 totaled \$58,433,690, which was \$24,915,421 less than the final budgeted appropriations. The District's policy for preparing appropriations is to budget all available resources in order to avoid violating the Ohio Revised Code, which states that actual expenditures may not exceed appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2016, the District had \$20,230,649 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2016 balances compared to 2015:

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

	Governmental Activities	
	2016	2015
Land	\$ 563,915	\$ 563,915
Land improvements	2,490,386	2,694,538
Building and improvements	12,499,593	9,026,515
Furniture, fixtures and equipment	2,379,212	2,371,195
Vehicles	2,297,543	2,041,417
Total	\$ 20,230,649	\$ 16,697,580

Total additions to capital assets for fiscal year 2016 were \$5,048,106. Depreciation expense recorded for the fiscal year totaled \$1,515,037.

See Note 7 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2016, the District had \$6,169,344 in general obligation bonds, energy conservation bonds and lease purchase obligations outstanding. Of this total, \$758,369 is due within one year and \$5,410,975 is due in greater than one year. The following table summarizes the bond and lease purchase obligations outstanding.

Outstanding Bonds, at Year End

	Governmental	Governmental
	Activities	Activities
	2016	2015
General obligation bonds	\$ 1,535,000	\$ 1,830,000
Energy conservation bonds	3,784,885	-
Lease purchase obligations	849,459	675,171
Total	\$ 6,169,344	\$ 2,505,171

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Current Financial Related Activities

As the preceding information shows, the District relies heavily upon State Foundation and property tax monies. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the 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.

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.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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: Mr. David Osborne, 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 POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 27,820,596
Receivables:	
Taxes	35,264,091
Accounts.	42,774
Accrued interest	18,030
Intergovernmental	538,414
Materials and supplies inventory.	25,580
Inventory held for resale.	45,176
Loans to other funds.	1,071
Capital assets:	
Nondepreciable capital assets	563,915
Depreciable capital assets, net.	19,666,734
Capital assets, net.	20,230,649
Total assets.	83,986,381
 Deferred outflows of resources:	
Pension - STRS	7,712,921
Pension - SERS	1,420,029
Total deferred outflows of resources	9,132,950
 Liabilities:	
Accounts payable.	176,184
Accrued wages and benefits	5,175,493
Intergovernmental payable	169,076
Pension and postemployment obligation payable.	858,664
Accrued interest payable	16,848
Unearned revenue	27,780
Long-term liabilities:	
Due within one year.	1,292,595
Due in more than one year:	
Net pension liability	80,857,261
Other amounts due in more than one year	8,988,554
Total liabilities	97,562,455
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	26,286,530
Pension - STRS.	4,540,127
Pension - SERS.	875,783
Total deferred inflows of resources	31,702,440
 Net position:	
Net investment in capital assets	14,348,345
Restricted for:	
Locally funded programs	8,209
State funded programs.	123,989
Student activities	92,841
Unrestricted (deficit)	(50,718,948)
Total net position.	\$ (36,145,564)

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, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	Revenue and Changes in Net Position
				<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 27,939,539	\$ 2,467,329	\$ 576,687	\$ (24,895,523)
Special	6,849,397	492,529	2,092,978	(4,263,890)
Vocational	1,998,781	60,592	138,105	(1,800,084)
Other	177,133	-	1,216	(175,917)
Support services:				
Pupil.	3,868,484	140,627	189,351	(3,538,506)
Instructional staff	1,248,109	-	414	(1,247,695)
Board of education	527,289	-	-	(527,289)
Administration.	3,408,342	-	192,726	(3,215,616)
Fiscal.	1,305,665	14,379	-	(1,291,286)
Business.	249,733	-	-	(249,733)
Operations and maintenance	5,321,944	10,200	-	(5,311,744)
Pupil transportation.	3,074,708	-	158,957	(2,915,751)
Central	921,569	3,508	-	(918,061)
Operation of non-instructional services:				
Food service operations	1,325,315	609,654	618,848	(96,813)
Other non-instructional services	271,661	-	371,911	100,250
Extracurricular activities.	1,462,393	558,756	10,710	(892,927)
Interest and fiscal charges	237,386	-	-	(237,386)
Total governmental activities	<u>\$ 60,187,448</u>	<u>\$ 4,357,574</u>	<u>\$ 4,351,903</u>	<u>(51,477,971)</u>
General revenues:				
Property taxes levied for:				
General purposes				34,302,020
Capital outlay.				532,275
Payments in lieu of taxes.				218,504
Grants and entitlements not restricted				
to specific programs				17,389,770
Investment earnings				94,325
Miscellaneous.				382,045
Total general revenues.				<u>52,918,939</u>
Change in net position				1,440,968
Net position at beginning of year.				<u>(37,586,532)</u>
Net position at end of year				<u>\$ (36,145,564)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments.	\$ 26,660,077	\$ 1,160,519	\$ 27,820,596
Receivables:			
Taxes.	34,725,187	538,904	35,264,091
Accounts	42,511	263	42,774
Accrued interest	18,030	-	18,030
Interfund loans	438,423	-	438,423
Intergovernmental.	257,217	281,197	538,414
Materials and supplies inventory.	25,580	-	25,580
Inventory held for resale.	21,574	23,602	45,176
Loans to other funds.	1,071	-	1,071
Total assets	<u>\$ 62,189,670</u>	<u>\$ 2,004,485</u>	<u>\$ 64,194,155</u>
Liabilities:			
Accounts payable	\$ 171,082	\$ 5,102	\$ 176,184
Accrued wages and benefits	4,966,080	209,413	5,175,493
Compensated absences payable	39,057	-	39,057
Intergovernmental payable	166,039	3,037	169,076
Pension and postemployment obligation payable.	814,102	44,562	858,664
Interfund loans payable.	-	438,423	438,423
Unearned revenue.	27,780	-	27,780
Total liabilities.	<u>6,184,140</u>	<u>700,537</u>	<u>6,884,677</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	25,885,463	401,067	26,286,530
Delinquent property tax revenue not available.	820,178	12,654	832,832
Intergovernmental revenue not available.	167,223	204,836	372,059
Accrued interest not available.	15,063	-	15,063
Total deferred inflows of resources	<u>26,887,927</u>	<u>618,557</u>	<u>27,506,484</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	25,580	-	25,580
Unclaimed monies.	28,136	-	28,136
Restricted:			
Capital improvements	-	322,145	322,145
Non-public schools	-	128,426	128,426
Extracurricular.	-	92,841	92,841
Other purposes.	-	8,209	8,209
Committed:			
Capital improvements	-	405,408	405,408
Assigned:			
Student instruction	73,049	-	73,049
Student and staff support.	616,846	-	616,846
Facilities acquisition and construction	33,943	-	33,943
Subsequent year's appropriations	26,082,351	-	26,082,351
Unassigned (deficit).	<u>2,257,698</u>	<u>(271,638)</u>	<u>1,986,060</u>
Total fund balances	<u>29,117,603</u>	<u>685,391</u>	<u>29,802,994</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 62,189,670</u>	<u>\$ 2,004,485</u>	<u>\$ 64,194,155</u>

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 POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total governmental fund balances		\$	29,802,994
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			20,230,649
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Taxes receivable	\$	832,832	
Accrued interest receivable		15,063	
Intergovernmental receivable		372,059	
Total		1,219,954	1,219,954
Unamortized premiums on bonds issued are not recognized in the funds.			(35,105)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(16,848)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		9,132,950	
Deferred inflows - pension		(5,415,910)	
Net pension liability		(80,857,261)	
Total		(77,140,221)	(77,140,221)
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		(1,535,000)	
Energy conservation bonds		(3,784,885)	
Lease purchase obligations		(849,459)	
Compensated absences		(4,037,643)	
Total		(10,206,987)	(10,206,987)
Net position of governmental activities		\$	(36,145,564)

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, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 34,230,865	\$ 531,125	\$ 34,761,990
Tuition	2,839,801	-	2,839,801
Earnings on investments	88,500	412	88,912
Charges for services	-	609,654	609,654
Extracurricular	425,814	353,679	779,493
Classroom materials and fees	99,574	-	99,574
Other local revenues	636,304	16,180	652,484
Intergovernmental - intermediate	25,454	317	25,771
Intergovernmental - state	19,013,228	494,879	19,508,107
Intergovernmental - federal	50,529	2,163,789	2,214,318
Total revenues	<u>57,410,069</u>	<u>4,170,035</u>	<u>61,580,104</u>
Expenditures:			
Current:			
Instruction:			
Regular	26,803,067	733,548	27,536,615
Special	6,236,247	674,826	6,911,073
Vocational	2,006,738	6,487	2,013,225
Other	178,239	1,310	179,549
Support services:			
Pupil	3,777,114	192,769	3,969,883
Instructional staff	1,235,954	422	1,236,376
Board of education	527,289	-	527,289
Administration	3,236,692	200,762	3,437,454
Fiscal	1,344,903	22,245	1,367,148
Business	250,545	-	250,545
Operations and maintenance	4,998,308	48,086	5,046,394
Pupil transportation	3,358,180	10,250	3,368,430
Central	950,134	-	950,134
Operation of non-instructional services:			
Food service operations	-	1,319,312	1,319,312
Other non-instructional services	-	270,031	270,031
Extracurricular activities	962,444	403,194	1,365,638
Facilities acquisition and construction	669,332	3,708,681	4,378,013
Debt service:			
Principal retirement	345,120	190,000	535,120
Interest and fiscal charges	157,995	39,969	197,964
Bond issuance costs	-	37,500	37,500
Total expenditures	<u>57,038,301</u>	<u>7,859,392</u>	<u>64,897,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>371,768</u>	<u>(3,689,357)</u>	<u>(3,317,589)</u>
Other financing sources (uses):			
Sale of bonds	-	3,784,885	3,784,885
Transfers in	-	195,263	195,263
Transfers (out)	(195,263)	-	(195,263)
Lease purchase transaction	414,408	-	414,408
Total other financing sources (uses)	<u>219,145</u>	<u>3,980,148</u>	<u>4,199,293</u>
Net change in fund balances	590,913	290,791	881,704
Fund balances at beginning of year	<u>28,526,690</u>	<u>394,600</u>	<u>28,921,290</u>
Fund balances at end of year	<u>\$ 29,117,603</u>	<u>\$ 685,391</u>	<u>\$ 29,802,994</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, 2016

Net change in fund balances - total governmental funds	\$	881,704
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 5,048,106	
Current year depreciation	(1,515,037)	
Total		3,533,069
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	72,305	
Earnings on investments	5,825	
Intergovernmental	(29,818)	
Total		48,312
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	295,000	
Capital leases	240,120	
Total		535,120
Issuance of bonds and capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(4,199,293)
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 more interest being reported in the statement of activities:		
Increase in accrued interest payable	(8,403)	
Amortization of bond premiums	6,481	
Total		(1,922)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		4,730,493
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,911,782)
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.		
		(174,733)
Change in net position of governmental activities	\$	1,440,968

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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 33,552,224	\$ 33,552,224	\$ 34,037,697	\$ 485,473
Tuition.	2,801,291	2,801,291	2,841,823	40,532
Earnings on investments	74,703	74,703	75,784	1,081
Extracurricular.	200,891	200,891	203,798	2,907
Other local revenues	481,968	481,968	488,942	6,974
Intergovernmental - intermediate	25,091	25,091	25,454	363
Intergovernmental - state	18,775,344	18,775,344	19,047,009	271,665
Intergovernmental - federal	49,808	49,808	50,529	721
Total revenues	<u>55,961,320</u>	<u>55,961,320</u>	<u>56,771,036</u>	<u>809,716</u>
Expenditures:				
Current:				
Instruction:				
Regular	38,339,307	38,339,307	26,878,598	11,460,709
Special.	8,884,135	8,884,135	6,228,414	2,655,721
Vocational.	2,869,676	2,869,676	2,011,848	857,828
Other.	309,988	309,988	217,324	92,664
Support services:				
Pupil.	5,305,158	5,305,158	3,719,295	1,585,863
Instructional staff	1,811,449	1,811,449	1,269,955	541,494
Board of education	750,155	750,155	525,912	224,243
Administration.	4,678,254	4,678,254	3,279,791	1,398,463
Fiscal	1,922,668	1,922,668	1,347,928	574,740
Business	365,105	365,105	255,965	109,140
Operations and maintenance.	7,751,819	7,751,819	5,434,580	2,317,239
Pupil transportation	4,822,482	4,822,482	3,380,905	1,441,577
Central.	1,408,624	1,408,624	987,546	421,078
Extracurricular activities.	1,370,907	1,370,907	961,104	409,803
Facilities acquisition and construction	1,003,144	1,003,144	703,276	299,868
Debt service:				
Principal retirement	443,222	443,222	310,730	132,492
Interest and fiscal charges.	221,491	221,491	155,281	66,210
Total expenditures	<u>82,257,584</u>	<u>82,257,584</u>	<u>57,668,452</u>	<u>24,589,132</u>
Excess of expenditures over revenues.	<u>(26,296,264)</u>	<u>(26,296,264)</u>	<u>(897,416)</u>	<u>25,398,848</u>
Other financing sources (uses):				
Refund of prior year's expenditures	63,980	63,980	64,906	926
Refund of prior year's receipts.	(140,083)	(140,083)	(98,208)	41,875
Transfers in	2,952	2,952	2,995	43
Transfers (out).	(324,555)	(324,555)	(227,536)	97,019
Advances in.	45,363	45,363	46,019	656
Advances (out)	(626,889)	(626,889)	(439,494)	187,395
Lease purchase transaction.	408,497	408,497	414,408	5,911
Sale of capital assets	37,737	37,737	38,283	546
Total other financing sources (uses)	<u>(532,998)</u>	<u>(532,998)</u>	<u>(198,627)</u>	<u>334,371</u>
Net change in fund balance	(26,829,262)	(26,829,262)	(1,096,043)	25,733,219
Fund balance at beginning of year	25,817,357	25,817,357	25,817,357	-
Prior year encumbrances appropriated . . .	1,011,905	1,011,905	1,011,905	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,733,219</u>	<u>\$ 25,733,219</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 3,959	\$ 120,705
Receivables:		
Accounts	-	11,078
Total assets.	3,959	\$ 131,783
Liabilities:		
Accounts payable.	-	\$ 401
Loans from other funds.	-	1,071
Due to students.	-	130,311
Total liabilities	-	\$ 131,783
Net position:		
Held in trust for scholarships	3,959	
Total net position.	\$ 3,959	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 10
Gifts and contributions	283
Total additions.	293
Deductions:	
Scholarships awarded	1,125
Change in net position	(832)
Net position at beginning of year.	4,791
Net position at end of year	\$ 3,959

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 250 full-time and part-time non-certified employees, 356 certified teaching personnel and 28 administrators. The District provides services to 5,162 students and other community members.

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'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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, 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 two non-public schools, Holy Family School, which is operated through the Cleveland Diocese, 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, 2016

NOTE 1 - 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 2016.

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

NEOnet was established as a jointly governed organization among sixteen school districts and the Summit County Educational Service Center that was formed July 1, 1995. NEOnet was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to improve administrative and instructional functions of member districts. NEOnet has since been restructured and organized as a council of governments (COG) under Ohio Revised Code 3301.075 and Chapter 167. The new COG is called the Metropolitan Regional Service Council. The Council serves several program functions for the nineteen school district members, such as NEOnet information technology center (ITC) functions and as a collaborative purchasing agent. The Council is self supporting and conducts its fiscal services in house with a licensed treasurer.

The Council employs an Executive Director who works cooperatively with a seven-member Board of Directors consisting of four superintendents, the ESC superintendent, one member of the treasurers' committee and one member of the technology committee. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors, who exercises total control over the operation of NEOnet including budgeting, appropriating, contracting and designating management. All revenues are generated from State funding and an annual fee per student to participating districts. The Metropolitan Regional Services Council and NEOnet are located at 700 Graham Road, Cuyahoga Falls, Ohio 44221. During the current fiscal year, the District contributed \$219,731 to NEOnet.

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 \$521,864 to the Six District Educational Compact for services during fiscal year 2016.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - 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 twenty one 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 nine 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 2016, the District paid \$38,995 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 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 the amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

PUBLIC ENTITY RISK POOL

Stark County Schools Council of Government Health Benefits Program

The Stark County Schools Council of Government Health Benefits Program (the "Consortium") is a shared risk pool, with participants from Stark, Mahoning, 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 exercises 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 38th Street NW, Canton, Ohio 44709.

Ohio Schools' Council Workers' Compensation Group Rating Program

The Ohio Schools' Council Workers' Compensation Group Rating Program (the "Plan") is an insurance purchasing pool (see Note 10.C.). The plan is intended to reduce premiums for the participants. The Worker's 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 Plan.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 deferred outflows and liabilities and deferred inflows is reported as fund balance. The following is the District's major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported 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) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. 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 fund is a private purpose trust, which primarily accounts 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 position 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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.

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 Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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, 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 5).

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 11 for deferred outflows of resources related the District's net pension liability.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Note 11 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the 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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 alternative 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 fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of budgetary control was established at the fund 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.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budgeted revenues in the budgetary statements reflect the amounts in the certificate of estimated resources 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 of estimated resources 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 investments" on the basic financial statements.

During fiscal year 2016, investments were limited to federal agency securities, U.S. Treasury money market funds, negotiable certificates of deposit, a repurchase agreement and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2016. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2016.

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 2016 amounted to \$88,500 which includes \$3,318 assigned from other District funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 accounts at year end is provided in Note 3.

G. Inventory

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated and purchased food, and workbooks.

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 position, 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 year 2016. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities 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

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 position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Loans made to the agency fund are reported as “loans to/from other funds.”

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 (severance) payments. The liability is an estimate based on the District’s past experience of making termination (severance) payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2016 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, net pension liabilities and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and lease purchase obligations 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.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is 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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Q. 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 2016, the District did not incur any transactions that would be classified as an extraordinary item or special item.

R. Unamortized Bond Premiums

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 position is presented in Note 9.

S. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2016 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 87,887
IDEA Part B grants	42,463
Title I disadvantaged children	119,223
Improving teacher quality	22,065

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3 - 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.

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 fair 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the 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.

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 fiscal 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 investments".

B. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all District deposits was \$4,305,577, exclusive of the repurchase agreement reported below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$2,652,779 of the District's bank balance of \$5,418,094 was exposed to custodial risk as discussed below, while \$2,765,315 was covered by the FDIC.

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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2016, 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>	<u>Greater Than 24 months</u>
FHLMC	\$ 1,499,356	\$ -	\$ -	\$ -	\$ 510,391	\$ 988,965
FHLB	306,165	-	-	306,165	-	-
FNMA	2,531,773	-	-	-	1,636,555	895,218
Negotiable CDs	1,392,408	410,181	490,787	246,068	245,372	-
STAR Ohio	683,543	683,543	-	-	-	-
Repurchase agreement	16,870,000	16,870,000	-	-	-	-
U.S. Treasury money market	355,388	355,388	-	-	-	-
	<u>\$ 23,638,633</u>	<u>\$ 18,319,112</u>	<u>\$ 490,787</u>	<u>\$ 552,233</u>	<u>\$ 2,392,318</u>	<u>\$ 1,884,183</u>

The weighted average maturity of investments is 0.47 years.

The District's investments in federal agency securities, federal agency securities that underlie the repurchase agreement, U.S. Treasury money market and negotiable certificates of deposit are valued using quoted market prices (Level 1 inputs). The District's investment in STAR Ohio is valued at the daily redemption value as reported by the underlying fund (Level 1 input).

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities and the federal agency securities that underlie the District's repurchase agreements were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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. The federal agency securities and 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 negotiable CDs are covered by FDIC. Of the District's 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 agreement must exceed the principal value of securities subject to a repurchase agreement by 2%. 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, 2016:

<u>Investment type</u>	<u>Fair value</u>	<u>% of Total</u>
FHLMC	\$ 1,499,356	6.34
FHLB	306,165	1.30
FNMA	2,531,773	10.71
Negotiable CDs	1,392,408	5.89
STAR Ohio	683,543	2.89
Repurchase agreement	16,870,000	71.37
U.S. Treasury money market	355,388	1.50
	<u>\$ 23,638,633</u>	<u>100.00</u>

D. Reconciliation of Cash and Investment to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,305,577
Investments	23,638,633
Cash on hand	<u>1,050</u>
Total	<u>\$ 27,945,260</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 27,820,596
Private-purpose trust fund	3,959
Agency fund	<u>120,705</u>
Total	<u>\$ 27,945,260</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 4 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2016 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 fund	Nonmajor governmental funds	<u>\$ 438,423</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, 2016 consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 195,263</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.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- C.** Loan balances consisted of the following loans to/from other funds at June 30, 2016, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Agency	<u>\$ 1,071</u>

The primary purpose of the loans due to the general fund is to cover revenues not received in the agency fund at fiscal year-end. The loan balance will be repaid once the anticipated revenues are received.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 - 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 property and public utility property. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Summit and Portage Counties. The County Fiscal Officer and County Auditor, respectively, periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$8,019,546 in the general fund and \$125,183 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2015 was \$7,728,170 in the general fund and \$120,477 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 5 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 889,054,420	98.67	\$ 892,141,140	98.57
Public utility personal	<u>12,025,570</u>	<u>1.33</u>	<u>12,920,870</u>	<u>1.43</u>
Total	<u>\$ 901,079,990</u>	<u>100.00</u>	<u>\$ 905,062,010</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 53.66		\$ 53.58	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2016 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 position follows:

Governmental activities:

Taxes	\$ 35,264,091
Accounts	42,774
Intergovernmental:	
SERS refund	12,743
Medicaid	244,470
Food service grants	76,361
Foundation adjustment	4
IDEA part B grant	44,203
Title I disadvantaged children grant	136,314
Improving teacher quality grant	<u>24,319</u>
Total intergovernmental	538,414
Accrued interest	<u>18,030</u>
Total receivables	<u>\$ 35,863,309</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, 2016

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>06/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/16</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 563,915	\$ -	\$ -	\$ 563,915
Total capital assets, not being depreciated	<u>563,915</u>	<u>-</u>	<u>-</u>	<u>563,915</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,871,632	-	-	3,871,632
Buildings and improvements	31,903,544	4,217,579	-	36,121,123
Furniture, fixtures and equipment	5,381,013	335,868	-	5,716,881
Vehicles	<u>4,202,239</u>	<u>494,659</u>	<u>-</u>	<u>4,696,898</u>
Total capital assets, being depreciated	<u>45,358,428</u>	<u>5,048,106</u>	<u>-</u>	<u>50,406,534</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,177,094)	(204,152)	-	(1,381,246)
Buildings and improvements	(22,877,029)	(744,501)	-	(23,621,530)
Furniture, fixtures and equipment	(3,009,818)	(327,851)	-	(3,337,669)
Vehicles	<u>(2,160,822)</u>	<u>(238,533)</u>	<u>-</u>	<u>(2,399,355)</u>
Total accumulated depreciation	<u>(29,224,763)</u>	<u>(1,515,037)</u>	<u>-</u>	<u>(30,739,800)</u>
Governmental activities capital assets, net	<u>\$ 16,697,580</u>	<u>\$ 3,533,069</u>	<u>\$ -</u>	<u>\$ 20,230,649</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 752,428
Special	3,731
Vocational	4,074
<u>Support services:</u>	
Pupil	560
Instructional staff	19,049
Administration	3,949
Fiscal	8,524
Operations and maintenance	340,825
Pupil transportation	248,258
Central	1,752
Other non-instructional services	2,644
Extracurricular activities	115,686
Food service operations	<u>13,557</u>
Total depreciation expense	<u>\$ 1,515,037</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE

On October 28, 2013, the District entered into a lease-purchase agreement with De Lage Landen Public Finance LLC for the purchase of copiers. Also during fiscal year 2014, the District entered into a lease-purchase agreement with First Merit Bank for 8 new school buses. During fiscal year 2016, the District entered into a lease-purchase agreement with First Merit Bank for 5 new school buses.

Capital assets consisting of furniture, fixtures and equipment and vehicles have been capitalized in the amount of \$137,239, and \$1,141,196, respectively. Accumulated depreciation on the copiers as of June 30, 2016 was \$36,597, leaving a current book value of \$100,642. Accumulated depreciation on the vehicles as of June 30, 2016 was \$90,453, leaving a current book value of \$1,050,743. Principal and interest payments are made from the general fund and totaled \$240,120 and \$30,807, respectively, in fiscal year 2016.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2016.

<u>Fiscal year ending June 30.</u>	<u>Copiers</u>	<u>Buses</u>	<u>Total</u>
2017	\$ 37,104	\$ 233,823	\$ 270,927
2018	15,460	233,822	249,282
2019	-	233,822	233,822
2020	-	76,975	76,975
2021	-	76,975	76,975
Total minimum lease payment	52,564	855,417	907,981
Less amount representing interest	<u>(1,503)</u>	<u>(57,019)</u>	<u>(58,522)</u>
Total	<u>\$ 51,061</u>	<u>\$ 798,398</u>	<u>\$ 849,459</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 9 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2016, the following changes occurred in the governmental activities long-term obligations.

	Balance 06/30/15	Additions	Reductions	Balance 06/30/16	Amounts Due in One Year
Governmental activities:					
<u>General obligation bonds:</u>					
2006 bus acquisition/energy conservation, 4.00-5.00%	\$ 1,830,000	\$ -	\$ (295,000)	\$ 1,535,000	\$ 310,000
<u>Energy conservation bonds:</u>					
2015 energy conservation bonds	-	3,784,885	-	3,784,885	201,273
<u>Other obligations:</u>					
Lease purchase - copiers	85,450	-	(34,389)	51,061	35,750
Lease purchase - buses	589,721	414,408	(205,731)	798,398	211,346
Net pension liability	70,437,265	10,419,996	-	80,857,261	-
Compensated absences	3,896,925	666,551	(486,776)	4,076,700	534,226
Total other obligations	<u>75,009,361</u>	<u>11,500,955</u>	<u>(726,896)</u>	<u>85,783,420</u>	<u>781,322</u>
Total governmental activities long-term obligations	<u>\$ 76,839,361</u>	<u>\$ 15,285,840</u>	<u>\$ (1,021,896)</u>	91,103,305	<u>\$ 1,292,595</u>
				Add: unamortized premium on bonds	<u>35,105</u>
				Total on statement of net position	<u>\$ 91,138,410</u>

Series 2006 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. These bonds are paid out of the general fund and the permanent improvement fund, a nonmajor governmental fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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
2017	\$ 310,000	\$ 59,237	\$ 369,237
2018	225,000	46,847	271,847
2019	235,000	37,359	272,359
2020	245,000	27,306	272,306
2021	255,000	16,681	271,681
2022	<u>265,000</u>	<u>5,631</u>	<u>270,631</u>
Total	<u>\$ 1,535,000</u>	<u>\$ 193,061</u>	<u>\$ 1,728,061</u>

Series 2015 Energy Conservation Bonds

In fiscal year 2016, the District issued \$3,784,885 in energy conservation bonds for the purpose of financing energy saving improvements to various District buildings. These bonds mature December 1, 2030 and bear an interest rate of 3.15%. These bonds are paid out of the general fund.

\$322,145 of the bond proceeds from this issue remain unspent at June 30, 2016.

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

Fiscal Year Ending	Energy Conservation Bonds		
	Principal	Interest	Total
2017	\$ 201,273	\$ 116,054	\$ 317,327
2018	207,613	109,614	317,227
2019	214,153	102,971	317,124
2020	220,899	96,119	317,018
2021	227,857	89,051	316,908
2022 - 2026	1,251,574	331,195	1,582,769
2027 - 2031	<u>1,461,516</u>	<u>117,949</u>	<u>1,579,465</u>
Total	<u>\$ 3,784,885</u>	<u>\$ 962,953</u>	<u>\$ 4,747,838</u>

Lease Purchase Obligations

The interest rates on the school bus lease purchase obligations is 2.52% for the fiscal year 2014 lease and 3.19% for the fiscal year 2016 lease. The interest rate on the copier lease purchase obligation is 3.96%. For more detail on the lease purchase obligations, see Note 8.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences

Compensated absences represent accumulated vacation and an estimated sick leave 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 grant, Title I disadvantaged children, and improving teacher quality.

Net Pension Liability

See Note 11 for detail on the District's net pension liability.

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 used 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, 2016, are a voted debt margin of \$79,920,581, an unvoted debt margin of \$905,062, and an energy conservation debt margin of \$4,360,673.

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. There have been no settlements paid in excess of insurance in the past three years nor has insurance coverage been significantly reduced from 2015.

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 86 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 \$500,000 per individual and a maximum aggregate stop-loss coverage liability of \$227,113,436.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 10 - RISK MANAGEMENT - (Continued)

Premium contributions are determined annually based on the claims experience of the individual member. Premiums can be increased or decreased 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:

	2016	2015
Cash and investments	\$ 119,753,791	\$ 101,181,377
Actuarial liabilities	19,856,000	16,233,000

C. Workers' Compensation

The District participates in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1.A.). The intent of the GRP is to achieve the benefits of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's 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 worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment obligation payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,170,389 for fiscal year 2016. Of this amount, \$114,308 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$3,560,104 for fiscal year 2016. Of this amount, \$611,172 is reported as pension and postemployment obligation payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 15,319,729	\$ 65,537,532	\$ 80,857,261
Proportion of the net pension liability	0.26848000%	0.23713628%	
Pension expense	\$ 850,914	\$ 3,060,868	\$ 3,911,782

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 249,640	\$ 2,978,667	\$ 3,228,307
Changes in proportionate share	-	1,174,150	1,174,150
District contributions subsequent to the measurement date	<u>1,170,389</u>	<u>3,560,104</u>	<u>4,730,493</u>
Total deferred outflows of resources	<u>\$ 1,420,029</u>	<u>\$ 7,712,921</u>	<u>\$ 9,132,950</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 558,546	\$ 4,540,127	\$ 5,098,673
Changes in proportionate share	<u>317,237</u>	<u>-</u>	<u>317,237</u>
Total deferred inflows of resources	<u>\$ 875,783</u>	<u>\$ 4,540,127</u>	<u>\$ 5,415,910</u>

\$4,730,493 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2017	\$ (302,074)	\$ (715,371)	\$ (1,017,445)
2018	(302,074)	(715,371)	(1,017,445)
2019	(302,073)	(715,371)	(1,017,444)
2020	<u>280,078</u>	<u>1,758,803</u>	<u>2,038,881</u>
Total	<u>\$ (626,143)</u>	<u>\$ (387,310)</u>	<u>\$ (1,013,453)</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 21,242,959	\$ 15,319,729	\$ 10,331,881

Changes Between Measurement Date and Report Date - In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact on the District's net pension liability is expected to be significant.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 91,036,575	\$ 65,537,532	\$ 43,974,287

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$133,183.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$133,183, \$203,950, and \$146,928, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$239,406, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget 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:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,096,043)
Net adjustment for revenue accruals	309,782
Net adjustment for expenditure accruals	266,475
Net adjustment for other sources/uses	386,203
Funds budgeted elsewhere	30,087
Adjustment for encumbrances	694,409
GAAP basis	<u>\$ 590,913</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund, the uniform school supplies fund, special rotary fund, and the public school support fund.

NOTE 14 - 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 general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2016.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 14 – CONTINGENCIES - (Continued)

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 15 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2015	\$ -
Current year set-aside requirement	878,039
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(1,026,296)
Excess qualified expenditures from prior years	-
Current year offsets	(607,547)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (755,804)</u>
Balance carried forward to fiscal year 2017	<u>\$ -</u>
Set-aside balance June 30, 2016	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 16 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	Year-End <u>Encumbrances</u>
General fund	\$ 599,870
Other governmental	<u>465,171</u>
 Total	 \$ <u>1,065,041</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST THREE FISCAL YEARS (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.26848000%	0.27675100%	0.27675100%
District's proportionate share of the net pension liability	\$ 15,319,729	\$ 14,006,211	\$ 16,457,494
District's covered-employee payroll	\$ 8,082,640	\$ 8,039,921	\$ 8,015,145
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.54%	174.21%	205.33%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

(1) Information prior to fiscal year 2013 was unavailable.

Note: Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST THREE FISCAL YEARS (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.23713628%	0.23200257%	0.23200257%
District's proportionate share of the net pension liability	\$ 65,537,532	\$ 56,431,054	\$ 67,220,303
District's covered-employee payroll	\$ 24,741,200	\$ 23,704,254	\$ 22,812,646
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.89%	238.06%	294.66%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

(1) Information prior to fiscal year 2013 was unavailable.

Note: Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,170,389	\$ 1,065,292	\$ 1,114,333	\$ 1,109,296
Contributions in relation to the contractually required contribution	<u>(1,170,389)</u>	<u>(1,065,292)</u>	<u>(1,114,333)</u>	<u>(1,109,296)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,359,921	\$ 8,082,640	\$ 8,039,921	\$ 8,015,145
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,049,278	\$ 1,015,362	\$ 1,101,514	\$ 804,868	\$ 809,883	\$ 857,504
<u>(1,049,278)</u>	<u>(1,015,362)</u>	<u>(1,101,514)</u>	<u>(804,868)</u>	<u>(809,883)</u>	<u>(857,504)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,801,323	\$ 8,077,661	\$ 8,135,258	\$ 8,179,553	\$ 8,247,281	\$ 8,029,064
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 3,560,104	\$ 3,463,768	\$ 3,081,553	\$ 2,965,644
Contributions in relation to the contractually required contribution	<u>(3,560,104)</u>	<u>(3,463,768)</u>	<u>(3,081,553)</u>	<u>(2,965,644)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 25,429,314	\$ 24,741,200	\$ 23,704,254	\$ 22,812,646
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 3,110,483	\$ 3,359,040	\$ 3,192,216	\$ 3,106,675	\$ 3,051,520	\$ 3,157,539
<u>(3,110,483)</u>	<u>(3,359,040)</u>	<u>(3,192,216)</u>	<u>(3,106,675)</u>	<u>(3,051,520)</u>	<u>(3,157,539)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,926,792	\$ 25,838,769	\$ 24,555,508	\$ 23,897,500	\$ 23,473,231	\$ 24,288,762
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

MAJOR FUND

General Fund

The general fund is used to account for and report all financial resources not accounted for and reported 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. A budgetary statement for the general fund is presented as part of the basic financial statements. The level of detail presented in that statement is greater than the legal level of budgetary control; therefore, a separate additional schedule is not presented.

Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

Uniform School Supplies Fund

Section 3313.811, 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.

Special Services Rotary Fund

Section 5705.12, Revised Code

A fund used to account for income and expenditures made in connection with the sale of consumer services provided by vocational education classes.

Public School Support Fund

Section 5705.12, Revised Code

To account for specific local revenue sources (other than taxes) generated by individual school buildings (e.g. sale of pictures, profits from vending machines, etc.) Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

Unclaimed Monies Fund

Section 9.39, Revised Code

To account for unclaimed funds that are legally required to be maintained for five years.

**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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Uniform School Supplies Fund</u>			
Total revenues and other financing sources	\$ 191,801	\$ 107,188	\$ (84,613)
Total expenditures and other financing uses	<u>144,011</u>	<u>97,555</u>	<u>46,456</u>
Net change in fund balance	47,790	9,633	(38,157)
Fund balance at beginning of year	34,637	34,637	-
Prior year encumbrances appropriated	<u>2,836</u>	<u>2,836</u>	<u>-</u>
Fund balance at end of year	<u>\$ 85,263</u>	<u>\$ 47,106</u>	<u>\$ (38,157)</u>
<u>Special Services Rotary Fund</u>			
Total revenues and other financing sources	\$ 50,000	\$ 49,498	\$ (502)
Total expenditures and other financing uses	<u>49,894</u>	<u>49,894</u>	<u>-</u>
Net change in fund balance	106	(396)	(502)
Fund balance at beginning of year	<u>396</u>	<u>396</u>	<u>-</u>
Fund balance at end of year	<u>\$ 502</u>	<u>\$ -</u>	<u>\$ (502)</u>
<u>Public School Support Fund</u>			
Total revenues and other financing sources	\$ 182,000	\$ 203,841	\$ 21,841
Total expenditures and other financing uses	<u>318,015</u>	<u>192,879</u>	<u>125,136</u>
Net change in fund balance	(136,015)	10,962	146,977
Fund balance at beginning of year	112,197	112,197	-
Prior year encumbrances appropriated	<u>1,978</u>	<u>1,978</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (21,840)</u>	<u>\$ 125,137</u>	<u>\$ 146,977</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Unclaimed Monies Fund</u>			
Total revenues and other financing sources	\$ 9,791	\$ 192	\$ (9,599)
Total expenditures and other financing uses	<u>23,631</u>	<u>-</u>	<u>23,631</u>
Net change in fund balance	(13,840)	192	14,032
Fund balance at beginning of year	<u>27,944</u>	<u>27,944</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 14,104</u></u>	<u><u>\$ 28,136</u></u>	<u><u>\$ 14,032</u></u>

**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.

Other Grants Fund

Section 5705.09, 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 items 200-511 and 200-532

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

Data Communication Fund

Current Budget Bill. appropriation line item 200-426

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

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

Catalog of Federal Domestic Assistance #84.027

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.

Title III Limited English Proficiency Fund

Catalog of Federal Domestic Assistance #84.365

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

Catalog of Federal Domestic Assistance #84.010

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.

Improving Teacher Quality Fund

Catalog of Federal Domestic Assistance #84.367

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.

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

Nonmajor Capital Projects Fund

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 fund 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.

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 558,149	\$ 602,370	\$ 1,160,519
Receivables:			
Taxes.	-	538,904	538,904
Accounts.	263	-	263
Intergovernmental	281,197	-	281,197
Inventory held for resale	23,602	-	23,602
Total assets.	<u>\$ 863,211</u>	<u>\$ 1,141,274</u>	<u>\$ 2,004,485</u>
Liabilities:			
Accounts payable.	\$ 5,102	\$ -	\$ 5,102
Accrued wages and benefits	209,413	-	209,413
Pension and postemployment obligation payable	44,562	-	44,562
Intergovernmental payable	3,037	-	3,037
Interfund loans payable.	438,423	-	438,423
Total liabilities	<u>700,537</u>	<u>-</u>	<u>700,537</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . .	-	401,067	401,067
Delinquent property tax revenue not available. .	-	12,654	12,654
Intergovernmental revenue not available.	204,836	-	204,836
Total deferred inflows of resources	<u>204,836</u>	<u>413,721</u>	<u>618,557</u>
Fund balances:			
Restricted:			
Non-public schools.	128,426	-	128,426
Extracurricular	92,841	-	92,841
Capital improvements.	-	322,145	322,145
Other purposes.	8,209	-	8,209
Committed:			
Capital improvements.	-	405,408	405,408
Unassigned (deficit).	<u>(271,638)</u>	<u>-</u>	<u>(271,638)</u>
Total fund balances (deficit)	<u>(42,162)</u>	<u>727,553</u>	<u>685,391</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 863,211</u>	<u>\$ 1,141,274</u>	<u>\$ 2,004,485</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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ -	\$ 531,125	\$ 531,125
Earnings on investments	412	-	412
Charges for services	609,654	-	609,654
Extracurricular	353,679	-	353,679
Other local revenues	16,180	-	16,180
Intergovernmental - intermediate	-	317	317
Intergovernmental - state	415,542	79,337	494,879
Intergovernmental - federal	2,163,789	-	2,163,789
Total revenues	3,559,256	610,779	4,170,035
Expenditures:			
Current:			
Instruction:			
Regular	653,023	80,525	733,548
Special	674,826	-	674,826
Vocational	-	6,487	6,487
Other	1,310	-	1,310
Support services:			
Pupil	192,769	-	192,769
Instructional staff	422	-	422
Administration	200,762	-	200,762
Fiscal	14,379	7,866	22,245
Operations and maintenance	-	48,086	48,086
Pupil transportation	10,250	-	10,250
Operation of non-instructional services:			
Food service operations	1,319,312	-	1,319,312
Other non-instructional services	270,031	-	270,031
Extracurricular activities	403,194	-	403,194
Facilities acquisition and construction	-	3,708,681	3,708,681
Debt service:			
Principal retirement	-	190,000	190,000
Interest and fiscal charges	-	39,969	39,969
Bond issuance cost	-	37,500	37,500
Total expenditures	3,740,278	4,119,114	7,859,392
Excess of expenditures over revenues	(181,022)	(3,508,335)	(3,689,357)
Other financing sources:			
Transfers in	169,263	26,000	195,263
Sale of bonds	-	3,784,885	3,784,885
Total other financing sources	169,263	3,810,885	3,980,148
Net change in fund balances	(11,759)	302,550	290,791
Fund balances (deficit)			
at beginning of year	(30,403)	425,003	394,600
Fund balances (deficit) at end of year	\$ (42,162)	\$ 727,553	\$ 685,391

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Food Service	Other Grants	District Managed Activity	Auxiliary Services
Assets:				
Equity in pooled cash and investments	\$ -	\$ 8,209	\$ 95,581	\$ 141,514
Receivables:				
Accounts	-	-	98	-
Intergovernmental	76,361	-	-	-
Inventory held for resale	23,602	-	-	-
Total assets	\$ 99,963	\$ 8,209	\$ 95,679	\$ 141,514
Liabilities:				
Accounts payable	\$ 337	\$ -	\$ 2,838	\$ 1,090
Accrued wages and benefits	87,809	-	-	9,885
Pension and postemployment obligation payable	22,069	-	-	1,969
Intergovernmental payable	1,273	-	-	144
Interfund loans payable	76,362	-	-	-
Total liabilities	187,850	-	2,838	13,088
Deferred inflows of resources:				
Intergovernmental revenue not available	-	-	-	-
Fund balances:				
Restricted:				
Non-public schools	-	-	-	128,426
Extracurricular	-	-	92,841	-
Other purposes	-	8,209	-	-
Unassigned (deficit)	(87,887)	-	-	-
Total fund balances (deficits)	(87,887)	8,209	92,841	128,426
Total liabilities, deferred inflows of resources and fund balances	\$ 99,963	\$ 8,209	\$ 95,679	\$ 141,514

IDEA Part B Grants	Title I Disadvantaged Children	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 143,057	\$ 152,628	\$ 17,160	\$ 558,149
165	-	-	263
44,203	136,314	24,319	281,197
-	-	-	23,602
<u>\$ 187,425</u>	<u>\$ 288,942</u>	<u>\$ 41,479</u>	<u>\$ 863,211</u>
\$ 837	\$ -	\$ -	\$ 5,102
19,180	78,139	14,400	209,413
4,868	15,656	-	44,562
278	1,133	209	3,037
160,522	176,923	24,616	438,423
<u>185,685</u>	<u>271,851</u>	<u>39,225</u>	<u>700,537</u>
<u>44,203</u>	<u>136,314</u>	<u>24,319</u>	<u>204,836</u>
-	-	-	128,426
-	-	-	92,841
-	-	-	8,209
<u>(42,463)</u>	<u>(119,223)</u>	<u>(22,065)</u>	<u>(271,638)</u>
<u>(42,463)</u>	<u>(119,223)</u>	<u>(22,065)</u>	<u>(42,162)</u>
<u>\$ 187,425</u>	<u>\$ 288,942</u>	<u>\$ 41,479</u>	<u>\$ 863,211</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, 2016

	Food Service	Other Grants	District Managed Activity	Auxiliary Services
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ 412
Charges for services	609,654	-	-	-
Extracurricular	-	-	353,679	-
Other local revenues	-	-	11,675	-
Intergovernmental - state	10,352	-	-	363,990
Intergovernmental - federal	608,496	-	-	-
Total revenues	1,228,502	-	365,354	364,402
Expenditures:				
Current:				
Instruction:				
Regular	-	26,582	-	-
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	281	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	14,379
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,319,312	-	-	-
Other non-instructional services	22,069	-	-	240,394
Extracurricular activities	-	-	403,194	-
Total expenditures	1,341,381	26,863	403,194	254,773
Excess of revenues over (under) expenditures	(112,879)	(26,863)	(37,840)	109,629
Other financing sources:				
Transfers in	118,765	-	50,498	-
Net change in fund balances	5,886	(26,863)	12,658	109,629
Fund balances (deficits)				
at beginning of year	(93,773)	35,072	80,183	18,797
Fund balances (deficits) at end of year	\$(87,887)	\$ 8,209	\$ 92,841	\$ 128,426

<u>Data Communication</u>	<u>Miscellaneous State Grants</u>	<u>IDEA Part B Grants</u>	<u>Title III Limited English Proficiency</u>	<u>Title I Disadvantaged Children</u>	<u>Improving Teacher Quality</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,505	-	-
16,200	25,000	-	-	-	-
-	-	915,928	3,600	527,477	108,288
<u>16,200</u>	<u>25,000</u>	<u>915,928</u>	<u>8,105</u>	<u>527,477</u>	<u>108,288</u>
32,383	-	-	-	493,331	100,727
-	-	674,826	-	-	-
-	-	-	-	1,310	-
-	25,000	166,255	-	1,233	-
-	-	422	-	-	-
-	-	103,457	-	87,773	9,532
-	-	-	-	-	-
-	-	10,250	-	-	-
-	-	-	-	-	-
-	-	5,470	-	-	2,098
-	-	-	-	-	-
<u>32,383</u>	<u>25,000</u>	<u>960,680</u>	<u>-</u>	<u>583,647</u>	<u>112,357</u>
<u>(16,183)</u>	<u>-</u>	<u>(44,752)</u>	<u>8,105</u>	<u>(56,170)</u>	<u>(4,069)</u>
-	-	-	-	-	-
<u>(16,183)</u>	<u>-</u>	<u>(44,752)</u>	<u>8,105</u>	<u>(56,170)</u>	<u>(4,069)</u>
16,183	-	2,289	(8,105)	(63,053)	(17,996)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,463)</u>	<u>\$ -</u>	<u>\$ (119,223)</u>	<u>\$ (22,065)</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Total Nonmajor Special Revenue Funds
Revenues:	
From local sources:	
Earnings on investments	\$ 412
Charges for services	609,654
Extracurricular	353,679
Other local revenues	16,180
Intergovernmental - state	415,542
Intergovernmental - federal	2,163,789
Total revenues	3,559,256
Expenditures:	
Current:	
Instruction:	
Regular	653,023
Special	674,826
Other	1,310
Support services:	
Pupil	192,769
Instructional staff.	422
Administration	200,762
Fiscal.	14,379
Pupil transportation	10,250
Operation of non-instructional services:	
Food service operations.	1,319,312
Other non-instructional services	270,031
Extracurricular activities	403,194
Total expenditures	3,740,278
Excess of revenues over (under) expenditures	(181,022)
Other financing sources:	
Transfers in.	169,263
Net change in fund balances.	(11,759)
Fund balances (deficits)	
at beginning of year	(30,403)
Fund balances (deficits) at end of year	\$ (42,162)

**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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Food Service Fund</u>			
Total revenues and other financing sources	\$ 1,357,000	\$ 1,258,289	\$ (98,711)
Total expenditures and other financing uses	<u>1,258,630</u>	<u>1,258,630</u>	<u>-</u>
Net change in fund balance	98,370	(341)	(98,711)
Fund balance at beginning of year	<u>341</u>	<u>341</u>	<u>-</u>
Fund balance at end of year	<u>\$ 98,711</u>	<u>\$ -</u>	<u>\$ (98,711)</u>
<u>Other Grants Fund</u>			
Total revenues and other financing sources	\$ 3,500	\$ -	\$ (3,500)
Total expenditures and other financing uses	<u>30,636</u>	<u>29,619</u>	<u>1,017</u>
Net change in fund balance	(27,136)	(29,619)	(2,483)
Fund balance at beginning of year	35,081	35,081	-
Prior year encumbrances appropriated	<u>375</u>	<u>375</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,320</u>	<u>\$ 5,837</u>	<u>\$ (2,483)</u>
<u>District Managed Activity Fund</u>			
Total revenues and other financing sources	\$ 356,288	\$ 416,096	\$ 59,808
Total expenditures and other financing uses	<u>494,087</u>	<u>420,051</u>	<u>74,036</u>
Net change in fund balance	(137,799)	(3,955)	133,844
Fund balance at beginning of year	63,929	63,929	-
Prior year encumbrances appropriated	<u>16,382</u>	<u>16,382</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (57,488)</u>	<u>\$ 76,356</u>	<u>\$ 133,844</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Auxiliary Services Fund</u>			
Total revenues and other financing sources	\$ 395,218	\$ 364,402	\$ (30,816)
Total expenditures and other financing uses	<u>388,805</u>	<u>317,497</u>	<u>71,308</u>
Net change in fund balance	6,413	46,905	40,492
Fund balance at beginning of year	3,574	3,574	-
Prior year encumbrances appropriated	<u>20,786</u>	<u>20,786</u>	<u>-</u>
Fund balance at end of year	<u>\$ 30,773</u>	<u>\$ 71,265</u>	<u>\$ 40,492</u>
<u>Data Communication Fund</u>			
Total revenues and other financing sources	\$ 32,383	\$ 16,200	\$ (16,183)
Total expenditures and other financing uses	<u>32,383</u>	<u>32,383</u>	<u>-</u>
Net change in fund balance	-	(16,183)	(16,183)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>16,183</u>	<u>16,183</u>	<u>-</u>
Fund balance at end of year	<u>\$ 16,183</u>	<u>\$ -</u>	<u>\$ (16,183)</u>
<u>Miscellenaous State Grants Fund</u>			
Total revenues and other financing sources	\$ 25,000	\$ 25,000	\$ -
Total expenditures and other financing uses	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>IDEA Part B Grants Fund</u>			
Total revenues and other financing sources	\$ 1,075,507	\$ 1,076,450	\$ 943
Total expenditures and other financing uses	<u>1,106,120</u>	<u>972,140</u>	<u>133,980</u>
Net change in fund balance	(30,613)	104,310	134,923
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>30,613</u>	<u>30,613</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 134,923</u></u>	<u><u>\$ 134,923</u></u>
<u>Title III Limited English Proficiency Fund</u>			
Total revenues and other financing sources	\$ 4,585	\$ 3,600	\$ (985)
Total expenditures and other financing uses	<u>1,648</u>	<u>4,585</u>	<u>(2,937)</u>
Net change in fund balance	2,937	(985)	(3,922)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>985</u>	<u>985</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 3,922</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,922)</u></u>
<u>Title I Disadvantaged Children Fund</u>			
Total revenues and other financing sources	\$ 690,964	\$ 704,400	\$ 13,436
Total expenditures and other financing uses	<u>714,392</u>	<u>606,685</u>	<u>107,707</u>
Net change in fund balance	(23,428)	97,715	121,143
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>50,036</u>	<u>50,036</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 26,608</u></u>	<u><u>\$ 147,751</u></u>	<u><u>\$ 121,143</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Improving Teacher Quality Fund</u>			
Total revenues and other financing sources	\$ 130,731	\$ 132,904	\$ 2,173
Total expenditures and other financing uses	<u>132,323</u>	<u>120,107</u>	<u>12,216</u>
Net change in fund balance	(1,592)	12,797	14,389
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>1,516</u>	<u>1,516</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (76)</u>	<u>\$ 14,313</u>	<u>\$ 14,389</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments	\$ 228,225	\$ 374,145	\$ 602,370
Receivables:			
Taxes	538,904	-	538,904
Total assets.	\$ 767,129	\$ 374,145	\$ 1,141,274
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	\$ 401,067	\$ -	\$ 401,067
Delinquent property tax revenue not available.	12,654	-	12,654
Total deferred inflows of resources	413,721	-	413,721
Fund balances:			
Restricted:			
Capital improvements.	-	322,145	322,145
Committed:			
Capital improvements.	353,408	52,000	405,408
Total fund balances	353,408	374,145	727,553
Total liabilities, deferred inflows of resources and fund balances	\$ 767,129	\$ 374,145	\$ 1,141,274

**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, 2016

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Taxes	\$ 531,125	\$ -	\$ 531,125
Intergovernmental - intermediate	317	-	317
Intergovernmental - state	79,337	-	79,337
Total revenues	610,779	-	610,779
Expenditures:			
Current:			
Instruction:			
Regular	80,525	-	80,525
Vocational	6,487	-	6,487
Support services:			
Fiscal	7,866	-	7,866
Operations and maintenance	48,086	-	48,086
Facilities acquisition and construction	283,441	3,425,240	3,708,681
Debt service:			
Principal retirement	190,000	-	190,000
Interest and fiscal charges	39,969	-	39,969
Bond issuance cost	-	37,500	37,500
Total expenditures	656,374	3,462,740	4,119,114
Excess of expenditures over revenues	(45,595)	(3,462,740)	(3,508,335)
Other financing sources:			
Transfers in	-	26,000	26,000
Sale of bonds	-	3,784,885	3,784,885
Total other financing sources	-	3,810,885	3,810,885
Net change in fund balances	(45,595)	348,145	302,550
Fund balances at beginning of year	399,003	26,000	425,003
Fund balances at end of year	\$ 353,408	\$ 374,145	\$ 727,553

**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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Permanent Improvement Fund</u>			
Total revenues and other financing sources	\$ 671,406	\$ 607,546	\$ (63,860)
Total expenditures and other financing uses	<u>886,072</u>	<u>697,247</u>	<u>188,825</u>
Net change in fund balance	(214,666)	(89,701)	124,965
Fund balance at beginning of year	25,841	25,841	-
Prior year encumbrances appropriated	<u>252,685</u>	<u>252,685</u>	<u>-</u>
Fund balance at end of year	<u>\$ 63,860</u>	<u>\$ 188,825</u>	<u>\$ 124,965</u>
<u>Building Fund</u>			
Total revenues and other financing sources	\$ 3,747,385	\$ 3,773,385	\$ 26,000
Total expenditures and other financing uses	<u>3,799,385</u>	<u>3,747,385</u>	<u>52,000</u>
Net change in fund balance	(52,000)	26,000	78,000
Fund balance at beginning of year	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (26,000)</u>	<u>\$ 52,000</u>	<u>\$ 78,000</u>

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

FIDUCIARY FUND DESCRIPTIONS

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust and agency funds. Private purpose 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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results

Private Purpose Trust Fund

Scholarship Trust

Section 5705.09, Revised Code

A fund provided to account for monies set aside from endowments for scholarships for students enrolled in the District. The principal and income from such a fund may be expended.

Agency Funds

District Agency

Section 5705.12, Revised Code

A fund provided to account for monies for Ohio High School Athletic Association (OHSAA) tournaments.

Student Managed Activity

Section 3313.062, Revised Code

A fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Scholarship</u>			
Total revenues and other financing sources	\$ 4,800	\$ 293	\$ (4,507)
Total expenditures and other financing uses	<u>9,591</u>	<u>1,125</u>	<u>8,466</u>
Net change in fund balance	(4,791)	(832)	3,959
Fund balance at beginning of year	<u>4,791</u>	<u>4,791</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,959</u>	<u>\$ 3,959</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>District Agency</u>	<u>Beginning Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2016</u>
Assets:				
Equity in pooled cash and investments.	\$ 238	\$ 61,851	\$ 62,043	\$ 46
Liabilities:				
Accounts payable	\$ 150	\$ -	\$ 150	\$ -
Intergovernmental payable.	58	-	58	-
Due to students	30	61,851	61,835	46
Total liabilities.	<u>\$ 238</u>	<u>\$ 61,851</u>	<u>\$ 62,043</u>	<u>\$ 46</u>
<u>Student Managed Activities</u>				
Assets:				
Equity in pooled cash and investments.	\$ 111,624	\$ 246,457	\$ 237,422	\$ 120,659
Receivables				
Accounts	930	11,078	930	11,078
Total assets	<u>\$ 112,554</u>	<u>\$ 257,535</u>	<u>\$ 238,352</u>	<u>\$ 131,737</u>
Liabilities:				
Accounts payable	\$ 258	\$ 401	\$ 258	\$ 401
Loans payable.	-	1,071	-	1,071
Due to students	112,296	256,063	238,094	130,265
Total liabilities.	<u>\$ 112,554</u>	<u>\$ 257,535</u>	<u>\$ 238,352</u>	<u>\$ 131,737</u>
<u>Total - All Agency Funds</u>				
Assets:				
Equity in pooled cash and investments.	\$ 111,862	\$ 308,308	\$ 299,465	\$ 120,705
Receivables				
Accounts	930	11,078	930	11,078
Total assets	<u>\$ 112,792</u>	<u>\$ 319,386</u>	<u>\$ 300,395</u>	<u>\$ 131,783</u>
Liabilities:				
Accounts payable	\$ 408	\$ 401	\$ 408	\$ 401
Intergovernmental payable.	58	-	58	-
Loans payable.	-	1,071	-	1,071
Due to students	112,326	317,914	299,929	130,311
Total liabilities.	<u>\$ 112,792</u>	<u>\$ 319,386</u>	<u>\$ 300,395</u>	<u>\$ 131,783</u>

STATISTICAL SECTION

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

STATISTICAL SECTION

This part of the Stow-Munroe Falls 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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	104-117
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	118-125
Debt Capacity 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.	126-129
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	130-131
Operating Information 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.	132-144

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

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2016</u>	<u>2015</u>	<u>2014 (1)</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 14,348,345	\$ 14,150,823	\$ 13,694,422	\$ 13,010,519
Restricted	225,039	185,245	217,986	116,936
Unrestricted (deficit)	(50,718,948)	(51,922,600)	(56,182,134)	15,369,460
Total governmental activities net position	<u>\$ (36,145,564)</u>	<u>\$ (37,586,532)</u>	<u>\$ (42,269,726)</u>	<u>\$ 28,496,915</u>

Source: School District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 68 and 71 which was implemented in 2015.

2012	2011	2010	2009	2008	2007
\$ 13,352,253	\$ 13,326,998	\$ 13,043,385	\$ 13,665,567	\$ 14,413,341	\$ 14,594,908
201,134	429,712	1,576,925	1,408,917	977,417	1,261,715
11,864,381	9,166,294	7,177,691	5,290,670	2,790,531	508,072
<u>\$ 25,417,768</u>	<u>\$ 22,923,004</u>	<u>\$ 21,798,001</u>	<u>\$ 20,365,154</u>	<u>\$ 18,181,289</u>	<u>\$ 16,364,695</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 27,939,539	\$ 27,052,752	\$ 26,142,430	\$ 24,059,541	\$ 24,818,358
Special	6,849,397	6,956,911	6,275,524	5,059,066	4,578,782
Vocational	1,998,781	1,972,573	1,927,610	1,947,538	1,594,810
Adult/continuing	-	-	-	-	-
Other instructional	177,133	223,883	154,966	154,464	795,323
Support services:					
Pupil	3,868,484	3,872,314	3,333,198	3,236,206	2,924,738
Instructional staff	1,248,109	988,923	562,413	2,685,844	2,099,634
Board of education	527,289	522,732	692,639	748,634	554,243
Administration	3,408,342	3,110,141	3,008,993	3,118,716	3,386,624
Fiscal	1,305,665	962,132	1,288,905	1,323,704	1,472,498
Business	249,733	251,158	155,361	66,133	80,341
Operations and maintenance	5,321,944	5,528,552	5,482,826	5,138,022	5,042,203
Pupil transportation	3,074,708	3,100,765	3,133,486	3,374,244	3,412,539
Central	921,569	775,673	625,585	496,342	616,663
Operation of non-instructional services:					
Food service operations	1,325,315	1,360,657	1,339,638	1,380,094	1,269,711
Other non-instructional services	271,661	458,375	252,098	475,514	351,300
Extracurricular activities	1,462,393	1,388,292	1,337,472	1,235,215	1,201,505
Interest and fiscal charges	237,386	103,097	99,211	155,073	120,443
Total governmental activities expenses	<u>60,187,448</u>	<u>58,628,930</u>	<u>55,812,355</u>	<u>54,654,350</u>	<u>54,319,715</u>

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 26,866,739	\$ 25,754,244	\$ 25,179,398	\$ 24,485,458	\$ 23,550,656
5,529,916	5,128,781	4,852,659	4,473,031	4,427,824
1,602,735	1,625,972	1,596,146	1,715,572	1,458,317
-	-	4,031	14,550	-
265,404	338,078	320,688	299,228	902,031
3,048,577	3,072,569	3,053,622	3,127,951	3,332,745
2,366,096	2,416,922	2,507,581	2,552,978	2,829,699
373,274	232,490	422,215	460,799	310,104
3,591,133	3,217,318	2,818,083	2,775,102	2,815,201
1,304,844	1,198,534	1,320,751	1,172,084	1,098,441
47,052	151,624	468,037	552,982	536,163
5,327,855	5,304,788	5,557,031	5,130,426	5,282,427
3,105,971	3,273,312	3,283,900	3,117,758	2,995,031
632,010	652,505	610,594	843,101	762,104
1,313,065	1,264,556	1,241,668	1,296,565	1,343,765
338,433	441,929	422,399	470,651	619,682
1,240,678	1,135,002	1,149,187	1,236,766	1,374,551
130,192	139,186	159,358	243,867	172,551
<u>57,083,974</u>	<u>55,347,810</u>	<u>54,967,348</u>	<u>53,968,869</u>	<u>53,811,292</u>

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

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Program revenues					
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 2,467,329	\$ 2,125,820	\$ 2,034,037	\$ 2,049,382	\$ 1,811,441
Special	492,529	447,777	521,276	338,608	327,324
Vocational	60,592	88,475	55,177	49,864	38,893
Support services:					
Pupil	140,627	171,893	140,218	192,501	190,827
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	-
Fiscal	14,379	15,366	14,347	27,210	-
Operations and maintenance	10,200	19,890	16,320	23,460	41,195
Pupil transportation	-	-	-	291	-
Central	3,508	2,369	2,337	2,991	-
Operation of non-instructional services:					
Food service operations	609,654	580,683	602,992	633,766	713,955
Extracurricular activities	558,756	537,577	505,519	483,538	494,448
Operating grants and contributions:					
Instruction:					
Regular	576,687	655,642	634,806	664,432	798,440
Special	2,092,978	2,036,522	2,028,441	1,230,223	884,841
Vocational	138,105	126,079	117,572	177,447	209,996
Other	1,216	-	-	1,089	446
Support services:					
Pupil	189,351	194,143	222,823	332,383	358,576
Instructional staff	414	17,245	5,422	47,759	34,173
Board of education	-	-	-	-	-
Administration	192,726	89,675	83,536	109,908	124,917
Fiscal	-	12,473	20,345	-	-
Business	-	-	-	-	-
Operations and maintenance	-	-	-	-	-
Pupil transportation	158,957	148,322	197,444	136,893	134,896
Central	-	337	-	-	-
Operation of non-instructional services:					
Food service operations	618,848	610,452	575,798	573,306	568,104
Other non-instructional services	371,911	373,436	346,848	384,954	380,165
Extracurricular activities	10,710	10,402	15,410	13,035	15,843
Capital grants and contributions:					
Instruction:					
Regular	-	-	-	-	-
Support services:					
Pupil transportation	-	-	-	-	-
Extracurricular activities	-	-	600,000	-	-
Total governmental program revenues	<u>8,709,477</u>	<u>8,264,578</u>	<u>8,740,668</u>	<u>7,473,040</u>	<u>7,128,480</u>
Net (expense)/revenue					
Governmental activities	<u>\$ (51,477,971)</u>	<u>\$ (50,364,352)</u>	<u>\$ (47,071,687)</u>	<u>\$ (47,181,310)</u>	<u>\$ (47,191,235)</u>

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,926,730	\$ 1,984,041	\$ 1,365,821	\$ 1,087,083	\$ 839,577
209,189	117,609	96,972	348,941	20,500
44,822	44,198	57,737	53,723	22,046
212,279	43,076	189,973	214,314	232,209
-	-	1,369	775	9,335
14,531	13,062	27,639	-	-
-	-	-	-	-
54,068	38,544	33,745	73,830	61,247
-	300	-	-	-
-	4,526	-	-	21
747,688	802,499	858,272	901,262	911,688
493,060	445,534	444,695	334,418	230,786
2,031,721	1,332,549	625,316	537,366	425,668
1,542,287	1,698,101	1,344,323	1,222,890	1,675,276
174,634	244,135	220,108	145,909	201,025
89	45,721	37,437	-	-
467,883	460,528	444,033	309,381	345,341
65,660	36,906	69,007	144,486	160,467
47,486	9,099	-	-	8,009
226,268	175,658	200,813	168,013	185,361
-	-	-	-	-
-	-	-	-	932
15,526	-	1,693	-	-
184,639	144,884	122,077	127,122	163,999
201,954	207,437	34,040	27,000	27,000
547,844	493,221	393,384	348,810	318,072
380,579	412,923	425,336	528,674	554,006
15,625	16,385	1,776	-	115,792
-	-	-	53,339	-
-	-	65,104	86,629	60,033
-	-	-	-	-
<u>9,604,562</u>	<u>8,770,936</u>	<u>7,060,670</u>	<u>6,713,965</u>	<u>6,568,390</u>
<u>\$ (47,479,412)</u>	<u>\$ (46,576,874)</u>	<u>\$ (47,906,678)</u>	<u>\$ (47,254,904)</u>	<u>\$ (47,242,902)</u>

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

CHANGES IN NET POSITION (CONCLUDED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General revenues and other changes in net position					
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 34,302,020	\$ 36,357,109	\$ 37,316,788	\$ 31,408,886	\$ 30,625,517
Debt service	-	-	-	-	-
Capital outlay	532,275	565,319	583,514	492,005	526,388
Payments in lieu of taxes	218,504	190,233	162,867	212,345	219,623
Grants and entitlements not restricted to specific programs	17,389,770	17,676,902	17,425,497	17,926,791	18,068,848
Investment earnings	94,325	67,469	69,776	12,592	51,581
Miscellaneous	382,045	190,514	228,515	207,838	194,042
Total governmental activities	<u>52,918,939</u>	<u>55,047,546</u>	<u>55,786,957</u>	<u>50,260,457</u>	<u>49,685,999</u>
Change in net position					
Governmental activities	<u>\$ 1,440,968</u>	<u>\$ 4,683,194</u>	<u>\$ 8,715,270</u>	<u>\$ 3,079,147</u>	<u>\$ 2,494,764</u>

Source: School District financial records.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 29,094,194	\$ 28,256,878	\$ 29,435,567	\$ 28,667,429	\$ 29,939,799
-	-	153,580	378,895	634,047
593,938	575,728	594,342	570,303	346,716
62,280	19,242	125,406	-	-
18,641,456	19,148,037	19,385,420	18,755,169	17,957,172
60,285	107,693	261,203	640,953	734,831
152,262	104,937	135,025	58,749	115,255
<u>48,604,415</u>	<u>48,212,515</u>	<u>50,090,543</u>	<u>49,071,498</u>	<u>49,727,820</u>
<u>\$ 1,125,003</u>	<u>\$ 1,635,641</u>	<u>\$ 2,183,865</u>	<u>\$ 1,816,594</u>	<u>\$ 2,484,918</u>

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund:					
Nonspendable	\$ 53,716	\$ 54,756	\$ 86,938	\$ 92,255	\$ 105,247
Restricted	-	-	482,900	-	-
Committed	-	-	430,555	429,273	442,594
Assigned	26,806,189	26,802,898	25,076,078	17,444,284	14,432,065
Unassigned	2,257,698	1,669,036	277,275	93,094	-
Reserved	-	-	-	-	-
Unreserved (deficit)	-	-	-	-	-
Total general fund	<u>\$ 29,117,603</u>	<u>\$ 28,526,690</u>	<u>\$ 26,353,746</u>	<u>\$ 18,058,906</u>	<u>\$ 14,979,906</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ 48,501	\$ 22,377	\$ 62,999
Restricted	551,621	152,524	176,440	117,814	230,302
Committed	405,408	425,003	198,969	145,535	46,426
Unassigned (deficit)	(271,638)	(182,927)	(427,163)	(509,979)	(133,296)
Reserved	-	-	-	-	-
Unreserved (deficit), reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 685,391</u>	<u>\$ 394,600</u>	<u>\$ (3,253)</u>	<u>\$ (224,253)</u>	<u>\$ 206,431</u>

Source: School District financial records.

Note: The District implemented GASB Statement No. 54 in fiscal year 2011. Descriptions of the GASB Statement No. 54 fund balance classifications can be found in Note 1.M. of the basic financial statements. Prior to fiscal year 2011, fund balance was classified as either reserved or unreserved. Reserved fund balance indicates that portion of fund balance which is not available for current appropriation or is legally segregated for a specific use. Any fund balance not classified as reserved was classified as unreserved.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 104,719	\$ -	\$ -	\$ -	\$ -
248,223	-	-	-	-
161,805	-	-	-	-
809,688	-	-	-	-
10,950,302	-	-	-	-
-	4,588,028	3,947,840	2,731,642	3,021,818
-	7,160,057	5,157,387	3,281,668	1,611,392
<u>\$ 12,274,737</u>	<u>\$ 11,748,085</u>	<u>\$ 9,105,227</u>	<u>\$ 6,013,310</u>	<u>\$ 4,633,210</u>
\$ 91,344	\$ -	\$ -	\$ -	\$ -
262,387	-	-	-	-
341,017	-	-	-	-
(128,760)	-	-	-	-
-	618,720	473,295	714,893	803,864
-	(402,283)	65,836	204,163	355,740
-	1,924	166,443	110,968	210,285
<u>\$ 565,988</u>	<u>\$ 218,361</u>	<u>\$ 705,574</u>	<u>\$ 1,030,024</u>	<u>\$ 1,369,889</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues				
From local sources:				
Taxes	\$ 34,761,990	\$ 37,056,629	\$ 37,800,237	\$ 31,846,909
Tuition	2,839,801	2,524,352	2,419,670	2,264,406
Earnings on investments	88,912	62,579	71,305	13,180
Charges for services	609,654	580,683	602,992	633,766
Extracurricular	779,493	734,604	693,927	715,168
Classroom materials and fees	99,574	110,176	140,638	130,852
Other local revenues	652,484	434,604	385,932	512,302
Intergovernmental - intermediate	25,771	-	16,878	17,091
Intergovernmental - state	19,508,107	19,598,249	19,457,943	19,096,490
Intergovernmental - federal	2,214,318	2,407,232	2,220,334	2,156,211
Total revenues	<u>61,580,104</u>	<u>63,509,108</u>	<u>63,809,856</u>	<u>57,386,375</u>
Expenditures				
Current:				
Instruction:				
Regular	27,536,615	27,249,636	25,302,773	23,753,724
Special	6,911,073	7,130,031	6,242,464	5,111,623
Vocational	2,013,225	2,035,101	1,919,066	1,917,230
Adult/continuing	-	-	-	-
Other	179,549	225,734	155,476	191,042
Support services:				
Pupil	3,969,883	3,938,969	3,300,335	3,197,697
Instructional staff	1,236,376	1,100,215	544,525	2,652,464
Board of education	527,289	523,220	692,639	748,634
Administration	3,437,454	3,257,944	3,142,555	3,090,196
Fiscal	1,367,148	1,001,228	1,278,764	1,346,412
Business	250,545	222,909	155,361	66,133
Operations and maintenance	5,046,394	5,530,976	5,262,647	4,856,702
Pupil transportation	3,368,430	3,425,763	3,306,602	3,320,935
Central	950,134	766,149	659,912	491,715
Operation of non-instructional services:				
Food service operations	1,319,312	1,385,371	1,338,727	1,364,083
Other non-instructional services	270,031	506,928	262,181	476,630
Extracurricular activities	1,365,638	1,298,005	1,231,676	1,150,662
Facilities acquisitions and construction	4,378,013	810,950	838,481	629,977
Capital outlay	-	-	137,239	-
Debt service:				
Principal retirement	535,120	451,548	283,711	260,000
Interest and fiscal charges	197,964	111,142	104,302	112,200
Bond issuance costs	37,500	-	-	-
Total expenditures	<u>64,897,693</u>	<u>60,971,819</u>	<u>56,159,436</u>	<u>54,738,059</u>
Excess of revenues over (under) expenditures	\$ (3,317,589)	\$ 2,537,289	\$ 7,650,420	\$ 2,648,316

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	31,298,744	\$ 29,460,525	\$ 28,767,164	\$ 30,384,088	\$ 29,317,400	\$ 30,875,950
	2,032,784	1,978,965	1,770,239	1,267,229	1,249,518	685,399
	55,138	65,127	131,808	273,193	651,284	716,891
	713,955	747,688	802,499	858,272	901,262	911,688
	706,905	719,776	645,462	611,584	406,752	425,574
	119,302	175,738	174,922	183,904	183,795	172,174
	468,264	295,030	213,650	422,966	331,768	386,297
	14,885	15,337	20,855	24,748	28,578	-
	19,218,584	19,774,764	20,415,976	21,159,032	20,654,799	20,049,641
	2,230,180	4,997,913	3,890,920	2,020,049	1,747,793	2,005,425
	<u>56,858,741</u>	<u>58,230,863</u>	<u>56,833,495</u>	<u>57,205,065</u>	<u>55,472,949</u>	<u>56,229,039</u>
	24,457,635	26,353,173	25,165,939	24,432,390	23,988,547	22,768,780
	4,569,440	5,609,467	5,057,266	4,776,526	4,463,939	4,384,329
	1,602,463	1,594,424	1,624,270	1,635,991	1,705,596	1,467,657
	-	-	-	4,031	14,550	-
	768,323	270,997	332,204	326,512	296,984	900,478
	2,971,425	3,065,045	3,053,140	3,036,197	3,161,162	3,317,294
	2,074,556	2,446,433	2,423,157	2,490,848	2,592,951	2,815,881
	554,243	373,274	232,490	422,215	460,799	310,104
	3,387,935	3,595,432	3,148,750	2,781,284	2,831,147	2,808,089
	1,486,803	1,296,056	1,178,996	1,297,887	1,142,634	1,105,427
	80,341	61,971	162,635	489,492	552,632	548,016
	4,835,545	5,091,881	4,873,243	5,135,214	5,059,450	4,858,766
	3,241,301	3,187,402	3,070,792	3,100,653	3,255,461	2,869,203
	629,971	609,170	658,618	593,674	838,344	759,073
	1,261,373	1,299,824	1,237,292	1,229,437	1,275,691	1,338,914
	368,381	371,902	500,254	423,566	467,385	622,949
	1,121,540	1,159,404	1,101,773	1,114,396	1,095,834	1,211,090
	729,454	603,629	488,886	335,075	341,507	1,602,885
	-	-	-	-	-	-
	250,000	235,000	235,000	650,000	640,000	5,992,000
	122,400	132,100	141,500	162,210	258,452	196,329
	-	-	-	-	-	79,507
	<u>54,513,129</u>	<u>57,356,584</u>	<u>54,686,205</u>	<u>54,437,598</u>	<u>54,443,065</u>	<u>59,956,771</u>
\$	2,345,612	\$ 874,279	\$ 2,147,290	\$ 2,767,467	\$ 1,029,884	\$ (3,727,732)

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Other financing sources (uses)				
Transfers in	\$ 195,263	\$ 286,874	\$ 195,092	\$ 42,988
Transfers (out)	(195,263)	(286,874)	(195,092)	(42,988)
Sale of assets	-	33,498	-	-
Lease purchase transactions	414,408	-	865,430	-
Issuance of bonds	3,784,885	-	-	-
Premium on bonds sold	-	-	-	-
Issuance of notes	-	-	-	-
Total other financing sources (uses)	<u>4,199,293</u>	<u>33,498</u>	<u>865,430</u>	<u>-</u>
Net change in fund balances	<u>\$ 881,704</u>	<u>\$ 2,570,787</u>	<u>\$ 8,515,850</u>	<u>\$ 2,648,316</u>
Debt service as a percentage of noncapital expenditures	1.22%	0.95%	0.71%	0.69%

Source: School District financial records.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,298	\$ 3,743	\$ -	\$ 16,575	\$ 52,265	\$ 93,967
(1,298)	(3,743)	-	(16,575)	(52,265)	(93,967)
-	-	8,355	-	10,351	-
-	-	-	-	-	-
-	-	-	-	-	3,805,000
-	-	-	-	-	96,675
-	-	-	-	-	2,347,000
-	-	8,355	-	10,351	6,248,675
<u>\$ 2,345,612</u>	<u>\$ 874,279</u>	<u>\$ 2,155,645</u>	<u>\$ 2,767,467</u>	<u>\$ 1,040,235</u>	<u>\$ 2,520,943</u>
0.69%	0.65%	0.70%	1.50%	1.68%	10.57%

**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
2016	\$ 892,141,140	\$ 2,548,974,686	\$ -	\$ -	\$ 12,920,870	\$ 36,916,771
2015	889,054,420	2,540,155,486	-	-	12,025,570	34,358,771
2014	897,207,000	2,563,448,571	-	-	12,118,030	34,622,943
2013	895,089,670	2,557,399,057	-	-	11,016,110	31,474,600
2012	900,379,310	2,572,512,314	-	-	10,175,270	29,072,200
2011	980,064,930	2,800,185,514	-	-	9,174,500	26,212,857
2010	980,376,980	2,801,077,086	896,515	3,586,060	9,003,280	25,723,657
2009	968,320,290	2,766,629,400	1,912,955	7,651,820	8,363,990	23,897,114
2008	935,897,171	2,673,991,917	15,028,968	60,115,872	8,103,640	23,153,257
2007	914,974,050	2,614,211,571	38,891,955	155,567,820	11,754,660	33,584,743

Source: Summit County Fiscal 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			
Assessed Value	Estimated Actual Value	%	Total Direct Tax Rate
\$ 905,062,010	\$ 2,585,891,457	35.00%	\$ 53.58
901,079,990	2,574,514,257	35.00%	53.66
909,325,030	2,598,071,514	35.00%	53.47
906,105,780	2,588,873,657	35.00%	53.55
910,554,580	2,601,584,514	35.00%	53.24
989,239,430	2,826,398,371	35.00%	45.05
990,276,775	2,830,386,803	34.99%	45.15
978,597,235	2,798,178,334	34.97%	45.49
959,029,779	2,757,261,046	34.78%	45.93
965,620,665	2,803,364,134	34.45%	45.62

**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**

Tax Year/ Collection Year	Overlapping Rates						
	Summit County	Portage County	City of Stow	City of Munroe Falls	City of Hudson	City of Cuyahoga Falls	City of Tallmadge
2015/2016	\$ 14.16	\$ 13.62	\$ 9.50	\$ 3.20	\$ 6.56	\$ 11.00	\$ 6.15
2014/2015	14.16	13.62	9.50	3.20	6.62	11.00	6.15
2013/2014	14.16	13.62	9.50	7.45	6.59	11.00	6.15
2012/2013	14.16	13.62	9.50	7.53	6.64	11.00	6.15
2011/2012	14.16	13.62	9.50	7.50	6.80	11.00	6.15
2010/2011	14.16	13.62	9.50	7.40	7.22	11.00	6.15
2009/2010	14.16	13.62	9.50	7.40	7.07	11.00	6.15
2008/2009	14.16	13.62	9.50	7.47	7.17	11.00	6.15
2007/2008	14.26	13.62	9.50	7.43	7.28	11.00	6.15
2006/2007	14.57	13.62	9.50	7.86	6.92	11.00	6.15

Source: Summit County Fiscal Office

Overlapping Rates (continued)				Direct Rates			
Franklin Township	Portage County Health District	Portage County Park District	Stow-Munroe Falls Public Library	Voted		Unvoted	Total
				General	Bond		
\$ 10.27	\$ 0.40	\$ 0.50	\$ 2.00	\$ 48.18	\$ -	\$ 5.40	\$ 53.58
10.27	0.40	0.50	2.00	48.26	-	5.40	53.66
10.27	0.40	-	2.00	48.07	-	5.40	53.47
10.27	0.40	-	2.00	48.15	-	5.40	53.55
10.27	0.40	-	2.00	47.84	-	5.40	53.24
10.27	0.40	-	2.00	39.65	-	5.40	45.05
10.27	0.40	-	1.00	39.75	-	5.40	45.15
10.27	0.40	-	1.00	40.09	-	5.40	45.49
10.27	0.40	-	1.00	40.09	0.44	5.40	45.93
10.27	0.40	-	1.00	39.80	0.42	5.40	45.62

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

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2015 AND DECEMBER 31, 2006

December 31, 2015			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Ohio Edison	\$ 8,892,660	1	0.98%
DDR Ohio Opportunity II LLC	8,548,670	2	0.94%
Wyndham Ridge LTD	7,813,920	3	0.86%
Heron Springs Associates LLC	6,962,400	4	0.77%
JVM Hidden Lake Apartments LLC	4,410,020	5	0.49%
Stow-Glen Properties LLC	4,347,830	6	0.48%
Bemis Company, Inc.	4,172,120	7	0.46%
Walmart Real Estate Business Trust	3,408,930	8	0.38%
Stow Associates	3,331,690	9	0.37%
Steels Corners Apartment Co. LTD	3,149,270	10	0.35%
Total	\$ 55,037,510		6.08%

December 31, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Heron Springs Associates LLC	\$ 8,382,140	1	0.87%
Wyndham Ridge LTD	7,843,490	2	0.81%
DDR Ohio Opportunity II LLC	6,670,820	3	0.69%
Ohio Edison	5,926,950	4	0.61%
Marcliff Hidden Lake Apartments Limited	4,653,450	5	0.48%
Stow-Glen Properties LLC	4,606,350	6	0.48%
Morgan Adhesive Co.	4,313,840	7	0.45%
Steels Corners Apartment Co. LTD	4,276,430	8	0.44%
SFC Enterprises LTD	2,760,630	9	0.29%
Walmart Real Estate Business Trust	2,547,290	10	0.26%
Total	\$ 51,981,390		5.38%

Source: Summit County Fiscal Office

Note: Information is available on a calendar year basis only.

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

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2015/2016	\$ 38,785,449	\$ 788,712	\$ 39,574,161	\$ 37,996,737	97.97%
2014/2015	38,789,537	1,000,266	39,789,803	37,789,271	97.42%
2013/2014	38,715,152	895,424	39,610,576	37,819,728	97.69%
2012/2013	38,548,634	1,511,603	40,060,237	37,037,032	96.08%
2011/2012	32,458,789	1,292,514	33,751,303	31,166,275	96.02%
2010/2011	32,593,674	1,027,241	33,620,915	31,566,433	96.85%
2009/2010	32,385,217	938,227	33,323,444	31,446,990	97.10%
2008/2009	32,592,041	925,526	33,517,567	31,666,516	97.16%
2007/2008	32,843,109	933,518	33,776,627	31,909,592	97.16%
2006/2007	33,277,434	776,598	34,054,032	32,500,835	97.67%

Source: Summit County Fiscal Office

Note: Delinquent tax collections are available only by collection year; therefore, the percentage of total tax collections to the current levy may exceed 100 percent in some years. The District will continue to work with the Summit County Fiscal Office to get this information in the future.

	Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
\$	1,183,408	\$ 39,180,145	99.00%
	658,589	38,447,860	96.63%
	1,477,855	39,297,583	99.21%
	1,556,332	38,593,364	96.34%
	780,964	31,947,239	94.65%
	701,626	32,268,059	95.98%
	793,929	32,240,919	96.75%
	1,137,363	32,803,879	97.87%
	730,891	32,640,483	96.64%
	449,506	32,950,341	96.76%

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

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

Fiscal Year	Governmental Activities			(a) Total Primary Government	(b) Per Capita	(b) Percentage of Personal Income	(b) Per ADM
	General Obligation Bonds	Energy Conservation Bonds	Lease- Purchase Obligations				
2016	\$ 1,570,105	\$ 3,784,885	\$ 849,459	\$ 6,204,449	178	0.555%	\$ 1,244
2015	1,871,586	-	675,171	2,546,757	73	0.234%	489
2014	2,158,067	-	846,719	3,004,786	86	0.277%	563
2013	2,429,548	-	-	2,429,548	70	0.207%	450
2012	2,696,029	-	-	2,696,029	77	0.253%	491
2011	2,952,510	-	-	2,952,510	85	0.278%	521
2010	3,193,991	-	-	3,193,991	94	0.292%	580
2009	3,435,472	-	-	3,435,472	101	0.265%	623
2008	4,091,953	-	-	4,091,953	118	0.324%	728
2007	4,738,434	-	-	4,738,434	138	0.401%	799

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**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
	General Obligation Bonds	Debt Service Available Balance	Net Bonded Debt		
2016	\$ 1,570,105	\$ -	\$ 1,570,105	0.17%	\$ 45
2015	1,871,586	-	1,871,586	0.21%	54
2014	2,158,067	-	2,158,067	0.24%	62
2013	2,429,548	-	2,429,548	0.27%	70
2012	2,696,029	-	2,696,029	0.30%	77
2011	2,952,510	-	2,952,510	0.30%	85
2010	3,193,991	-	3,193,991	0.32%	94
2009	3,435,472	-	3,435,472	0.35%	101
2008	4,091,953	236,139	3,855,814	0.40%	112
2007	4,738,434	346,911	4,391,523	0.45%	128

Source: District financial records.

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, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Stow-Munroe City School District	\$ 6,204,449	100.00%	\$ 6,204,449
Overlapping debt:			
Summit County	32,420,000	7.88%	2,554,696
Portage County	17,841,386	0.11%	19,626
City of Cuyahoga Falls	1,630,000	0.26%	4,238
City of Hudson	34,245,750	0.38%	130,134
City of Tallmadge	8,415,000	0.02%	1,683
City of Stow	19,970,000	100.00%	19,970,000
City of Munroe Falls	420,000	99.38%	417,396
Total overlapping debt	<u>114,942,136</u>		<u>23,097,773</u>
Total direct and overlapping debt	<u>\$ 121,146,585</u>		<u>\$ 29,302,222</u>

Source: Ohio Municipal Advisory Council

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

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Unvoted Debt Limit	Voted Debt Limit	Total Debt Applicable to Limit	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2016	\$ 905,062	\$ 81,455,581	\$ 1,535,000	\$ -	\$ 1,535,000	\$ 79,920,581	1.88%
2015	901,080	81,097,199	1,830,000	-	1,830,000	79,267,199	2.26%
2014	909,325	81,839,253	2,110,000	-	2,110,000	79,729,253	2.58%
2013	906,106	81,549,520	2,375,000	-	2,375,000	79,174,520	2.91%
2012	910,555	81,949,912	2,635,000	-	2,635,000	79,314,912	3.22%
2011	989,239	89,031,549	2,885,000	-	2,885,000	86,146,549	3.24%
2010	990,277	89,044,149	3,120,000	-	3,120,000	85,924,149	3.50%
2009	978,597	87,898,539	3,355,000	-	3,355,000	84,543,539	3.82%
2008	959,030	84,952,077	4,005,000	236,139	3,768,861	81,183,216	4.44%
2007	965,621	86,905,860	4,645,000	346,911	4,298,089	82,607,771	4.95%

Source: Summit County Fiscal Office and District financial records

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

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

Note: Beginning in fiscal year 2007, the amount of assessed valuation for railroad and telephone personal property has been excluded from the debt margin calculation.

Note: Total debt applicable to limit does not include premiums.

**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>
2016	34,797	\$ 32,098	\$ 1,116,914,106	39.7	4,987	4.9%	5.0%	4.9%
2015	34,768	31,267	1,087,091,056	39.7	5,207	5.0%	5.2%	5.3%
2014	34,768	31,241	1,086,187,088	39.7	5,336	5.5%	5.5%	6.1%
2013	34,674	33,789	1,171,599,786	39.7	5,402	7.1%	7.2%	7.6%
2012	34,837	30,633	1,067,161,821	39.7	5,486	7.1%	7.2%	8.2%
2011	34,837	30,521	1,063,260,077	39.7	5,666	8.7%	8.8%	9.2%
2010	33,873	32,274	1,093,217,202	36.9	5,507	10.4%	10.5%	9.5%
2009	34,051	38,060	1,295,981,060	36.9	5,517	10.5%	11.2%	9.7%
2008	34,550	36,596	1,264,391,800	36.9	5,617	6.2%	6.6%	5.9%
2007	34,335	34,395	1,180,952,325	36.9	5,927	5.1%	5.9%	4.7%

Sources:

- (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 NINE YEARS AGO**

Employer	December 31, 2015		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	620	1	3.46%
Akron General Health & Wellness Center	250	2	1.40%
NMG Aerospace	239	3	1.34%
City of Stow	232	4	1.30%
Matco Tools Corporation	190	5	1.06%
J.D. Clunk & Associates	174	6	0.97%
Anderson International	130	7	0.73%
Audio Technica	105	8	0.59%
Wrayco Industries, Inc.	92	9	0.51%
MACTac - Morgan Adhesives	90	10	0.50%
Total	2,122		11.86%
Total City Employment	17,900		

Employer	December 31, 2006		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	699	1	3.66%
MACTac - Morgan Adhesives	365	2	1.91%
Matco Tools Corporation	250	3	1.31%
Wrayco Industries Inc	250	4	1.31%
City of Stow	225	5	1.18%
National Machine	184	6	0.96%
Centimark Corporation	126	7	0.66%
Audio Technica	110	8	0.58%
Interplan Health Group	100	9	0.52%
GOJO Industries Inc.	84	10	0.44%
Total	2,393		12.53%
Total City Employment	19,100		

Source: City of Stow

Note: Information is available on a calendar year basis only.

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

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

<u>Type</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Professional staff:						
Teaching staff:						
Elementary	112	109	99	99	103	109
Intermediate	48	49	47	47	46	47
Middle	43	44	42	43	43	52
High	99	99	100	99	101	101
Tutors	20	18	18	17	17	16
Librarians	3	3	3	3	3	4
Others	7	6	3	3	3	2
Administration:						
District	28	28	27	27	28	28
Board members	5	5	5	5	5	5
Auxiliary positions:						
Counselors	10	9	9	9	9	9
Speech	5	5	5	5	5	5
Mental health specialists	5	5	5	5	5	5
Support staff:						
Secretarial	33	33	33	33	33	33
Aides	51	40	44	45	45	47
Hall monitor/security	5	7	7	7	7	7
Cooks	17	17	17	17	17	17
Custodial	36	36	36	37	37	37
Maintenance	8	8	8	8	8	8
Bus driver	32	31	32	34	34	34
Mechanics	4	4	4	4	4	4
Extracurricular	281	265	261	244	244	257
Total	<u>852</u>	<u>821</u>	<u>805</u>	<u>791</u>	<u>797</u>	<u>827</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
116	116	122	120
44	47	60	48
51	55	54	55
101	106	113	100
17	12	18	17
4	4	8	4
2	2	2	1
28	28	29	30
5	5	5	5
9	9	11	10
5	5	6	5
5	5	5	5
36	38	41	41
33	50	56	57
25	18	20	18
15	27	19	18
34	37	41	37
8	8	13	14
27	39	35	36
3	5	4	4
<u>272</u>	<u>268</u>	<u>262</u>	<u>287</u>
<u>840</u>	<u>884</u>	<u>924</u>	<u>912</u>

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

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

Function	2016	2015	2014	2013	2012	2011
Instruction:						
Regular	261	256	232	231	236	265
Special	73	64	41	42	42	53
Vocational	14	15	14	15	14	11
Other	24	22	22	21	21	21
Support services:						
Pupil	34	32	31	31	32	36
Instructional staff	10	9	44	43	43	55
Administration	41	45	48	49	50	41
Fiscal	6	6	7	7	7	7
Business	2	2	-	-	-	2
Operations and maintenance	64	64	64	63	66	44
Pupil transportation	42	41	41	45	42	35
Extracurricular activities	281	265	261	244	244	257
Total governmental activities	<u>852</u>	<u>821</u>	<u>805</u>	<u>791</u>	<u>797</u>	<u>827</u>

Source: School District records

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
265	286	317	229
56	39	42	39
12	15	16	14
21	21	24	39
36	37	40	43
60	77	76	112
41	41	42	35
7	7	7	5
2	2	3	-
44	44	48	69
35	49	40	40
<u>261</u>	<u>266</u>	<u>269</u>	<u>287</u>
<u>840</u>	<u>884</u>	<u>924</u>	<u>912</u>

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

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

Function	2016	2015	2014	2013	2012
Instruction:					
Regular and special					
Enrollment (students)	4,987	5,207	5,336	5,402	5,486
Graduates	N/A	426	421	447	463
Support services:					
Board of education					
Regular meetings per year	N/A	20	17	20	21
Special meetings per year	N/A	24	8	3	11
Administration					
Student attendance rate	95.4%	95.8%	95.7%	95.7%	95.8%
Fiscal					
Nonpayroll checks issued	N/A	5,362	5,224	5,314	5,026
Operations and maintenance					
Work orders completed	N/A	1,354	N/A	2,964	2,353
Square footage maintained	760,409	760,409	760,409	760,409	760,409
Pupil transportation					
Avg. students transported daily	N/A	2,855	2,855	2,943	2,769
Food service operations:					
Meals served to students	N/A	314,380	308,579	328,217	369,316
Percentage of students receiving reduced cost or free lunches	N/A	22.0%	22.7%	22.0%	22.0%

Source: District records

N/A = information not available.

2011	2010	2009	2008	2007
5,666 443	5,507 465	5,517 456	5,617 466	5,927 460
20 12	17 14	20 10	24 29	20 52
95.5%	95.3%	95.4%	95.5%	96.1%
5,340	5,145	5,286	5,443	5,868
2,733	3,008	3,005	3,010	3,000
760,409	760,409	760,409	760,409	760,409
3,731	2,757	4,005	4,005	4,344
363,678	341,453	317,884	313,654	320,200
21.0%	20.0%	16.6%	14.5%	12.2%

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

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities:				
Land	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
Land improvements	2,490,386	2,694,538	2,868,465	2,397,681
Buildings and improvements	12,499,593	9,026,515	8,926,870	9,242,466
Furniture, fixtures and equipment	2,379,212	2,371,195	2,074,449	1,806,741
Vehicles	2,297,543	2,041,417	1,782,649	1,601,154
Construction in progress	-	-	186,064	-
Total governmental activities capital assets, net	<u>\$ 20,230,649</u>	<u>\$ 16,697,580</u>	<u>\$ 16,402,412</u>	<u>\$ 15,611,957</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2012	2011	2010	2009	2008	2007
\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
2,364,857	2,025,621	1,823,364	1,121,641	1,113,416	849,451
9,470,610	9,829,990	10,374,976	12,547,638	13,294,731	12,473,045
1,946,034	2,061,599	1,758,690	623,141	704,982	844,283
1,652,674	1,798,383	1,716,431	2,244,704	2,326,738	2,304,370
-	-	-	-	-	1,381,436
<u>\$ 15,998,090</u>	<u>\$ 16,279,508</u>	<u>\$ 16,237,376</u>	<u>\$ 17,101,039</u>	<u>\$ 18,003,782</u>	<u>\$ 18,416,500</u>

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Echo Hills Elementary (1963)					
Square feet	38,285	38,285	38,285	38,285	38,285
Capacity (students)	550	550	550	550	550
Enrollment	296	295	322	310	323
Fishcreek Elementary (1960)					
Square feet	32,153	32,153	32,153	32,153	32,153
Capacity (students)	500	500	500	500	500
Enrollment	326	342	381	362	346
Highland Elementary (1938)					
Square feet	33,324	33,324	33,324	33,324	33,324
Capacity (students)	500	500	500	500	500
Enrollment	297	304	314	322	349
Indian Trail Elementary (1969)					
Square feet	41,600	41,600	41,600	41,600	41,600
Capacity (students)	500	500	500	500	500
Enrollment	333	310	358	374	347
Riverview Elementary (1954)					
Square feet	23,277	23,277	23,277	23,277	23,277
Capacity (students)	575	575	575	575	575
Enrollment	261	267	244	274	280
Woodland Elementary (1954)					
Square feet	23,277	23,277	23,277	23,277	23,277
Capacity (students)	525	525	525	525	525
Enrollment	264	269	270	296	320
Lakeview Intermediate (1959)					
Square feet	178,882	178,882	178,882	178,882	178,882
Capacity (students)	1,050	1,050	1,050	1,050	1,050
Enrollment	743	782	802	809	870
Kimpton Middle School (1970)					
Square feet	117,500	117,500	117,500	117,500	117,500
Capacity (students)	1,125	1,125	1,125	1,125	1,125
Enrollment	817	819	871	871	845
High School (1987)					
Square feet	254,514	254,514	254,514	254,514	254,514
Capacity (students)	2,050	2,050	2,050	2,050	2,050
Enrollment	1,650	1,819	1,774	1,784	1,806
Central office (1996)					
Square feet	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

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.

2011	2010	2009	2008	2007
38,285	38,285	38,285	38,285	38,285
550	550	550	550	550
365	354	354	364	408
32,153	32,153	32,153	32,153	32,153
500	500	500	500	500
363	356	357	377	386
33,324	33,324	33,324	33,324	33,324
500	500	500	500	500
348	344	351	347	358
41,600	41,600	41,600	41,600	41,600
500	500	500	500	500
352	293	302	292	381
23,277	23,277	23,277	23,277	23,277
575	575	575	575	575
286	280	273	266	286
23,277	23,277	23,277	23,277	23,277
525	525	525	525	525
324	293	284	285	322
178,882	178,882	178,882	178,882	178,882
1,050	1,050	1,050	1,050	1,050
855	846	841	843	864
117,500	117,500	117,500	117,500	117,500
1,125	1,125	1,125	1,125	1,125
862	862	879	904	913
254,514	254,514	254,514	254,514	254,514
2,050	2,050	2,050	2,050	2,050
1,854	1,879	1,876	1,938	1,999
11,000	11,000	11,000	11,000	11,000
6,597	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		Enrollment
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2016	\$ 64,127,109	\$ 12,859	\$ 59,950,062	\$ 12,021	4,987
2015	60,409,129	11,602	58,525,833	11,240	5,207
2014	55,771,423	10,452	55,713,144	10,441	5,336
2013	54,365,859	10,064	54,499,277	10,089	5,402
2012	54,140,729	9,869	54,199,272	9,880	5,486
2011	56,989,484	10,058	56,953,782	10,052	5,666
2010	54,309,705	9,862	55,208,624	10,025	5,507
2009	53,625,388	9,720	54,807,990	9,934	5,517
2008	53,544,613	9,533	53,725,002	9,565	5,617
2007	53,688,935	9,058	53,638,741	9,050	5,927

Source: District records

(1) Debt service totals have been excluded.

N/A = information not available.

Percent Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
-4.23%	N/A	N/A	95.40%
-2.42%	329	15.83	95.80%
-1.22%	345	15.47	95.70%
-1.53%	352	15.35	95.70%
-3.18%	352	15.59	95.80%
2.89%	369	15.36	95.50%
-0.18%	359	15.34	95.30%
-1.78%	379	14.56	95.40%
-5.23%	383	14.67	95.50%
-0.37%	344	17.23	96.10%

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

TEACHER STATISTICS
JUNE 30, 2015

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	56	17.02%
Master's Degree	271	82.37%
Ph.D.	<u>2</u>	<u>0.61%</u>
	<u><u>329</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	65	19.76%
6 - 10	73	22.19%
11 and over	<u>191</u>	<u>58.05%</u>
	<u><u>329</u></u>	<u><u>100.00%</u></u>

Source: School District Personnel Records

Note: Amounts for June 30, 2016 were not available.

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

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

DAVID OSBORNE, INTERIM TREASURER

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

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**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Cluster:			
(D) (E) School Breakfast Program	10.553	2016	\$ 67,557
(D) (E) National School Lunch Program	10.555	2016	373,581
(C) (D) National School Lunch Program - Food Donation	10.555	2016	94,636
Total National School Lunch Program			<u>468,217</u>
Total Child Nutrition Cluster			<u>535,774</u>
Total U.S. Department of Agriculture			<u>535,774</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2015	132,205
Title I Grants to Local Educational Agencies	84.010	2016	429,560
Total Title I Grants to Local Educational Agencies			<u>561,765</u>
Special Education_Grants to States	84.027	2015	46,736
Special Education_Grants to States	84.027	2016	916,327
Total Special Education_Grants to States			<u>963,063</u>
English Language Acquisition Grants	84.365	2015	1,318
English Language Acquisition Grants	84.365	2016	330
Total English Language Acquisition Grants			<u>1,648</u>
Improving Teacher Quality State Grants	84.367	2015	17,455
Improving Teacher Quality State Grants	84.367	2016	97,708
Total Improving Teacher Quality State Grants			<u>115,163</u>
PASSED THROUGH THE SIX DISTRICT EDUCATIONAL COMPACT			
Career and Technical Education_Basic Grants to States	84.048	2016	50,529
Total U.S. Department of Education			<u>1,692,168</u>
Total Federal Financial Assistance			<u>\$ 2,227,942</u>

Notes to the Schedule of Expenditures of Federal Awards:

- (A) OAKS did not assign pass-through numbers for fiscal year 2016.
- (B) This schedule includes the federal award activity of the Stow-Munroe Falls City School District under programs of the federal government for the fiscal year ended June 30, 2016 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Stow-Munroe Falls City School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Stow-Munroe Falls City School District.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has elected not to use the 10% de minimis indirect cost rate.



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Stow-Munroe Falls City School District
Summit County
4350 Allen Road
Stow, Ohio 44224

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements and have issued our report thereon dated December 22, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Stow-Munroe Falls City School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Stow-Munroe Falls City School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Stow-Munroe Falls City School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Education
Stow-Munroe Falls City School District

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Stow-Munroe Falls City School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Stow-Munroe Falls City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
December 22, 2016



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Independent Auditor's Report on Compliance With Requirements Applicable to the
Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance and the Schedule of Expenditures of Federal Awards**

Stow-Munroe Falls City School District
Summit County
4350 Allen Road
Stow, Ohio 44224

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Stow-Munroe Falls City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Stow-Munroe Falls City School District's major federal program for the fiscal year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Stow-Munroe Falls City School District's major federal program.

Management's Responsibility

The Stow-Munroe Falls City School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Stow-Munroe Falls City School District's compliance for the Stow-Munroe Falls City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Stow-Munroe Falls City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Stow-Munroe Falls City School District's major program. However, our audit does not provide a legal determination of the Stow-Munroe Falls City School District's compliance.

Opinion on the Major Federal Program

In our opinion, the Stow-Munroe Falls City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2016.

Board of Education
Stow-Munroe Falls City School District

Report on Internal Control Over Compliance

The Stow-Munroe Falls City School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Stow-Munroe Falls City School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Stow-Munroe Falls City School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information the Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements. We issued our unmodified report thereon dated December 22, 2016. We conducted our audit to opine on the Stow-Monroe Falls City School District's' basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
December 22, 2016

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<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 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>	No
<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>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education_Grants to States (CFDA #84.027)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Dave Yost • 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
APRIL 6, 2017**