

STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Stow-Munroe Falls City School District, Summit County, prepared by Julian & Grube, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 1, 2018

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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, 2017

PREPARED BY
TREASURER'S DEPARTMENT
KRISTY STOICOIU, 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, 2017**

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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 28, 2017

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, 2017 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 2017. 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, 2017 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 5,126 students attending nine schools. Enrollment is expected to remain consistent for the near future.

The District has 658 full and part-time employees (not including supplemental positions). The District employs 378 certificated employees, 29 certificated and non-certificated administrators and 251 non-certificated staff members.

The District's instructional buildings range in age from 28 years to 77 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.

Employees

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2016-17 school year) for a teacher with a bachelor's degree is \$38,190, and the maximum salary for a teacher with a master's degree plus 15 graduate hours and 27 years of experience is \$80,924.

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 \$21,680,289 at June 30, 2017 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 purchased six new buses to continue the fleet upgrade.

The District continued 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.

The District replaced the gym floor at Lakeview Elementary.

The entire District telephone system was replaced/updated.

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

Major Initiatives for the Future

The District will continue making security upgrades at all buildings.

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

The District plans to convert all personnel, special services and treasurer's office 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.

The District will replace/upgrade the auditorium and gym at Kimpton Middle School.

The District will change its online payment platform to Payschools for a more streamlined process for staff and parents.

The District will continue upgrades of flooring.

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, 2016. 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.

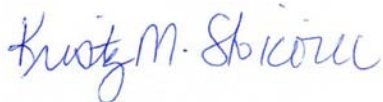
ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2016, to the Stow-Munroe Falls City School District. This award certifies that the Comprehensive Annual Financial Report substantially 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, 2017, 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,



Kristy Stoicoiu
Treasurer



Thomas Bratten
Superintendent

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

PRINCIPAL OFFICERS
JUNE 30, 2017

Board of Education

Gerry Bettio - President

Lisa Johnson-Bowers - Vice President

Pat Matthews

David Licate

Kelly Toppin

Superintendent

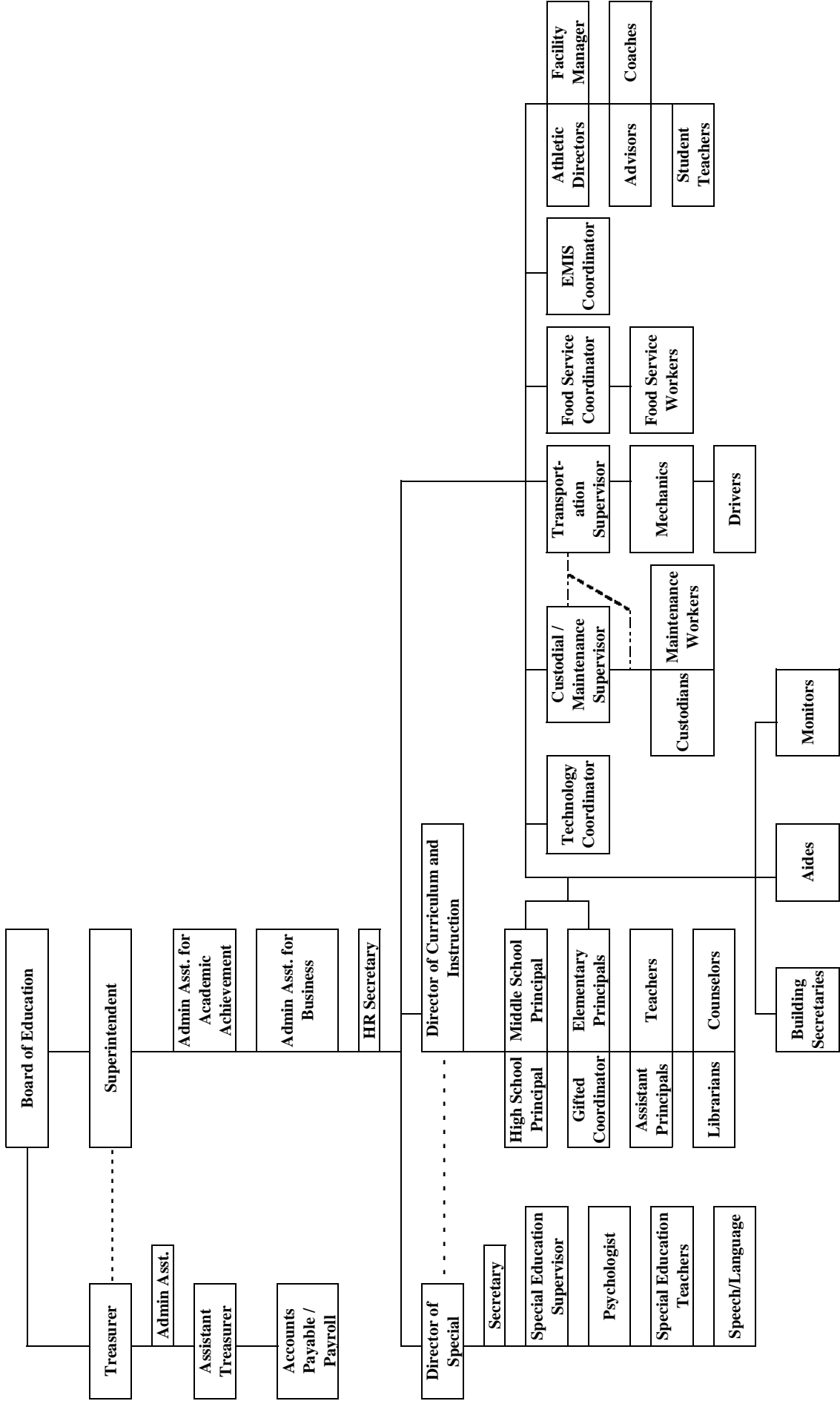
Thomas Bratten

Treasurer/CFO

Kristy Stoicoiu

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, 2016

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Stow-Munroe Falls City School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'. The signature is written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'. The signature is written over a horizontal line.

John D. Musso, CAE
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, 2017, 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, 2017, 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.

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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 28, 2017, 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 28, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. 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 2017 are as follows:

- The District's net position of governmental activities decreased \$10,822,579 which represents a 29.94% decrease from 2016.
- General revenues accounted for \$48,287,464 in revenue or 84.31% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,983,438 or 15.69% of total revenues of \$57,270,902.
- The District had \$68,093,481 in expenses related to governmental activities; \$8,983,438 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 \$48,287,464 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$53,204,084 in revenues and other financing sources and \$60,712,910 in expenditures and other financing uses. During fiscal year 2017, the general fund's fund balance decreased \$7,508,826 from a balance of \$29,117,603 to \$21,608,777.

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 2017?" 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, 2017**

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, 2017

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, 2017 and June 30, 2016.

	Net Position	
	Governmental Activities 2017	Governmental Activities 2016
<u>Assets</u>		
Current and other assets	\$ 60,865,112	\$ 63,755,732
Capital assets, net	<u>21,535,494</u>	<u>20,230,649</u>
Total assets	<u>82,400,606</u>	<u>83,986,381</u>
<u>Deferred outflows of resources</u>		
Pensions	<u>20,004,564</u>	<u>9,132,950</u>
Total deferred outflows of resources	<u>20,004,564</u>	<u>9,132,950</u>
<u>Liabilities</u>		
Current liabilities	6,308,092	6,424,045
Long-term liabilities:		
Due within one year	1,281,014	1,292,595
Due in more than one year:		
Net pension liability	100,105,337	80,857,261
Other amounts	<u>9,047,164</u>	<u>8,988,554</u>
Total liabilities	<u>116,741,607</u>	<u>97,562,455</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	32,342,895	26,286,530
Pensions	<u>288,811</u>	<u>5,415,910</u>
Total deferred inflows of resources	<u>32,631,706</u>	<u>31,702,440</u>
<u>Net position</u>		
Net investment in capital assets	15,200,038	14,348,345
Restricted	646,129	225,039
Unrestricted (deficit)	<u>(62,814,310)</u>	<u>(50,718,948)</u>
Total net position	<u>\$ (46,968,143)</u>	<u>\$ (36,145,564)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, the District's liabilities and deferred outflows of resources exceeded assets and deferred inflows of resources by \$46,968,143. Of this total, \$646,129 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, 2017**

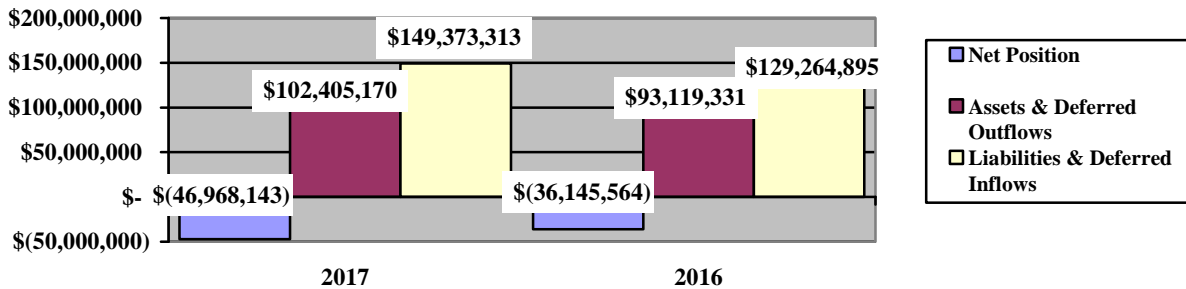
At year-end, capital assets represented 26.14% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2017, was \$15,200,038. These capital assets are used 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 a new permanent improvement levy improved by the District's voters.

A portion of the District's net position, \$646,129 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 \$62,814,310. 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, 2017 and 2016.

Governmental Activities



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The table below shows the changes in net position for governmental activities between 2017 and 2016.

	Change in Net Position	
	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 4,484,209	\$ 4,357,574
Operating grants and contributions	4,499,229	4,351,903
General revenues:		
Property taxes	30,572,028	34,834,295
Payments in lieu of taxes	53,102	218,504
Grants and entitlements	17,572,111	17,389,770
Investment earnings	31,294	94,325
Miscellaneous	<u>58,929</u>	<u>382,045</u>
 Total revenues	 <u>57,270,902</u>	 <u>61,628,416</u>

-- continued

Tax revenue decreased approximately \$4.3 million during fiscal year 2017. 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 \$41,915,918 or 61.56% of total governmental expenses for fiscal 2017. Overall, expenses increased approximately \$7.9 million over 2016 expenses. The primary reasons for this is an increase in the net pension liability and increases 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, 2017

	Change in Net Position (Continued)	
	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 30,762,207	\$ 27,939,539
Special	8,470,582	6,849,397
Vocational	2,278,827	1,998,781
Other	404,302	177,133
Support services:		
Pupil	4,349,723	3,868,484
Instructional staff	1,613,151	1,248,109
Board of education	326,929	527,289
Administration	3,880,055	3,408,342
Fiscal	1,389,520	1,305,665
Business	264,717	249,733
Operations and maintenance	6,223,204	5,321,944
Pupil transportation	3,435,537	3,074,708
Central	1,062,436	921,569
Operations of non-instructional services:		
Food service operations	1,396,191	1,325,315
Other non-instructional services	455,657	271,661
Extracurricular activities	1,585,561	1,462,393
Interest and fiscal charges	<u>194,882</u>	<u>237,386</u>
Total expenses	<u>68,093,481</u>	<u>60,187,448</u>
Changes in net position	(10,822,579)	1,440,968
Net position at beginning of year	<u>(36,145,564)</u>	<u>(37,586,532)</u>
Net position at end of year	<u>\$ (46,968,143)</u>	<u>\$ (36,145,564)</u>

Governmental Activities

Net position of the District's governmental activities decreased \$10,822,579. Total governmental expenses of \$68,093,481 were offset by program revenues of \$8,983,438 and general revenues of \$48,287,464. Program revenues supported 13.19% of the total governmental expenses.

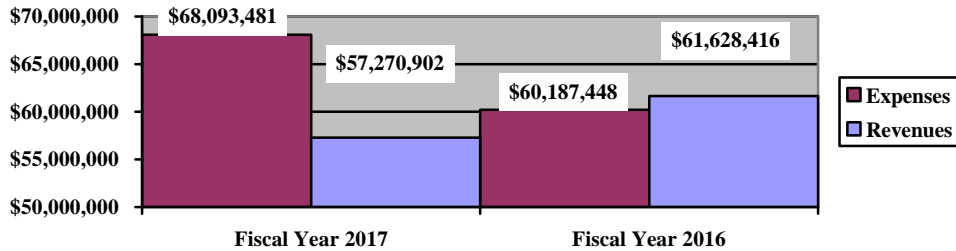
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 84.06% of total governmental revenue.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2017 and 2016.

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 2017 and 2016. 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>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program expenses				
Instruction:				
Regular	\$ 30,762,207	\$ 27,690,075	\$ 27,939,539	\$ 24,895,523
Special	8,470,582	5,640,017	6,849,397	4,263,890
Vocational	2,278,827	1,990,532	1,998,781	1,800,084
Other	404,302	390,738	177,133	175,917
Support services:				
Pupil	4,349,723	4,105,524	3,868,484	3,538,506
Instructional staff	1,613,151	1,534,149	1,248,109	1,247,695
Board of education	326,929	326,929	527,289	527,289
Administration	3,880,055	3,728,771	3,408,342	3,215,616
Fiscal	1,389,520	1,376,001	1,305,665	1,291,286
Business	264,717	264,717	249,733	249,733
Operations and maintenance	6,223,204	6,192,290	5,321,944	5,311,744
Pupil transportation	3,435,537	3,292,704	3,074,708	2,915,751
Central	1,062,436	1,059,453	921,569	918,061
Operations of non-instructional services:				
Food service operations	1,396,191	199,386	1,325,315	96,813
Other non-instructional services	455,657	107,476	271,661	(100,250)
Extracurricular activities	1,585,561	1,016,399	1,462,393	892,927
Interest and fiscal charges	194,882	194,882	237,386	237,386
Total expenses	<u>\$ 68,093,481</u>	<u>\$ 59,110,043</u>	<u>\$ 60,187,448</u>	<u>\$ 51,477,971</u>

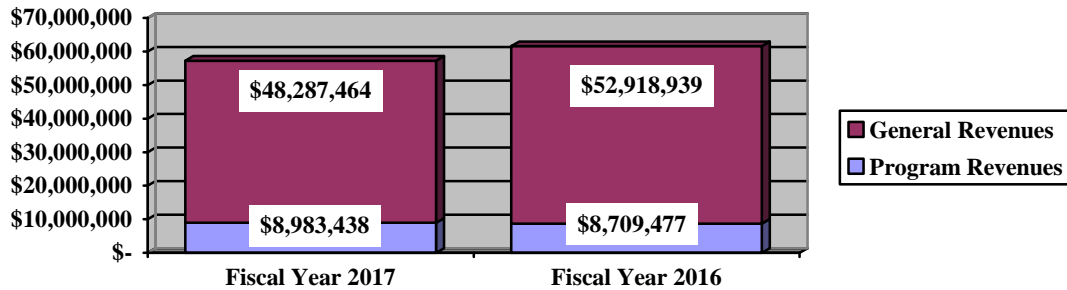
**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The dependence upon tax and other general revenues for governmental activities is apparent as 85.20% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.81%. 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 2017 and 2016.

Governmental Activities - General and Program Revenues



General revenues decreased \$4,631,475 or 8.76% from fiscal 2016 to 2017 and program revenues increased \$273,961 or 3.15% from 2016 to 2017.

The District's Funds

The District's governmental funds reported a combined fund balance of \$21,245,002, which is less than last year's total of \$29,802,994. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance <u>June 30, 2017</u>	Fund Balance <u>June 30, 2016</u>	<u>(Decrease)</u>	<u>Percentage Change</u>
General	\$ 21,608,777	\$ 29,117,603	\$ (7,508,826)	(25.79) %
Other Governmental	<u>(363,775)</u>	<u>685,391</u>	<u>(1,049,166)</u>	(153.08) %
Total	<u>\$ 21,245,002</u>	<u>\$ 29,802,994</u>	<u>\$ (8,557,992)</u>	(28.72) %

General Fund

The District's general fund balance decreased \$7,508,826. Revenues decreased from the prior year by \$4,749,582, or 8.27%, while expenditures increased \$3,447,301, or 6.04%, 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, 2017**

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

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 29,434,303	\$ 34,230,865	\$ (4,796,562)	(14.01) %
Earnings on investments	31,735	88,500	(56,765)	(64.14) %
Intergovernmental	19,177,316	19,089,211	88,105	0.46 %
Other revenues	<u>4,017,133</u>	<u>4,001,493</u>	<u>15,640</u>	0.39 %
Total	<u>\$ 52,660,487</u>	<u>\$ 57,410,069</u>	<u>\$ (4,749,582)</u>	(8.27) %
<u>Expenditures</u>				
Instruction	\$ 37,500,023	\$ 35,224,291	\$ 2,275,732	6.46 %
Support services	20,484,784	19,679,119	805,665	4.09 %
Non-instructional services	14,568	-	14,568	100.00 %
Extracurricular activities	1,009,139	962,444	46,695	4.85 %
Facilities acquisition and construction	752,960	669,332	83,628	12.49 %
Debt service	<u>724,128</u>	<u>503,115</u>	<u>221,013</u>	43.93 %
Total	<u>\$ 60,485,602</u>	<u>\$ 57,038,301</u>	<u>\$ 3,447,301</u>	6.04 %

The only significant reason that revenue decreased between fiscal year 2017 and fiscal year 2016 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 instruction and support services is primarily due to customary wage and benefit increases. The increase in debt service expenditures totaled \$221,013 for fiscal year 2017. This was due to the District entering into a new lease purchase agreement for buses during fiscal year 2017. Payments on this new long-term obligation is 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 \$56,413,421. Final budgeted revenues and other financing sources were increased to \$57,769,462. Actual revenues and other financing sources for fiscal year 2017 were \$57,857,061. This was \$87,599 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 \$83,190,182 were increased to \$84,724,182 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled \$62,604,400, which was \$22,119,782 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, 2017

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2017, the District had \$21,535,494 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2017 balances compared to 2016:

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

	Governmental Activities	
	2017	2016
Land	\$ 563,915	\$ 563,915
Construction in progress	1,104,864	-
Land improvements	2,286,234	2,490,386
Building and improvements	12,222,486	12,499,593
Furniture, fixtures and equipment	2,825,271	2,379,212
Vehicles	2,532,724	2,297,543
Total	\$ 21,535,494	\$ 20,230,649

Total additions to capital assets for fiscal year 2017 were \$2,957,499. Total disposals to capital assets for fiscal year 2017 were \$29,463 (net of accumulated depreciation). Depreciation expense recorded for the fiscal year totaled \$1,623,191.

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

Debt Administration

At June 30, 2017, the District had \$5,898,902 in general obligation bonds, energy conservation bonds and lease purchase obligations outstanding. Of this total, \$742,693 is due within one year and \$5,156,209 is due in greater than one year. The following table summarizes the bond and lease purchase obligations outstanding.

Outstanding Bonds, at Year End

	Governmental Activities	Governmental Activities
	2017	2016
General obligation bonds	\$ 1,225,000	\$ 1,535,000
Energy conservation bonds	3,583,612	3,784,885
Lease purchase obligations	1,090,290	849,459
Total	\$ 5,898,902	\$ 6,169,344

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, 2017**

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: Ms. Kristy Stoicoiu, 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, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 23,358,348
Receivables:	
Taxes	36,804,017
Accounts.	6,862
Accrued interest	17,601
Intergovernmental	516,491
Prepayments	93,017
Materials and supplies inventory.	14,578
Inventory held for resale.	54,198
Capital assets:	
Nondepreciable capital assets	1,668,779
Depreciable capital assets, net.	19,866,715
Capital assets, net.	21,535,494
Total assets.	82,400,606
Deferred outflows of resources:	
Pension - STRS	15,491,572
Pension - SERS	4,512,992
Total deferred outflows of resources	20,004,564
Liabilities:	
Accounts payable.	107,217
Contracts payable.	407,930
Accrued wages and benefits	4,228,968
Intergovernmental payable	569,374
Pension and postemployment obligation payable.	955,545
Accrued interest payable	22,233
Unearned revenue	16,825
Long-term liabilities:	
Due within one year.	1,281,014
Due in more than one year:	
Net pension liability	100,105,337
Other amounts due in more than one year	9,047,164
Total liabilities	116,741,607
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	32,342,895
Pension - SERS.	288,811
Total deferred inflows of resources	32,631,706
Net position:	
Net investment in capital assets	15,200,038
Restricted for:	
Capital projects	490,758
Locally funded programs	62,507
State funded programs.	30,179
Federally funded programs	71
Student activities	62,614
Unrestricted (deficit)	(62,814,310)
Total net position.	\$ (46,968,143)

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, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and</u>
		<u>Services and Sales</u>	<u>and Contributions</u>	<u>Changes in</u>
				<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 30,762,207	\$ 2,451,712	\$ 620,420	\$ (27,690,075)
Special	8,470,582	599,689	2,230,876	(5,640,017)
Vocational	2,278,827	103,080	185,215	(1,990,532)
Other	404,302	-	13,564	(390,738)
Support services:				
Pupil.	4,349,723	124,188	120,011	(4,105,524)
Instructional staff	1,613,151	-	79,002	(1,534,149)
Board of education	326,929	-	-	(326,929)
Administration.	3,880,055	-	151,284	(3,728,771)
Fiscal.	1,389,520	13,519	-	(1,376,001)
Business.	264,717	-	-	(264,717)
Operations and maintenance	6,223,204	30,914	-	(6,192,290)
Pupil transportation.	3,435,537	23	142,810	(3,292,704)
Central	1,062,436	2,983	-	(1,059,453)
Operation of non-instructional services:				
Food service operations	1,396,191	600,096	596,709	(199,386)
Other non-instructional services	455,657	-	348,181	(107,476)
Extracurricular activities.	1,585,561	558,005	11,157	(1,016,399)
Interest and fiscal charges	194,882	-	-	(194,882)
Total governmental activities	<u>\$ 68,093,481</u>	<u>\$ 4,484,209</u>	<u>\$ 4,499,229</u>	<u>(59,110,043)</u>
General revenues:				
Property taxes levied for:				
General purposes				29,033,250
Capital outlay.				1,538,778
Payments in lieu of taxes.				53,102
Grants and entitlements not restricted				
to specific programs				17,572,111
Investment earnings				31,294
Miscellaneous.				58,929
Total general revenues.				<u>48,287,464</u>
Change in net position				(10,822,579)
Net position at beginning of year.				<u>(36,145,564)</u>
Net position at end of year				<u>\$ (46,968,143)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments.	\$ 22,428,183	\$ 930,165	\$ 23,358,348
Receivables:			
Taxes.	34,454,176	2,349,841	36,804,017
Accounts	6,854	8	6,862
Accrued interest	17,601	-	17,601
Interfund loans	545,091	-	545,091
Intergovernmental.	242,579	273,912	516,491
Prepayments.	88,331	4,686	93,017
Materials and supplies inventory.	14,578	-	14,578
Inventory held for resale.	24,063	30,135	54,198
Total assets	<u>\$ 57,821,456</u>	<u>\$ 3,588,747</u>	<u>\$ 61,410,203</u>
Liabilities:			
Accounts payable	\$ 86,348	\$ 20,869	\$ 107,217
Contracts payable.	-	407,930	407,930
Accrued wages and benefits	4,090,466	138,502	4,228,968
Compensated absences payable	170,087	24,759	194,846
Intergovernmental payable	164,033	405,341	569,374
Pension and postemployment obligation payable.	930,421	25,124	955,545
Interfund loans payable.	-	545,091	545,091
Unearned revenue.	16,825	-	16,825
Total liabilities.	<u>5,458,180</u>	<u>1,567,616</u>	<u>7,025,796</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	30,257,059	2,085,836	32,342,895
Delinquent property tax revenue not available.	419,125	26,226	445,351
Intergovernmental revenue not available.	63,693	272,844	336,537
Accrued interest not available.	14,622	-	14,622
Total deferred inflows of resources	<u>30,754,499</u>	<u>2,384,906</u>	<u>33,139,405</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	14,578	-	14,578
Prepays.	88,331	4,686	93,017
Unclaimed monies.	29,507	-	29,507
Restricted:			
Capital improvements	-	123,126	123,126
Non-public schools	-	35,048	35,048
Extracurricular.	-	62,614	62,614
Other purposes.	-	62,507	62,507
Committed:			
Capital improvements	-	84,609	84,609
Assigned:			
Student instruction	140,198	-	140,198
Student and staff support.	491,319	-	491,319
Facilities acquisition and construction	14,247	-	14,247
Subsequent year's appropriations	20,768,505	-	20,768,505
Other purposes.	62,092	-	62,092
Unassigned (deficit).	-	(736,365)	(736,365)
Total fund balances (deficit).	<u>21,608,777</u>	<u>(363,775)</u>	<u>21,245,002</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 57,821,456</u>	<u>\$ 3,588,747</u>	<u>\$ 61,410,203</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, 2017

Total governmental fund balances		\$	21,245,002
<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.			21,535,494
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Taxes receivable	\$	445,351	
Accrued interest receivable		14,622	
Intergovernmental receivable		336,537	
Total			796,510
Unamortized premiums on bonds issued are not recognized in the funds.			(28,624)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(22,233)
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		20,004,564	
Deferred inflows - pension		(288,811)	
Net pension liability		(100,105,337)	
Total			(80,389,584)
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		(1,225,000)	
Energy conservation bonds		(3,583,612)	
Lease purchase obligations		(1,090,290)	
Compensated absences		(4,205,806)	
Total			(10,104,708)
Net position of governmental activities			\$ (46,968,143)

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, 2017

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 29,434,303	\$ 1,525,206	\$ 30,959,509
Tuition	3,012,219	-	3,012,219
Earnings on investments	31,735	473	32,208
Charges for services	-	600,096	600,096
Extracurricular	432,528	318,921	751,449
Classroom materials and fees	71,171	-	71,171
Other local revenues	501,215	129,953	631,168
Intergovernmental - intermediate	16,382	204	16,586
Intergovernmental - state	19,121,934	481,545	19,603,479
Intergovernmental - federal	39,000	1,951,254	1,990,254
Total revenues	<u>52,660,487</u>	<u>5,007,652</u>	<u>57,668,139</u>
Expenditures:			
Current:			
Instruction:			
Regular	27,914,781	611,831	28,526,612
Special	7,049,431	1,049,358	8,098,789
Vocational	2,173,750	-	2,173,750
Other	362,061	13,811	375,872
Support services:			
Pupil	3,961,741	162,035	4,123,776
Instructional staff	1,422,297	85,094	1,507,391
Board of education	326,929	-	326,929
Administration	3,472,767	197,782	3,670,549
Fiscal	1,308,662	35,533	1,344,195
Business	249,320	-	249,320
Operations and maintenance	5,281,693	-	5,281,693
Pupil transportation	3,473,378	9,600	3,482,978
Central	987,997	13,265	1,001,262
Operation of non-instructional services:			
Food service operations	-	1,345,737	1,345,737
Other non-instructional services	14,568	431,622	446,190
Extracurricular activities	1,009,139	394,704	1,403,843
Facilities acquisition and construction	752,960	1,703,535	2,456,495
Debt service:			
Principal retirement	558,369	200,000	758,369
Interest and fiscal charges	165,759	30,219	195,978
Total expenditures	<u>60,485,602</u>	<u>6,284,126</u>	<u>66,769,728</u>
Excess of expenditures over revenues	<u>(7,825,115)</u>	<u>(1,276,474)</u>	<u>(9,101,589)</u>
Other financing sources (uses):			
Sale of capital assets	55,670	-	55,670
Transfers in	-	227,308	227,308
Transfers (out)	(227,308)	-	(227,308)
Lease purchase transaction	487,927	-	487,927
Total other financing sources (uses)	<u>316,289</u>	<u>227,308</u>	<u>543,597</u>
Net change in fund balances	(7,508,826)	(1,049,166)	(8,557,992)
Fund balances at beginning of year	<u>29,117,603</u>	<u>685,391</u>	<u>29,802,994</u>
Fund balances (deficit) at end of year	<u>\$ 21,608,777</u>	<u>\$ (363,775)</u>	<u>\$ 21,245,002</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, 2017

Net change in fund balances - total governmental funds	\$	(8,557,992)
<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	\$ 2,957,499	
Current year depreciation	(1,623,191)	
Total	1,334,308	1,334,308
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(29,463)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(387,481)	
Earnings on investments	(441)	
Intergovernmental	(35,522)	
Total	(423,444)	(423,444)
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	511,273	
Capital leases	247,096	
Total	758,369	758,369
Issuance of 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.		
		(487,927)
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	(5,385)	
Amortization of bond premiums	6,481	
Total	1,096	1,096
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		5,164,361
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(8,413,724)
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.		
		(168,163)
Change in net position of governmental activities	\$	(10,822,579)

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 33,010,523	\$ 33,804,016	\$ 33,855,275	\$ 51,259
Tuition.	2,926,377	2,996,720	3,001,264	4,544
Earnings on investments	88,338	90,461	90,598	137
Extracurricular.	231,355	236,916	237,275	359
Other local revenues	560,211	573,677	574,547	870
Intergovernmental - intermediate	15,973	16,357	16,382	25
Intergovernmental - state	18,534,856	18,980,389	19,009,170	28,781
Intergovernmental - federal	38,027	38,941	39,000	59
Total revenues	55,405,660	56,737,477	56,823,511	86,034
Expenditures:				
Current:				
Instruction:				
Regular	37,574,454	38,267,316	28,276,488	9,990,828
Special.	9,571,711	9,748,211	7,203,149	2,545,062
Vocational.	2,867,826	2,920,708	2,158,170	762,538
Other.	452,384	460,726	340,440	120,286
Support services:				
Pupil.	5,255,371	5,352,278	3,954,906	1,397,372
Instructional staff	1,964,098	2,000,315	1,478,073	522,242
Board of education	485,506	494,459	365,366	129,093
Administration.	4,698,946	4,785,593	3,536,171	1,249,422
Fiscal	1,789,862	1,822,866	1,346,952	475,914
Business	343,717	350,055	258,663	91,392
Operations and maintenance.	7,492,247	7,630,402	5,638,257	1,992,145
Pupil transportation	4,741,307	4,828,735	3,568,049	1,260,686
Central.	1,365,176	1,390,349	1,027,357	362,992
Other non-instructional services	1,993	2,030	1,500	530
Extracurricular activities.	1,359,157	1,384,219	1,022,827	361,392
Facilities acquisition and construction	1,023,301	1,042,170	770,080	272,090
Debt service:				
Principal retirement	694,468	707,274	522,619	184,655
Interest and fiscal charges.	218,466	222,494	164,405	58,089
Total expenditures	81,899,990	83,410,200	61,633,472	21,776,728
Excess of expenditures over revenues.	(26,494,330)	(26,672,723)	(4,809,961)	21,862,762
Other financing sources (uses):				
Refund of prior year's expenditures	48,959	50,136	50,212	76
Refund of prior year's receipts.	(238,415)	(242,811)	(179,418)	63,393
Transfers in	49	50	50	-
Transfers (out).	(327,447)	(333,485)	(246,419)	87,066
Advances in.	428,528	438,829	439,494	665
Advances (out)	(724,330)	(737,686)	(545,091)	192,595
Lease purchase transaction.	475,752	487,188	487,927	739
Sale of capital assets	54,473	55,782	55,867	85
Total other financing sources (uses)	(282,431)	(281,997)	62,622	344,619
Net change in fund balance	(26,776,761)	(26,954,720)	(4,747,339)	22,207,381
Fund balance at beginning of year	25,733,219	25,733,219	25,733,219	-
Prior year encumbrances appropriated	694,409	694,409	694,409	-
Fund balance (deficit) at end of year	\$ (349,133)	\$ (527,092)	\$ 21,680,289	\$ 22,207,381

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, 2017

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 2,663	\$ 130,370
Receivables:		
Accounts	-	287
Prepayments	-	57
Total assets.	2,663	\$ 130,714
Liabilities:		
Accounts payable.	-	\$ 354
Due to students.	-	130,360
Total liabilities	-	\$ 130,714
Net position:		
Held in trust for scholarships	2,663	
Total net position.	\$ 2,663	

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, 2017

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 10
Deductions:	
Scholarships awarded	1,306
Change in net position	(1,296)
Net position at beginning of year.	3,959
Net position at end of year	\$ 2,663

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, 2017

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 251 full-time and part-time non-certified employees, 378 certified teaching personnel and 29 administrators. The District provides services to 5,126 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, 2017

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 2017.

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 \$550,824 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 \$572,414 to the Six District Educational Compact for services during fiscal year 2017.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 2017, the District paid \$56,822 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, 2017

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, 2017

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, 2017

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 to 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, 2017, but which were levied to finance fiscal year 2018 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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 2017, 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.

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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 amounted to \$31,735 which includes \$1,248 assigned from other District funds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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 acquisition values as of the date received. The District maintained a capitalization threshold of \$5,000 for its general capital assets during fiscal year 2017. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

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

<u>Description</u>	<u>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
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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, 2017 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, 2017

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, 2017

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 or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2017, 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, 2017

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

T. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, “*Tax Abatement Disclosures*”, GASB Statement No. 78, “*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*”, GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*” and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*”.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government’s tax revenues. These disclosures were incorporated in the District’s fiscal year 2017 financial statements (see Note 17); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements 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, 2017

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 68,075
IDEA Part B grants	545,288
Title III limited English proficiency	128
Title I disadvantaged children	96,910
Improving teacher quality	21,594

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.

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;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2017, the carrying amount of all District deposits was \$4,371,385, 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, 2017, \$2,654,662 of the District's bank balance of \$5,432,292 was exposed to custodial risk as discussed below, while \$2,777,630 was covered 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, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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.

C. Investments

As of June 30, 2017, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>value</u>	Investment maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater Than <u>24 months</u>
Fair value:						
FHLMC	\$ 1,054,066	\$ -	\$ -	\$ -	\$ 447,978	\$ 606,088
FHLB	547,414	-	-	304,903	-	242,511
FFCB	273,318	273,318	-	-	-	-
FNMA	2,765,669	-	-	-	1,642,600	1,123,069
Negotiable CDs	1,402,828	489,775	423,551	245,090	244,412	-
Repurchase agreement	12,341,724	12,341,724	-	-	-	-
U.S. Treasury money market	45,126	45,126	-	-	-	-
Amortized cost:						
STAR Ohio	688,801	688,801	-	-	-	-
	<u>\$ 19,118,946</u>	<u>\$ 13,838,744</u>	<u>\$ 423,551</u>	<u>\$ 549,993</u>	<u>\$ 2,334,990</u>	<u>\$ 1,971,668</u>

The weighted average maturity of investments is 0.54 years.

The District's investments in U.S. Treasury money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities, the federal agency securities that underlie the repurchase agreement and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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 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, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement value</u>	<u>% of Total</u>
Fair value:		
FHLMC	\$ 1,054,066	5.51
FHLB	547,414	2.86
FFCB	273,318	1.43
FNMA	2,765,669	14.47
Negotiable CD's	1,402,828	7.34
Repurchase agreement	12,341,724	64.55
U.S. Treasury money market	45,126	0.24
Amortized cost:		
STAR Ohio	688,801	3.60
	<u>\$ 19,118,946</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,371,385
Investments	19,118,946
Cash on hand	<u>1,050</u>
Total	<u>\$ 23,491,381</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 23,358,348
Private-purpose trust fund	2,663
Agency fund	<u>130,370</u>
Total	<u>\$ 23,491,381</u>

NOTE 4 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2017 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 545,091</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, 2017 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>\$ 227,308</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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 - INTERFUND TRANSACTIONS - (Continued)

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.

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 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, 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 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, 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, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$3,777,992 in the general fund and \$237,779 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for 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. 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, 2017 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, 2017

NOTE 5 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 892,141,140	98.57	\$ 900,557,020	98.48
Public utility personal	<u>12,920,870</u>	<u>1.43</u>	<u>13,930,890</u>	<u>1.52</u>
Total	<u>\$ 905,062,010</u>	<u>100.00</u>	<u>\$ 914,487,910</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 53.58		\$ 55.34	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2017 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	\$ 36,804,017
Accounts	6,862
Intergovernmental:	
BWC refund	115,463
E-Rate	4,068
Medicaid	80,076
Foundation adjustment	44,040
IDEA part B grant	150,014
Title III limited English proficiency grant	199
Title I disadvantaged children grant	106,367
Improving teacher quality grant	<u>16,264</u>
Total intergovernmental	516,491
Accrued interest	<u>17,601</u>
Total receivables	<u>\$ 37,344,971</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, 2017

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance</u> <u>06/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/17</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 563,915	\$ -	\$ -	\$ 563,915
Construction in progress	-	1,104,864	-	1,104,864
Total capital assets, not being depreciated	<u>563,915</u>	<u>1,104,864</u>	<u>-</u>	<u>1,668,779</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,871,632	-	-	3,871,632
Buildings and improvements	36,121,123	493,992	-	36,615,115
Furniture, fixtures and equipment	5,716,881	833,716	-	6,550,597
Vehicles	4,696,898	524,927	(129,388)	5,092,437
Total capital assets, being depreciated	<u>50,406,534</u>	<u>1,852,635</u>	<u>(129,388)</u>	<u>52,129,781</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,381,246)	(204,152)	-	(1,585,398)
Buildings and improvements	(23,621,530)	(771,099)	-	(24,392,629)
Furniture, fixtures and equipment	(3,337,669)	(387,657)	-	(3,725,326)
Vehicles	(2,399,355)	(260,283)	99,925	(2,559,713)
Total accumulated depreciation	<u>(30,739,800)</u>	<u>(1,623,191)</u>	<u>99,925</u>	<u>(32,263,066)</u>
Governmental activities capital assets, net	<u>\$ 20,230,649</u>	<u>\$ 1,334,308</u>	<u>\$ (29,463)</u>	<u>\$ 21,535,494</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 458,152
Special	3,731
Vocational	4,702
<u>Support services:</u>	
Pupil	1,155
Instructional staff	20,867
Administration	3,949
Fiscal	11,997
Operations and maintenance	718,645
Pupil transportation	266,617
Central	1,894
Other non-instructional services	2,644
Extracurricular activities	115,475
Food service operations	<u>13,363</u>
Total depreciation expense	<u>\$ 1,623,191</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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. During fiscal year 2017, the District entered into a lease-purchase agreement with First Merit Bank for 6 new school buses.

Capital assets consisting of furniture, fixtures and equipment and vehicles have been capitalized in the amount of \$137,239, and \$1,666,123, respectively. Accumulated depreciation on the copiers as of June 30, 2017 was \$50,321, leaving a current book value of \$86,918. Accumulated depreciation on the vehicles as of June 30, 2017 was \$171,497, leaving a current book value of \$1,494,626. Principal and interest payments are made from the general fund and totaled \$247,096 and \$23,831, respectively, in fiscal year 2017.

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, 2017.

<u>Fiscal year ending June 30.</u>	<u>Copiers</u>	<u>Buses</u>	<u>Total</u>
2018	\$ 15,460	\$ 322,768	\$ 338,228
2019	-	322,769	322,769
2020	-	165,922	165,922
2021	-	165,922	165,922
2022	-	88,946	88,946
2023	-	88,947	88,947
Total minimum lease payment	15,460	1,155,274	1,170,734
Less amount representing interest	(149)	(80,295)	(80,444)
Total	<u>\$ 15,311</u>	<u>\$ 1,074,979</u>	<u>\$ 1,090,290</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2017, the following changes occurred in the governmental activities long-term obligations.

	Balance 06/30/16	Additions	Reductions	Balance 06/30/17	Amounts Due in One Year
Governmental activities:					
<u>General obligation bonds:</u>					
2006 bus acquisition/energy conservation, 4.00-5.00%	\$ 1,535,000	\$ -	\$ (310,000)	\$ 1,225,000	\$ 225,000
<u>Energy conservation bonds:</u>					
2015 energy conservation bonds	3,784,885	-	(201,273)	3,583,612	207,613
<u>Other obligations:</u>					
Lease purchase - copiers	51,061	-	(35,750)	15,311	15,311
Lease purchase - buses	798,398	487,927	(211,346)	1,074,979	294,769
Net pension liability	80,857,261	19,248,076	-	100,105,337	-
Compensated absences	4,076,700	764,245	(440,293)	4,400,652	538,321
Total other obligations	85,783,420	20,500,248	(687,389)	105,596,279	848,401
Total governmental activities long-term obligations	<u>\$ 91,103,305</u>	<u>\$ 20,500,248</u>	<u>\$ (1,198,662)</u>	110,404,891	<u>\$ 1,281,014</u>
				Add: unamortized premium on bonds	28,624
				Total on statement of net position	<u>\$ 110,433,515</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.

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
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	265,000	5,631	270,631
Total	<u>\$ 1,225,000</u>	<u>\$ 133,824</u>	<u>\$ 1,358,824</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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.

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
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	235,034	81,760	316,794
2023 - 2027	1,290,999	291,150	1,582,149
2028 - 2031	<u>1,187,057</u>	<u>76,234</u>	<u>1,263,291</u>
Total	<u>\$ 3,583,612</u>	<u>\$ 846,899</u>	<u>\$ 4,430,511</u>

Lease Purchase Obligations

The interest rates on the school bus lease purchase obligations is 2.52% for the fiscal year 2014 lease, 3.19% for the fiscal year 2016 lease and 2.75% for the fiscal year 2017 lease. The interest rate on the copier lease purchase obligation is 3.96%. For more detail on the lease purchase obligations, see Note 8.

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

The District's net pension liability is described in Note 11. The District pays obligations related to employee compensation from the fund benefitting from their service, which, for the District, is primarily the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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, 2017, are a voted debt margin of \$81,078,912, an unvoted debt margin of \$914,488, and an energy conservation debt margin of \$4,646,779.

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 2016.

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

The District participates in the Stark County Schools Council of Governments Health Benefits Program ("the Council"), a shared risk pool, to provide employee medical/surgical/dental and vision benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board.

Claims are paid for all participants regardless of claims flow. Upon termination, all District claims would be paid without regard to the District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an exiting school district subsequent to the settlement of all expenses and claims.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10 - RISK MANAGEMENT - (Continued)

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 65 with 5 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.

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, 2017, 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 \$1,338,140 for fiscal year 2017. Of this amount, \$175,568 is reported as pension and postemployment obligation payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 26 years of service, or 31 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$3,826,221 for fiscal year 2017. Of this amount, \$630,824 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, 2016, 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>
Proportion of the net pension liability prior measurement date	0.26848000%	0.23713628%	
Proportion of the net pension liability current measurement date	<u>0.26656490%</u>	<u>0.24077678%</u>	
Change in proportionate share	<u>-0.00191510%</u>	<u>0.00364050%</u>	
Proportionate share of the net pension liability	\$ 19,510,091	\$ 80,595,246	\$ 100,105,337
Pension expense	\$ 1,848,567	\$ 6,565,157	\$ 8,413,724

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, 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	\$ 263,145	\$ 3,256,436	\$ 3,519,581
Net difference between projected and actual earnings on pension plan investments	1,609,301	6,691,569	8,300,870
Changes of assumptions	1,302,406	-	1,302,406
Difference between District contributions and proportionate share of contributions/change in proportionate share	-	1,717,346	1,717,346
District contributions subsequent to the measurement date	<u>1,338,140</u>	<u>3,826,221</u>	<u>5,164,361</u>
Total deferred outflows of resources	<u>\$ 4,512,992</u>	<u>\$ 15,491,572</u>	<u>\$ 20,004,564</u>
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/change in proportionate share	\$ 288,811	\$ -	\$ 288,811
Total deferred inflows of resources	<u>\$ 288,811</u>	<u>\$ -</u>	<u>\$ 288,811</u>

\$5,164,361 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, 2018. 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:			
2018	\$ 666,296	\$ 2,077,791	\$ 2,744,087
2019	665,138	2,077,791	2,742,929
2020	1,091,999	4,645,534	5,737,533
2021	<u>462,608</u>	<u>2,864,235</u>	<u>3,326,843</u>
Total	<u>\$ 2,886,041</u>	<u>\$ 11,665,351</u>	<u>\$ 14,551,392</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$ 25,830,145	\$ 19,510,091	\$ 14,219,943

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, 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, 2016, 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	1.00	3.00
 Total	 <u>100.00 %</u>	 <u>7.61 %</u>

* 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investments expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2016. 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, 2016.

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	\$ 107,104,533	\$ 80,595,246	\$ 58,233,100

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to District's NPL is expected to be significant.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2017, 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 2017, this amount was \$23,500. 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 2017, the District's surcharge obligation was \$149,154.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$149,154, \$133,183, and \$203,950, respectively. The fiscal year 2017 amount has been reported as pension and postemployment obligation payable. The full amount has been contributed for fiscal years 2016 and 2015.

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 law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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,
- (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	\$ (4,747,339)
Net adjustment for revenue accruals	(4,434,684)
Net adjustment for expenditure accruals	862,673
Net adjustment for other sources/uses	234,606
Funds budgeted elsewhere	(6,674)
Adjustment for encumbrances	582,592
GAAP basis	<u>\$ (7,508,826)</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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017.

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.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - SET-ASIDES - (Continued)

	<u>Capital Improvements</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	886,106
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(1,633,766)
Excess qualified expenditures from prior years	-
Current year offsets	(1,516,851)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (2,264,511)</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

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>	<u>Year-End Encumbrances</u>
General fund	\$ 511,986
Other governmental	<u>238,282</u>
Total	<u>\$ 750,268</u>

NOTE 17 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Stow (the “City”) has established Community Reinvestment Areas (CRAs) that gives the City the ability to attract, retain and expand businesses located in the City. Residential abatements are provided to encourage investment in certain areas of the City where repair of existing structures or construction of new structures has been discouraged. Pursuant to the Ohio Revised Code Chapter 5709, the City established three (3) Community Reinvestment Areas. The areas were created after 1994. The City provides both commercial and residential abatements under certain circumstances outlined in the legislation. Under the agreements, the property owner’s property taxes assessed to the District have been abated. During fiscal year 2017, the District’s property taxes were reduced by \$316,131.

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 FOUR FISCAL YEARS (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.26656490%	0.26848000%	0.27675100%	0.27675100%
District's proportionate share of the net pension liability	\$ 19,510,091	\$ 15,319,729	\$ 14,006,211	\$ 16,457,494
District's covered payroll	\$ 8,359,921	\$ 8,082,640	\$ 8,039,921	\$ 8,015,145
District's proportionate share of the net pension liability as a percentage of its covered payroll	233.38%	189.54%	174.21%	205.33%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior 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 FOUR FISCAL YEARS (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.24077678%	0.23713628%	0.23200257%	0.23200257%
District's proportionate share of the net pension liability	\$ 80,595,246	\$ 65,537,532	\$ 56,431,054	\$ 67,220,303
District's covered payroll	\$ 25,429,314	\$ 24,741,200	\$ 23,704,254	\$ 22,812,646
District's proportionate share of the net pension liability as a percentage of its covered payroll	316.94%	264.89%	238.06%	294.66%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,338,140	\$ 1,170,389	\$ 1,065,292	\$ 1,114,333
Contributions in relation to the contractually required contribution	<u>(1,338,140)</u>	<u>(1,170,389)</u>	<u>(1,065,292)</u>	<u>(1,114,333)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,558,143	\$ 8,359,921	\$ 8,082,640	\$ 8,039,921
Contributions as a percentage of covered payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,109,296	\$ 1,049,278	\$ 1,015,362	\$ 1,101,514	\$ 804,868	\$ 809,883
<u>(1,109,296)</u>	<u>(1,049,278)</u>	<u>(1,015,362)</u>	<u>(1,101,514)</u>	<u>(804,868)</u>	<u>(809,883)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,015,145	\$ 7,801,323	\$ 8,077,661	\$ 8,135,258	\$ 8,179,553	\$ 8,247,281
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,826,221	\$ 3,560,104	\$ 3,463,768	\$ 3,081,553
Contributions in relation to the contractually required contribution	<u>(3,826,221)</u>	<u>(3,560,104)</u>	<u>(3,463,768)</u>	<u>(3,081,553)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,330,150	\$ 25,429,314	\$ 24,741,200	\$ 23,704,254
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 2,965,644	\$ 3,110,483	\$ 3,359,040	\$ 3,192,216	\$ 3,106,675	\$ 3,051,520
<u>(2,965,644)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,812,646	\$ 23,926,792	\$ 25,838,769	\$ 24,555,508	\$ 23,897,500	\$ 23,473,231
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, 2017**

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 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. 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, 2017

	<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	\$ 75,913	\$ 75,913	\$ -
Total expenditures and other financing uses	<u>124,188</u>	<u>86,159</u>	<u>38,029</u>
Net change in fund balance	(48,275)	(10,246)	38,029
Fund balance at beginning of year	47,106	47,106	-
Prior year encumbrances appropriated	<u>1,169</u>	<u>1,169</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 38,029</u>	<u>\$ 38,029</u>
<u>Special Services Rotary Fund</u>			
Total revenues and other financing sources	\$ 42,819	\$ 42,819	\$ -
Total expenditures and other financing uses	<u>42,819</u>	<u>42,819</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>
<u>Public School Support Fund</u>			
Total revenues and other financing sources	\$ 171,419	\$ 171,419	\$ -
Total expenditures and other financing uses	<u>307,271</u>	<u>173,353</u>	<u>133,918</u>
Net change in fund balance	(135,852)	(1,934)	133,918
Fund balance at beginning of year	125,137	125,137	-
Prior year encumbrances appropriated	<u>10,715</u>	<u>10,715</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 133,918</u>	<u>\$ 133,918</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, 2017

	<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	\$ 1,106	\$ 1,371	\$ 265
Total expenditures and other financing uses	<u>29,242</u>	<u>-</u>	<u>29,242</u>
Net change in fund balance	(28,136)	1,371	29,507
Fund balance at beginning of year	<u>28,136</u>	<u>28,136</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 29,507</u>	<u>\$ 29,507</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 to State and Local educational agencies to meet the special needs of educationally deprived children.

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 541,401	\$ 388,764	\$ 930,165
Receivables:			
Taxes.	-	2,349,841	2,349,841
Accounts.	8	-	8
Intergovernmental	273,912	-	273,912
Prepayments.	4,686	-	4,686
Inventory held for resale	30,135	-	30,135
Total assets.	\$ 850,142	\$ 2,738,605	\$ 3,588,747
Liabilities:			
Accounts payable.	\$ 9,991	\$ 10,878	\$ 20,869
Contracts payable.	-	407,930	407,930
Accrued wages and benefits	138,502	-	138,502
Compensated absences payable	24,759	-	24,759
Pension and postemployment obligation payable	25,124	-	25,124
Intergovernmental payable	405,341	-	405,341
Interfund loans payable.	545,091	-	545,091
Total liabilities	1,148,808	418,808	1,567,616
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	-	2,085,836	2,085,836
Delinquent property tax revenue not available.	-	26,226	26,226
Intergovernmental revenue not available.	272,844	-	272,844
Total deferred inflows of resources	272,844	2,112,062	2,384,906
Fund balances:			
Nonspendable:			
Prepays.	4,686	-	4,686
Restricted:			
Non-public schools.	35,048	-	35,048
Extracurricular	62,614	-	62,614
Capital improvements.	-	123,126	123,126
Other purposes.	62,507	-	62,507
Committed:			
Capital improvements.	-	84,609	84,609
Unassigned (deficit).	(736,365)	-	(736,365)
Total fund balances (deficit)	(571,510)	207,735	(363,775)
Total liabilities, deferred inflows of resources and fund balances	\$ 850,142	\$ 2,738,605	\$ 3,588,747

**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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ -	\$ 1,525,206	\$ 1,525,206
Earnings on investments	473	-	473
Charges for services	600,096	-	600,096
Extracurricular	318,921	-	318,921
Other local revenues	129,953	-	129,953
Intergovernmental - intermediate	-	204	204
Intergovernmental - state	388,554	92,991	481,545
Intergovernmental - federal	1,951,254	-	1,951,254
Total revenues	<u>3,389,251</u>	<u>1,618,401</u>	<u>5,007,652</u>
Expenditures:			
Current:			
Instruction:			
Regular	426,780	185,051	611,831
Special	1,049,358	-	1,049,358
Other	13,811	-	13,811
Support services:			
Pupil	162,035	-	162,035
Instructional staff	85,094	-	85,094
Administration	185,335	12,447	197,782
Fiscal	13,519	22,014	35,533
Pupil transportation	9,600	-	9,600
Central	-	13,265	13,265
Operation of non-instructional services:			
Food service operations	1,345,737	-	1,345,737
Other non-instructional services	431,622	-	431,622
Extracurricular activities	394,704	-	394,704
Facilities acquisition and construction	2,312	1,701,223	1,703,535
Debt service:			
Principal retirement	-	200,000	200,000
Interest and fiscal charges	-	30,219	30,219
Total expenditures	<u>4,119,907</u>	<u>2,164,219</u>	<u>6,284,126</u>
Excess of expenditures over revenues	<u>(730,656)</u>	<u>(545,818)</u>	<u>(1,276,474)</u>
Other financing sources:			
Transfers in	201,308	26,000	227,308
Total other financing sources	<u>201,308</u>	<u>26,000</u>	<u>227,308</u>
Net change in fund balances	(529,348)	(519,818)	(1,049,166)
Fund balances (deficit)			
at beginning of year	(42,162)	727,553	685,391
Fund balances (deficit) at end of year	<u>\$ (571,510)</u>	<u>\$ 207,735</u>	<u>\$ (363,775)</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	<u>Food Service</u>	<u>Other Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>
Assets:				
Equity in pooled cash and investments	\$ -	\$ 64,263	\$ 70,670	\$ 51,967
Receivables:				
Accounts	-	-	8	-
Intergovernmental	-	-	-	270
Prepayments	1,390	-	-	316
Inventory held for resale	30,135	-	-	-
Total assets	<u>\$ 31,525</u>	<u>\$ 64,263</u>	<u>\$ 70,678</u>	<u>\$ 52,553</u>
Liabilities:				
Accounts payable	\$ 215	\$ 1,756	\$ 635	\$ 6,157
Accrued wages and benefits	59,253	-	-	9,313
Compensated absences payable	24,759	-	-	-
Pension and postemployment obligation payable	14,514	-	-	1,584
Intergovernmental payable	859	-	-	135
Interfund loans payable	-	-	7,429	-
Total liabilities	<u>99,600</u>	<u>1,756</u>	<u>8,064</u>	<u>17,189</u>
Deferred inflows of resources:				
Intergovernmental revenue not available	-	-	-	-
Fund balances:				
Nonspendable:				
Prepays	1,390	-	-	316
Restricted:				
Non-public schools	-	-	-	35,048
Extracurricular	-	-	62,614	-
Other purposes	-	62,507	-	-
Unassigned (deficit)	<u>(69,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>(68,075)</u>	<u>62,507</u>	<u>62,614</u>	<u>35,364</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,525</u>	<u>\$ 64,263</u>	<u>\$ 70,678</u>	<u>\$ 52,553</u>

IDEA Part B Grants	Title III Limited English Proficiency	Title I Disadvantaged Children	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 230,877	\$ 5,330	\$ 111,325	\$ 6,969	\$ 541,401
-	-	-	-	8
150,231	199	106,838	16,374	273,912
795	-	2,185	-	4,686
-	-	-	-	30,135
<u>\$ 381,903</u>	<u>\$ 5,529</u>	<u>\$ 220,348</u>	<u>\$ 23,343</u>	<u>\$ 850,142</u>
\$ 1,157	\$ -	\$ 71	\$ -	\$ 9,991
16,334	-	41,934	11,668	138,502
-	-	-	-	24,759
3,657	-	5,369	-	25,124
403,570	-	608	169	405,341
352,459	5,458	162,909	16,836	545,091
<u>777,177</u>	<u>5,458</u>	<u>210,891</u>	<u>28,673</u>	<u>1,148,808</u>
150,014	199	106,367	16,264	272,844
795	-	2,185	-	4,686
-	-	-	-	35,048
-	-	-	-	62,614
-	-	-	-	62,507
<u>(546,083)</u>	<u>(128)</u>	<u>(99,095)</u>	<u>(21,594)</u>	<u>(736,365)</u>
<u>(545,288)</u>	<u>(128)</u>	<u>(96,910)</u>	<u>(21,594)</u>	<u>(571,510)</u>
<u>\$ 381,903</u>	<u>\$ 5,529</u>	<u>\$ 220,348</u>	<u>\$ 23,343</u>	<u>\$ 850,142</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, 2017

	<u>Food Service</u>	<u>Other Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ 473
Charges for services	600,096	-	-	-
Extracurricular	-	-	318,921	-
Other local revenues	-	116,961	12,992	-
Intergovernmental - state	9,376	-	-	337,978
Intergovernmental - federal	587,333	-	-	-
Total revenues	<u>1,196,805</u>	<u>116,961</u>	<u>331,913</u>	<u>338,451</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	60,351	-	-
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	13,519
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,345,737	-	-	-
Other non-instructional services	-	-	-	417,994
Extracurricular activities	-	-	394,704	-
Facilities acquisition and construction	-	2,312	-	-
Total expenditures	<u>1,345,737</u>	<u>62,663</u>	<u>394,704</u>	<u>431,513</u>
Excess of revenues over (under) expenditures	<u>(148,932)</u>	<u>54,298</u>	<u>(62,791)</u>	<u>(93,062)</u>
Other financing sources:				
Transfers in	<u>168,744</u>	<u>-</u>	<u>32,564</u>	<u>-</u>
Net change in fund balances	19,812	54,298	(30,227)	(93,062)
Fund balances (deficits)				
at beginning of year	(87,887)	8,209	92,841	128,426
Fund balances (deficits) at end of year	<u>\$ (68,075)</u>	<u>\$ 62,507</u>	<u>\$ 62,614</u>	<u>\$ 35,364</u>

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,200	25,000	-	-	-	-
-	-	791,801	16,848	448,866	106,406
<u>16,200</u>	<u>25,000</u>	<u>791,801</u>	<u>16,848</u>	<u>448,866</u>	<u>106,406</u>
16,200	-	-	-	348,086	2,143
-	-	1,032,382	16,976	-	-
-	-	-	-	13,811	-
-	25,000	137,035	-	-	-
-	-	-	-	-	85,094
-	-	103,179	-	64,656	17,500
-	-	-	-	-	-
-	-	9,600	-	-	-
-	-	-	-	-	-
-	-	12,430	-	-	1,198
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,200</u>	<u>25,000</u>	<u>1,294,626</u>	<u>16,976</u>	<u>426,553</u>	<u>105,935</u>
-	-	(502,825)	(128)	22,313	471
-	-	-	-	-	-
-	-	(502,825)	(128)	22,313	471
-	-	(42,463)	-	(119,223)	(22,065)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (545,288)</u>	<u>\$ (128)</u>	<u>\$ (96,910)</u>	<u>\$ (21,594)</u>

-continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Total Nonmajor Special Revenue Funds
Revenues:	
From local sources:	
Earnings on investments	\$ 473
Charges for services	600,096
Extracurricular	318,921
Other local revenues	129,953
Intergovernmental - state	388,554
Intergovernmental - federal	1,951,254
Total revenues	3,389,251
Expenditures:	
Current:	
Instruction:	
Regular	426,780
Special	1,049,358
Other	13,811
Support services:	
Pupil	162,035
Instructional staff.	85,094
Administration	185,335
Fiscal.	13,519
Pupil transportation	9,600
Operation of non-instructional services:	
Food service operations.	1,345,737
Other non-instructional services	431,622
Extracurricular activities	394,704
Facilities acquisition and construction	2,312
Total expenditures	4,119,907
Excess of revenues over (under) expenditures	(730,656)
Other financing sources:	
Transfers in.	201,308
Net change in fund balances.	(529,348)
Fund balances (deficits)	
at beginning of year	(42,162)
Fund balances (deficits) at end of year	\$ (571,510)

**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, 2017

	<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	\$ 1,352,323	\$ 1,352,323	\$ -
Total expenditures and other financing uses	<u>1,352,323</u>	<u>1,352,323</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>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Other Grants Fund</u>			
Total revenues and other financing sources	\$ 116,961	\$ 116,961	\$ -
Total expenditures and other financing uses	<u>125,170</u>	<u>62,743</u>	<u>62,427</u>
Net change in fund balance	(8,209)	54,218	62,427
Fund balance at beginning of year	5,837	5,837	-
Prior year encumbrances appropriated	<u>2,372</u>	<u>2,372</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 62,427</u></u>	<u><u>\$ 62,427</u></u>
<u>District Managed Activity Fund</u>			
Total revenues and other financing sources	\$ 371,996	\$ 371,996	\$ -
Total expenditures and other financing uses	<u>467,577</u>	<u>410,206</u>	<u>57,371</u>
Net change in fund balance	(95,581)	(38,210)	57,371
Fund balance at beginning of year	76,356	76,356	-
Prior year encumbrances appropriated	<u>19,225</u>	<u>19,225</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 57,371</u></u>	<u><u>\$ 57,371</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, 2017

	<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	\$ 338,451	\$ 338,451	\$ -
Total expenditures and other financing uses	<u>479,965</u>	<u>469,856</u>	<u>10,109</u>
Net change in fund balance	(141,514)	(131,405)	10,109
Fund balance at beginning of year	71,265	71,265	-
Prior year encumbrances appropriated	<u>70,249</u>	<u>70,249</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 10,109</u>	<u>\$ 10,109</u>
<u>Data Communication Fund</u>			
Total revenues and other financing sources	\$ 16,200	\$ 16,200	\$ -
Total expenditures and other financing uses	<u>16,200</u>	<u>16,200</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>
<u>Miscellaneous 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, 2017

	<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	\$ 1,144,425	\$ 1,144,425	\$ -
Total expenditures and other financing uses	<u>1,287,482</u>	<u>1,110,148</u>	<u>177,334</u>
Net change in fund balance	(143,057)	34,277	177,334
Fund balance at beginning of year	134,923	134,923	-
Prior year encumbrances appropriated	<u>8,134</u>	<u>8,134</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 177,334</u></u>	<u><u>\$ 177,334</u></u>
<u>Title III Limited English Proficiency Fund</u>			
Total revenues and other financing sources	\$ 22,306	\$ 22,306	\$ -
Total expenditures and other financing uses	<u>22,306</u>	<u>17,051</u>	<u>5,255</u>
Net change in fund balance	-	5,255	5,255
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 5,255</u></u>	<u><u>\$ 5,255</u></u>
<u>Title I Disadvantaged Children Fund</u>			
Total revenues and other financing sources	\$ 611,775	\$ 611,775	\$ -
Total expenditures and other financing uses	<u>764,403</u>	<u>653,078</u>	<u>111,325</u>
Net change in fund balance	(152,628)	(41,303)	111,325
Fund balance at beginning of year	147,751	147,751	-
Prior year encumbrances appropriated	<u>4,877</u>	<u>4,877</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 111,325</u></u>	<u><u>\$ 111,325</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, 2017

	<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	\$ 123,242	\$ 123,242	\$ -
Total expenditures and other financing uses	<u>140,402</u>	<u>133,433</u>	<u>6,969</u>
Net change in fund balance	(17,160)	(10,191)	6,969
Fund balance at beginning of year	14,313	14,313	-
Prior year encumbrances appropriated	<u>2,847</u>	<u>2,847</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 6,969</u>	<u>\$ 6,969</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments	\$ 187,192	\$ 201,572	\$ 388,764
Receivables:			
Taxes	2,349,841	-	2,349,841
Total assets.	\$ 2,537,033	\$ 201,572	\$ 2,738,605
Liabilities:			
Accounts payable.	\$ 10,878	\$ -	\$ 10,878
Contracts payable.	387,558	20,372	407,930
Total liabilities.	398,436	20,372	418,808
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	\$ 2,085,836	\$ -	\$ 2,085,836
Delinquent property tax revenue not available.	26,226	-	26,226
Total deferred inflows of resources	2,112,062	-	2,112,062
Fund balances:			
Restricted:			
Capital improvements.	19,926	103,200	123,126
Committed:			
Capital improvements.	6,609	78,000	84,609
Total fund balances	26,535	181,200	207,735
Total liabilities, deferred inflows of resources and fund balances	\$ 2,537,033	\$ 201,572	\$ 2,738,605

**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, 2017

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Taxes	\$ 1,525,206	\$ -	\$ 1,525,206
Intergovernmental - intermediate	204	-	204
Intergovernmental - state	92,991	-	92,991
Total revenues	1,618,401	-	1,618,401
Expenditures:			
Current:			
Instruction:			
Regular	185,051	-	185,051
Support services:			
Administration	12,447	-	12,447
Fiscal	22,014	-	22,014
Central	13,265	-	13,265
Facilities acquisition and construction	1,482,278	218,945	1,701,223
Debt service:			
Principal retirement	200,000	-	200,000
Interest and fiscal charges	30,219	-	30,219
Total expenditures	1,945,274	218,945	2,164,219
Excess of expenditures over revenues	(326,873)	(218,945)	(545,818)
Other financing sources:			
Transfers in	-	26,000	26,000
Total other financing sources	-	26,000	26,000
Net change in fund balances	(326,873)	(192,945)	(519,818)
Fund balances at beginning of year	353,408	374,145	727,553
Fund balances at end of year	\$ 26,535	\$ 181,200	\$ 207,735

**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, 2017

	<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	\$ 1,528,292	\$ 1,516,850	\$ (11,442)
Total expenditures and other financing uses	<u>1,745,075</u>	<u>1,698,432</u>	<u>46,643</u>
Net change in fund balance	(216,783)	(181,582)	35,201
Fund balance at beginning of year	188,825	188,825	-
Prior year encumbrances appropriated	<u>39,400</u>	<u>39,400</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,442</u>	<u>\$ 46,643</u>	<u>\$ 35,201</u>
<u>Building Fund</u>			
Total revenues and other financing sources	\$ 26,000	\$ 26,000	\$ -
Total expenditures and other financing uses	<u>400,145</u>	<u>322,145</u>	<u>78,000</u>
Net change in fund balance	(374,145)	(296,145)	78,000
Fund balance at beginning of year	52,000	52,000	-
Prior year encumbrances appropriated	<u>322,145</u>	<u>322,145</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 78,000</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Scholarship</u>			
Total revenues and other financing sources	\$ -	\$ (265)	\$ (265)
Total expenditures and other financing uses	<u>3,959</u>	<u>1,131</u>	<u>2,828</u>
Net change in fund balance	(3,959)	(1,396)	2,563
Fund balance at beginning of year	<u>3,959</u>	<u>3,959</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,563</u>	<u>\$ 2,563</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, 2017

	Beginning Balance July 1, 2016	Additions	Deletions	Ending Balance June 30, 2017
<u>District Agency</u>				
Assets:				
Equity in pooled cash and investments.	\$ 46	\$ 58,406	\$ 58,234	\$ 218
Prepayments.	-	57	-	57
Total assets	<u>\$ 46</u>	<u>\$ 58,463</u>	<u>\$ 58,234</u>	<u>\$ 275</u>
Liabilities:				
Due to students	46	58,463	58,234	275
Total liabilities.	<u>\$ 46</u>	<u>\$ 58,463</u>	<u>\$ 58,234</u>	<u>\$ 275</u>
<u>Student Managed Activities</u>				
Assets:				
Equity in pooled cash and investments.	\$ 120,659	\$ 194,406	\$ 184,913	\$ 130,152
Receivables				
Accounts	11,078	287	11,078	287
Total assets	<u>\$ 131,737</u>	<u>\$ 194,693</u>	<u>\$ 195,991</u>	<u>\$ 130,439</u>
Liabilities:				
Accounts payable	\$ 401	\$ 354	\$ 401	\$ 354
Loans payable.	1,071	-	1,071	-
Due to students	130,265	194,339	194,519	130,085
Total liabilities.	<u>\$ 131,737</u>	<u>\$ 194,693</u>	<u>\$ 195,991</u>	<u>\$ 130,439</u>
<u>Total - All Agency Funds</u>				
Assets:				
Equity in pooled cash and investments.	\$ 120,705	\$ 252,812	\$ 243,147	\$ 130,370
Receivables				
Accounts	11,078	287	11,078	287
Prepayments.	-	57	-	57
Total assets	<u>\$ 131,783</u>	<u>\$ 253,156</u>	<u>\$ 254,225</u>	<u>\$ 130,714</u>
Liabilities:				
Accounts payable	\$ 401	\$ 354	\$ 401	\$ 354
Loans payable.	1,071	-	1,071	-
Due to students	130,311	252,802	252,753	130,360
Total liabilities.	<u>\$ 131,783</u>	<u>\$ 253,156</u>	<u>\$ 254,225</u>	<u>\$ 130,714</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 (1)</u>
Governmental activities				
Net investment in capital assets	\$ 15,200,038	\$ 14,348,345	\$ 14,150,823	\$ 13,694,422
Restricted	646,129	225,039	185,245	217,986
Unrestricted (deficit)	(62,814,310)	(50,718,948)	(51,922,600)	(56,182,134)
Total governmental activities net position	<u>\$ (46,968,143)</u>	<u>\$ (36,145,564)</u>	<u>\$ (37,586,532)</u>	<u>\$ (42,269,726)</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.

2013	2012	2011	2010	2009	2008
\$ 13,010,519	\$ 13,352,253	\$ 13,326,998	\$ 13,043,385	\$ 13,665,567	\$ 14,413,341
116,936	201,134	429,712	1,576,925	1,408,917	977,417
15,369,460	11,864,381	9,166,294	7,177,691	5,290,670	2,790,531
<u>\$ 28,496,915</u>	<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>

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 30,762,207	\$ 27,939,539	\$ 27,052,752	\$ 26,142,430	\$ 24,059,541
Special	8,470,582	6,849,397	6,956,911	6,275,524	5,059,066
Vocational	2,278,827	1,998,781	1,972,573	1,927,610	1,947,538
Adult/continuing	-	-	-	-	-
Other instructional	404,302	177,133	223,883	154,966	154,464
Support services:					
Pupil	4,349,723	3,868,484	3,872,314	3,333,198	3,236,206
Instructional staff	1,613,151	1,248,109	988,923	562,413	2,685,844
Board of education	326,929	527,289	522,732	692,639	748,634
Administration	3,880,055	3,408,342	3,110,141	3,008,993	3,118,716
Fiscal	1,389,520	1,305,665	962,132	1,288,905	1,323,704
Business	264,717	249,733	251,158	155,361	66,133
Operations and maintenance	6,223,204	5,321,944	5,528,552	5,482,826	5,138,022
Pupil transportation	3,435,537	3,074,708	3,100,765	3,133,486	3,374,244
Central	1,062,436	921,569	775,673	625,585	496,342
Operation of non-instructional services:					
Food service operations	1,396,191	1,325,315	1,360,657	1,339,638	1,380,094
Other non-instructional services	455,657	271,661	458,375	252,098	475,514
Extracurricular activities	1,585,561	1,462,393	1,388,292	1,337,472	1,235,215
Interest and fiscal charges	194,882	237,386	103,097	99,211	155,073
Total governmental activities expenses	<u>68,093,481</u>	<u>60,187,448</u>	<u>58,628,930</u>	<u>55,812,355</u>	<u>54,654,350</u>

	2012	2011	2010	2009	2008
\$	24,818,358	\$ 26,866,739	\$ 25,754,244	\$ 25,179,398	\$ 24,485,458
	4,578,782	5,529,916	5,128,781	4,852,659	4,473,031
	1,594,810	1,602,735	1,625,972	1,596,146	1,715,572
	-	-	-	4,031	14,550
	795,323	265,404	338,078	320,688	299,228
	2,924,738	3,048,577	3,072,569	3,053,622	3,127,951
	2,099,634	2,366,096	2,416,922	2,507,581	2,552,978
	554,243	373,274	232,490	422,215	460,799
	3,386,624	3,591,133	3,217,318	2,818,083	2,775,102
	1,472,498	1,304,844	1,198,534	1,320,751	1,172,084
	80,341	47,052	151,624	468,037	552,982
	5,042,203	5,327,855	5,304,788	5,557,031	5,130,426
	3,412,539	3,105,971	3,273,312	3,283,900	3,117,758
	616,663	632,010	652,505	610,594	843,101
	1,269,711	1,313,065	1,264,556	1,241,668	1,296,565
	351,300	338,433	441,929	422,399	470,651
	1,201,505	1,240,678	1,135,002	1,149,187	1,236,766
	120,443	130,192	139,186	159,358	243,867
	<u>54,319,715</u>	<u>57,083,974</u>	<u>55,347,810</u>	<u>54,967,348</u>	<u>53,968,869</u>

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Program revenues					
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 2,451,712	\$ 2,467,329	\$ 2,125,820	\$ 2,034,037	\$ 2,049,382
Special	599,689	492,529	447,777	521,276	338,608
Vocational	103,080	60,592	88,475	55,177	49,864
Support services:					
Pupil	124,188	140,627	171,893	140,218	192,501
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	-
Fiscal	13,519	14,379	15,366	14,347	27,210
Operations and maintenance	30,914	10,200	19,890	16,320	23,460
Pupil transportation	23	-	-	-	291
Central	2,983	3,508	2,369	2,337	2,991
Operation of non-instructional services:					
Food service operations	600,096	609,654	580,683	602,992	633,766
Extracurricular activities	558,005	558,756	537,577	505,519	483,538
Operating grants and contributions:					
Instruction:					
Regular	620,420	576,687	655,642	634,806	664,432
Special	2,230,876	2,092,978	2,036,522	2,028,441	1,230,223
Vocational	185,215	138,105	126,079	117,572	177,447
Other	13,564	1,216	-	-	1,089
Support services:					
Pupil	120,011	189,351	194,143	222,823	332,383
Instructional staff	79,002	414	17,245	5,422	47,759
Board of education	-	-	-	-	-
Administration	151,284	192,726	89,675	83,536	109,908
Fiscal	-	-	12,473	20,345	-
Operations and maintenance	-	-	-	-	-
Pupil transportation	142,810	158,957	148,322	197,444	136,893
Central	-	-	337	-	-
Operation of non-instructional services:					
Food service operations	596,709	618,848	610,452	575,798	573,306
Other non-instructional services	348,181	371,911	373,436	346,848	384,954
Extracurricular activities	11,157	10,710	10,402	15,410	13,035
Capital grants and contributions:					
Instruction:					
Regular	-	-	-	-	-
Support services:					
Pupil transportation	-	-	-	-	-
Extracurricular activities	-	-	-	600,000	-
Total governmental program revenues	<u>8,983,438</u>	<u>8,709,477</u>	<u>8,264,578</u>	<u>8,740,668</u>	<u>7,473,040</u>
Net (expense)/revenue					
Governmental activities	<u>\$ (59,110,043)</u>	<u>\$ (51,477,971)</u>	<u>\$ (50,364,352)</u>	<u>\$ (47,071,687)</u>	<u>\$ (47,181,310)</u>

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	1,811,441	\$ 1,926,730	\$ 1,984,041	\$ 1,365,821	\$ 1,087,083
	327,324	209,189	117,609	96,972	348,941
	38,893	44,822	44,198	57,737	53,723
	190,827	212,279	43,076	189,973	214,314
	-	-	-	1,369	775
	-	14,531	13,062	27,639	-
	-	-	-	-	-
	41,195	54,068	38,544	33,745	73,830
	-	-	300	-	-
	-	-	4,526	-	-
	713,955	747,688	802,499	858,272	901,262
	494,448	493,060	445,534	444,695	334,418
	798,440	2,031,721	1,332,549	625,316	537,366
	884,841	1,542,287	1,698,101	1,344,323	1,222,890
	209,996	174,634	244,135	220,108	145,909
	446	89	45,721	37,437	-
	358,576	467,883	460,528	444,033	309,381
	34,173	65,660	36,906	69,007	144,486
	-	47,486	9,099	-	-
	124,917	226,268	175,658	200,813	168,013
	-	-	-	-	-
	-	15,526	-	1,693	-
	134,896	184,639	144,884	122,077	127,122
	-	201,954	207,437	34,040	27,000
	568,104	547,844	493,221	393,384	348,810
	380,165	380,579	412,923	425,336	528,674
	15,843	15,625	16,385	1,776	-
	-	-	-	-	53,339
	-	-	-	65,104	86,629
	-	-	-	-	-
	<u>7,128,480</u>	<u>9,604,562</u>	<u>8,770,936</u>	<u>7,060,670</u>	<u>6,713,965</u>
	<u>\$ (47,191,235)</u>	<u>\$ (47,479,412)</u>	<u>\$ (46,576,874)</u>	<u>\$ (47,906,678)</u>	<u>\$ (47,254,904)</u>

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General revenues and other changes in net position					
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 29,033,250	\$ 34,302,020	\$ 36,357,109	\$ 37,316,788	\$ 31,408,886
Debt service	-	-	-	-	-
Capital outlay	1,538,778	532,275	565,319	583,514	492,005
Payments in lieu of taxes	53,102	218,504	190,233	162,867	212,345
Grants and entitlements not restricted to specific programs	17,572,111	17,389,770	17,676,902	17,425,497	17,926,791
Investment earnings	31,294	94,325	67,469	69,776	12,592
Miscellaneous	58,929	382,045	190,514	228,515	207,838
Total governmental activities	<u>48,287,464</u>	<u>52,918,939</u>	<u>55,047,546</u>	<u>55,786,957</u>	<u>50,260,457</u>
Change in net position					
Governmental activities	<u><u>\$ (10,822,579)</u></u>	<u><u>\$ 1,440,968</u></u>	<u><u>\$ 4,683,194</u></u>	<u><u>\$ 8,715,270</u></u>	<u><u>\$ 3,079,147</u></u>

Source: School District financial records.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 30,625,517	\$ 29,094,194	\$ 28,256,878	\$ 29,435,567	\$ 28,667,429
-	-	-	153,580	378,895
526,388	593,938	575,728	594,342	570,303
219,623	62,280	19,242	125,406	-
18,068,848	18,641,456	19,148,037	19,385,420	18,755,169
51,581	60,285	107,693	261,203	640,953
194,042	152,262	104,937	135,025	58,749
<u>49,685,999</u>	<u>48,604,415</u>	<u>48,212,515</u>	<u>50,090,543</u>	<u>49,071,498</u>
<u>\$ 2,494,764</u>	<u>\$ 1,125,003</u>	<u>\$ 1,635,641</u>	<u>\$ 2,183,865</u>	<u>\$ 1,816,594</u>

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General fund:					
Nonspendable	\$ 132,416	\$ 53,716	\$ 54,756	\$ 86,938	\$ 92,255
Restricted	-	-	-	482,900	-
Committed	-	-	-	430,555	429,273
Assigned	21,476,361	26,806,189	26,802,898	25,076,078	17,444,284
Unassigned	-	2,257,698	1,669,036	277,275	93,094
Reserved	-	-	-	-	-
Unreserved (deficit)	-	-	-	-	-
Total general fund	<u>\$ 21,608,777</u>	<u>\$ 29,117,603</u>	<u>\$ 28,526,690</u>	<u>\$ 26,353,746</u>	<u>\$ 18,058,906</u>
All other governmental funds:					
Nonspendable	\$ 4,686	\$ -	\$ -	\$ 48,501	\$ 22,377
Restricted	283,295	551,621	152,524	176,440	117,814
Committed	84,609	405,408	425,003	198,969	145,535
Unassigned (deficit)	(736,365)	(271,638)	(182,927)	(427,163)	(509,979)
Reserved	-	-	-	-	-
Unreserved (deficit), reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ (363,775)</u>	<u>\$ 685,391</u>	<u>\$ 394,600</u>	<u>\$ (3,253)</u>	<u>\$ (224,253)</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 105,247	\$ 104,719	\$ -	\$ -	\$ -
-	248,223	-	-	-
442,594	161,805	-	-	-
14,432,065	809,688	-	-	-
-	10,950,302	-	-	-
-	-	4,588,028	3,947,840	2,731,642
-	-	7,160,057	5,157,387	3,281,668
<u>\$ 14,979,906</u>	<u>\$ 12,274,737</u>	<u>\$ 11,748,085</u>	<u>\$ 9,105,227</u>	<u>\$ 6,013,310</u>
\$ 62,999	\$ 91,344	\$ -	\$ -	\$ -
230,302	262,387	-	-	-
46,426	341,017	-	-	-
(133,296)	(128,760)	-	-	-
-	-	618,720	473,295	714,893
-	-	(402,283)	65,836	204,163
-	-	1,924	166,443	110,968
<u>\$ 206,431</u>	<u>\$ 565,988</u>	<u>\$ 218,361</u>	<u>\$ 705,574</u>	<u>\$ 1,030,024</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues				
From local sources:				
Taxes	\$ 30,959,509	\$ 34,761,990	\$ 37,056,629	\$ 37,800,237
Tuition	3,012,219	2,839,801	2,524,352	2,419,670
Earnings on investments	32,208	88,912	62,579	71,305
Charges for services	600,096	609,654	580,683	602,992
Extracurricular	751,449	779,493	734,604	693,927
Classroom materials and fees	71,171	99,574	110,176	140,638
Other local revenues	631,168	652,484	434,604	385,932
Intergovernmental - intermediate	16,586	25,771	-	16,878
Intergovernmental - state	19,603,479	19,508,107	19,598,249	19,457,943
Intergovernmental - federal	1,990,254	2,214,318	2,407,232	2,220,334
Total revenues	<u>57,668,139</u>	<u>61,580,104</u>	<u>63,509,108</u>	<u>63,809,856</u>
Expenditures				
Current:				
Instruction:				
Regular	28,526,612	27,536,615	27,249,636	25,302,773
Special	8,098,789	6,911,073	7,130,031	6,242,464
Vocational	2,173,750	2,013,225	2,035,101	1,919,066
Adult/continuing	-	-	-	-
Other	375,872	179,549	225,734	155,476
Support services:				
Pupil	4,123,776	3,969,883	3,938,969	3,300,335
Instructional staff	1,507,391	1,236,376	1,100,215	544,525
Board of education	326,929	527,289	523,220	692,639
Administration	3,670,549	3,437,454	3,257,944	3,142,555
Fiscal	1,344,195	1,367,148	1,001,228	1,278,764
Business	249,320	250,545	222,909	155,361
Operations and maintenance	5,281,693	5,046,394	5,530,976	5,262,647
Pupil transportation	3,482,978	3,368,430	3,425,763	3,306,602
Central	1,001,262	950,134	766,149	659,912
Operation of non-instructional services:				
Food service operations	1,345,737	1,319,312	1,385,371	1,338,727
Other non-instructional services	446,190	270,031	506,928	262,181
Extracurricular activities	1,403,843	1,365,638	1,298,005	1,231,676
Facilities acquisitions and construction	2,456,495	4,378,013	810,950	838,481
Capital outlay	-	-	-	137,239
Debt service:				
Principal retirement	758,369	535,120	451,548	283,711
Interest and fiscal charges	195,978	197,964	111,142	104,302
Bond issuance costs	-	37,500	-	-
Total expenditures	<u>66,769,728</u>	<u>64,897,693</u>	<u>60,971,819</u>	<u>56,159,436</u>
Excess of revenues over (under) expenditures	\$ (9,101,589)	\$ (3,317,589)	\$ 2,537,289	\$ 7,650,420

	2013	2012	2011	2010	2009	2008
\$	31,846,909	\$ 31,298,744	\$ 29,460,525	\$ 28,767,164	\$ 30,384,088	\$ 29,317,400
	2,264,406	2,032,784	1,978,965	1,770,239	1,267,229	1,249,518
	13,180	55,138	65,127	131,808	273,193	651,284
	633,766	713,955	747,688	802,499	858,272	901,262
	715,168	706,905	719,776	645,462	611,584	406,752
	130,852	119,302	175,738	174,922	183,904	183,795
	512,302	468,264	295,030	213,650	422,966	331,768
	17,091	14,885	15,337	20,855	24,748	28,578
	19,096,490	19,218,584	19,774,764	20,415,976	21,159,032	20,654,799
	2,156,211	2,230,180	4,997,913	3,890,920	2,020,049	1,747,793
	<u>57,386,375</u>	<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>
	23,753,724	24,457,635	26,353,173	25,165,939	24,432,390	23,988,547
	5,111,623	4,569,440	5,609,467	5,057,266	4,776,526	4,463,939
	1,917,230	1,602,463	1,594,424	1,624,270	1,635,991	1,705,596
	-	-	-	-	4,031	14,550
	191,042	768,323	270,997	332,204	326,512	296,984
	3,197,697	2,971,425	3,065,045	3,053,140	3,036,197	3,161,162
	2,652,464	2,074,556	2,446,433	2,423,157	2,490,848	2,592,951
	748,634	554,243	373,274	232,490	422,215	460,799
	3,090,196	3,387,935	3,595,432	3,148,750	2,781,284	2,831,147
	1,346,412	1,486,803	1,296,056	1,178,996	1,297,887	1,142,634
	66,133	80,341	61,971	162,635	489,492	552,632
	4,856,702	4,835,545	5,091,881	4,873,243	5,135,214	5,059,450
	3,320,935	3,241,301	3,187,402	3,070,792	3,100,653	3,255,461
	491,715	629,971	609,170	658,618	593,674	838,344
	1,364,083	1,261,373	1,299,824	1,237,292	1,229,437	1,275,691
	476,630	368,381	371,902	500,254	423,566	467,385
	1,150,662	1,121,540	1,159,404	1,101,773	1,114,396	1,095,834
	629,977	729,454	603,629	488,886	335,075	341,507
	-	-	-	-	-	-
	260,000	250,000	235,000	235,000	650,000	640,000
	112,200	122,400	132,100	141,500	162,210	258,452
	-	-	-	-	-	-
	<u>54,738,059</u>	<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>
\$	2,648,316	\$ 2,345,612	\$ 874,279	\$ 2,147,290	\$ 2,767,467	\$ 1,029,884

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Other financing sources (uses)				
Transfers in	\$ 227,308	\$ 195,263	\$ 286,874	\$ 195,092
Transfers (out)	(227,308)	(195,263)	(286,874)	(195,092)
Sale of assets	55,670	-	33,498	-
Lease purchase transactions	487,927	414,408	-	865,430
Issuance of bonds	-	3,784,885	-	-
Total other financing sources (uses)	<u>543,597</u>	<u>4,199,293</u>	<u>33,498</u>	<u>865,430</u>
Net change in fund balances	<u>\$ (8,557,992)</u>	<u>\$ 881,704</u>	<u>\$ 2,570,787</u>	<u>\$ 8,515,850</u>
Debt service as a percentage of noncapital expenditures	1.50%	1.22%	0.95%	0.71%

Source: School District financial records.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 42,988	\$ 1,298	\$ 3,743	\$ -	\$ 16,575	\$ 52,265
(42,988)	(1,298)	(3,743)	-	(16,575)	(52,265)
-	-	-	8,355	-	10,351
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,355	-	10,351
<u>\$ 2,648,316</u>	<u>\$ 2,345,612</u>	<u>\$ 874,279</u>	<u>\$ 2,155,645</u>	<u>\$ 2,767,467</u>	<u>\$ 1,040,235</u>
0.69%	0.69%	0.65%	0.70%	1.50%	1.68%

**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
2017	\$ 900,557,020	\$ 2,573,020,057	\$ -	\$ -	\$ 13,930,890	\$ 39,802,543
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

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
\$ 914,487,910	\$ 2,612,822,600	35.00%	\$ 55.34
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

**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
2016/2017	\$ 14.16	\$ 13.62	\$ 9.50	\$ 5.20	\$ 7.14	\$ 11.00	\$ 6.15
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

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	General	Voted Bond	Capital	Unvoted	Total
\$ 10.27	\$ 0.40	\$ 0.50	\$ 2.00	\$ 47.95	\$ -	\$ 1.99	\$ 5.40	\$ 55.34
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

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

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2016 AND DECEMBER 31, 2007

December 31, 2016			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Ohio Edison	\$ 8,878,280	1	0.97%
DDR Ohio Opportunity II LLC	8,559,290	2	0.94%
Wyndham Ridge LTD	7,803,120	3	0.85%
Heron Springs Associates LLC	6,962,400	4	0.76%
JVM Hidden Lake Apartments LLC	4,410,020	5	0.48%
Stow-Glen Properties LLC	4,347,830	6	0.48%
Bemis Company, Inc.	4,275,820	7	0.47%
Stow Associates	3,336,500	8	0.36%
Albrecht Incorporated	3,178,730	9	0.35%
Steels Corners Apartment Co. LTD	3,149,270	10	0.34%
Total	<u>\$ 54,901,260</u>		<u>6.00%</u>

December 31, 2007			
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	0.82%
Morgan Adhesive Co.	6,885,820	3	0.72%
Ohio Edison	6,832,670	4	0.71%
DDR Ohio Opportunity II LLC	6,670,820	5	0.70%
Marcliff Hidden Lakes Apartments Limited	4,653,450	6	0.49%
Stow-Glen Properties LLC	4,606,350	7	0.48%
SFC Enterprises LTD	4,549,930	8	0.47%
Steels Corners Apartment Company LTD	3,731,030	9	0.39%
Walmart Real Estate Business Trust	2,547,490	10	0.27%
Total	<u>\$ 56,703,190</u>		<u>5.92%</u>

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
2016/2017	\$ 38,889,177	\$ 786,152	\$ 39,675,329	\$ 38,103,025	97.98%
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%

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.

<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection As a Percent of Total Levy</u>
\$ 745,285	\$ 38,848,310	97.92%
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%

**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				
2017	\$ 1,253,624	\$ 3,583,612	\$ 1,090,290	\$ 5,927,526	\$ 170	0.520%	\$ 1,156
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

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		
2017	\$ 1,253,624	\$ -	\$ 1,253,624	0.14%	\$ 36
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

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, 2017

<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	61,905,000	7.88%	4,878,114
Portage County	15,846,813	0.11%	17,431
City of Cuyahoga Falls	7,227,472	0.26%	18,791
City of Hudson	20,501,872	0.38%	77,907
City of Tallmadge	8,710,122	0.02%	1,742
City of Stow	14,088,964	100.00%	14,088,964
City of Munroe Falls	370,000	99.38%	367,706
Total overlapping debt	<u>128,650,243</u>		<u>19,450,655</u>
Total direct and overlapping debt	<u>\$ 134,854,692</u>		<u>\$ 25,655,104</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
2017	\$ 914,488	\$ 82,303,912	\$ 1,225,000	\$ -	\$ 1,225,000	\$ 81,078,912	1.49%
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%

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>
2017	34,797	\$ 32,740	\$ 1,139,253,780	39.7	5,126	5.3%	5.0%	4.4%
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%

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, 2016		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	620	1	3.50%
Akron General Health & Wellness Center	250	2	1.41%
NMG Aerospace	239	3	1.35%
City of Stow	231	4	1.31%
Matco Tools Corporation	200	5	1.13%
J.D. Clunk & Associates	172	6	0.97%
Anderson International	130	7	0.73%
Audio Technica	105	8	0.59%
MActac - Morgan Adhesives	90	9	0.51%
DHL	80	10	0.45%
Total	2,117		11.95%
Total City Employment	17,700		

Employer	December 31, 2007		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	665	1	3.45%
MActac - Morgan Adhesives	362	2	1.88%
Matco Tools Corporation	250	3	1.30%
City of Stow	226	4	1.17%
National Machine	215	5	1.11%
Akron General Health and Wellness Center	151	6	0.78%
Centimark Corporation	126	7	0.65%
Audio Technica	112	8	0.58%
Saint-Gobain Norpro Corp.	80	9	0.41%
Spectrum Surgical	71	10	0.37%
Total	2,258		11.70%
Total City Employment	19,300		

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Professional staff:						
Teaching staff:						
Elementary	115	112	109	99	99	103
Intermediate	49	48	49	47	47	46
Middle	44	43	44	42	43	43
High	104	99	99	100	99	101
Tutors	23	20	18	18	17	17
Librarians	3	3	3	3	3	3
Others	9	7	6	3	3	3
Administration:						
District	29	28	28	27	27	28
Board members	5	5	5	5	5	5
Auxiliary positions:						
Counselors	10	10	9	9	9	9
Speech	5	5	5	5	5	5
Mental health specialists	6	5	5	5	5	5
Support staff:						
Secretarial	34	33	33	33	33	33
Aides	57	51	40	44	45	45
Hall monitor/security	5	5	7	7	7	7
Cooks	17	17	17	17	17	17
Custodial	36	36	36	36	37	37
Maintenance	8	8	8	8	8	8
Bus driver	32	32	31	32	34	34
Mechanics	4	4	4	4	4	4
Extracurricular	289	281	265	261	244	244
Total	<u>884</u>	<u>852</u>	<u>821</u>	<u>805</u>	<u>791</u>	<u>797</u>

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
109	116	116	122
47	44	47	60
52	51	55	54
101	101	106	113
16	17	12	18
4	4	4	8
2	2	2	2
28	28	28	29
5	5	5	5
9	9	9	11
5	5	5	6
5	5	5	5
33	36	38	41
47	33	50	56
7	25	18	20
17	15	27	19
37	34	37	41
8	8	8	13
34	27	39	35
4	3	5	4
<u>257</u>	<u>272</u>	<u>268</u>	<u>262</u>
<u>827</u>	<u>840</u>	<u>884</u>	<u>924</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	2017	2016	2015	2014	2013	2012
Instruction:						
Regular	266	261	256	232	231	236
Special	78	73	64	41	42	42
Vocational	14	14	15	14	15	14
Other	27	24	22	22	21	21
Support services:						
Pupil	37	34	32	31	31	32
Instructional staff	11	10	9	44	43	43
Administration	41	37	42	45	44	45
Fiscal	6	6	6	7	7	7
Business	2	2	2	-	-	-
Operations and maintenance	64	64	64	64	63	66
Pupil transportation	43	42	41	41	45	42
Central	6	4	3	3	5	5
Extracurricular activities	289	281	265	261	244	244
Total governmental activities	<u>884</u>	<u>852</u>	<u>821</u>	<u>805</u>	<u>791</u>	<u>797</u>

Source: School District records

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
265	265	286	317
53	56	39	42
11	12	15	16
21	21	21	24
36	36	37	40
55	60	77	76
36	36	36	37
7	7	7	7
2	2	2	3
44	44	44	48
35	35	49	40
5	5	5	5
<u>257</u>	<u>261</u>	<u>266</u>	<u>269</u>
<u>827</u>	<u>840</u>	<u>884</u>	<u>924</u>

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

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

Function	2017	2016	2015	2014	2013	2012
Instruction:						
Regular and special						
Enrollment (students)	5,126	4,987	5,207	5,336	5,402	5,486
Graduates	426	435	426	421	447	463
Support services:						
Board of education						
Regular meetings per year	22	18	20	17	20	21
Special meetings per year	8	3	24	8	3	11
Administration						
Student attendance rate	95.3%	95.4%	95.8%	95.7%	95.7%	95.8%
Fiscal						
Nonpayroll checks issued	5,697	5,672	5,362	5,224	5,314	5,026
Operations and maintenance						
Work orders completed	1,926	1,750	1,354	N/A	2,964	2,353
Square footage maintained	760,409	760,409	760,409	760,409	760,409	760,409
Pupil transportation						
Avg. students transported daily	2,826	2,715	2,855	2,855	2,943	2,769
Food service operations:						
Meals served to students	306,729	317,925	314,380	308,579	328,217	369,316
Percentage of students receiving reduced cost or free lunches	21.0%	22.0%	22.0%	22.7%	22.0%	22.0%

Source: District records

N/A = information not available.

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

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

**CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities:					
Land	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
Land improvements	2,286,234	2,490,386	2,694,538	2,868,465	2,397,681
Buildings and improvements	12,222,486	12,499,593	9,026,515	8,926,870	9,242,466
Furniture, fixtures and equipment	2,825,271	2,379,212	2,371,195	2,074,449	1,806,741
Vehicles	2,532,724	2,297,543	2,041,417	1,782,649	1,601,154
Construction in progress	1,104,864	-	-	186,064	-
Total governmental activities capital assets, net	<u>\$ 21,535,494</u>	<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
\$ 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
9,470,610	9,829,990	10,374,976	12,547,638	13,294,731
1,946,034	2,061,599	1,758,690	623,141	704,982
1,652,674	1,798,383	1,716,431	2,244,704	2,326,738
-	-	-	-	-
\$ 15,998,090	\$ 16,279,508	\$ 16,237,376	\$ 17,101,039	\$ 18,003,782

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2017</u>	<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	38,285
Capacity (students)	550	550	550	550	550	550
Enrollment	308	296	295	322	310	323
Fishcreek Elementary (1960)						
Square feet	32,153	32,153	32,153	32,153	32,153	32,153
Capacity (students)	500	500	500	500	500	500
Enrollment	337	326	342	381	362	346
Highland Elementary (1938)						
Square feet	33,324	33,324	33,324	33,324	33,324	33,324
Capacity (students)	500	500	500	500	500	500
Enrollment	309	297	304	314	322	349
Indian Trail Elementary (1969)						
Square feet	41,600	41,600	41,600	41,600	41,600	41,600
Capacity (students)	500	500	500	500	500	500
Enrollment	319	333	310	358	374	347
Riverview Elementary (1954)						
Square feet	23,277	23,277	23,277	23,277	23,277	23,277
Capacity (students)	575	575	575	575	575	575
Enrollment	300	261	267	244	274	280
Woodland Elementary (1954)						
Square feet	23,277	23,277	23,277	23,277	23,277	23,277
Capacity (students)	525	525	525	525	525	525
Enrollment	371	264	269	270	296	320
Lakeview Intermediate (1959)						
Square feet	178,882	178,882	178,882	178,882	178,882	178,882
Capacity (students)	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	754	743	782	802	809	870
Kimpton Middle School (1970)						
Square feet	117,500	117,500	117,500	117,500	117,500	117,500
Capacity (students)	1,125	1,125	1,125	1,125	1,125	1,125
Enrollment	813	817	819	871	871	845
High School (1987)						
Square feet	254,514	254,514	254,514	254,514	254,514	254,514
Capacity (students)	2,050	2,050	2,050	2,050	2,050	2,050
Enrollment	1,615	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	11,000
Transportation and warehouse (1987)						
Square feet	6,597	6,597	6,597	6,597	6,597	6,597

Source: District records

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

2011	2010	2009	2008
38,285	38,285	38,285	38,285
550	550	550	550
365	354	354	364
32,153	32,153	32,153	32,153
500	500	500	500
363	356	357	377
33,324	33,324	33,324	33,324
500	500	500	500
348	344	351	347
41,600	41,600	41,600	41,600
500	500	500	500
352	293	302	292
23,277	23,277	23,277	23,277
575	575	575	575
286	280	273	266
23,277	23,277	23,277	23,277
525	525	525	525
324	293	284	285
178,882	178,882	178,882	178,882
1,050	1,050	1,050	1,050
855	846	841	843
117,500	117,500	117,500	117,500
1,125	1,125	1,125	1,125
862	862	879	904
254,514	254,514	254,514	254,514
2,050	2,050	2,050	2,050
1,854	1,879	1,876	1,938
11,000	11,000	11,000	11,000
6,597	6,597	6,597	6,597

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities		Enrollment
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2017	\$ 65,815,381	\$ 12,840	\$ 67,898,599	\$ 13,246	5,126
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

Source: District records

(1) Debt service totals have been excluded.

Percent Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
2.79%	351	14.60	95.30%
-4.23%	332	15.02	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%

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

TEACHER STATISTICS
JUNE 30, 2017

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	73	20.80%
Master's Degree	278	79.20%
Ph.D.	<u>0</u>	<u>0.00%</u>
	<u><u>351</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	81	23.08%
6 - 10	66	18.80%
11 and over	<u>204</u>	<u>58.12%</u>
	<u><u>351</u></u>	<u><u>100.00%</u></u>

Source: School District Personnel Records

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

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

KRISTY STOICOIU, 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, 2017**

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	2017	\$ 91,551
(D) (E) National School Lunch Program	10.555	2017	482,556
(C) (D) National School Lunch Program - Food Donation	10.555	2017	89,587
Total National School Lunch Program			<u>572,143</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>663,694</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2016	112,019
Title I Grants to Local Educational Agencies	84.010	2017	364,136
Total Title I Grants to Local Educational Agencies			<u>476,155</u>
Special Education Cluster:			
(F) Special Education_Grants to States	84.027	2016	26,738
(F) Special Education_Grants to States	84.027	2017	869,346
Total Special Education_Grants to States and Special Education Cluster			<u>896,084</u>
English Language Acquisition Grants	84.365	2017	16,976
Improving Teacher Quality State Grants	84.367	2016	16,862
Improving Teacher Quality State Grants	84.367	2017	91,955
Total Improving Teacher Quality State Grants			<u>108,817</u>
PASSED THROUGH THE SIX DISTRICT EDUCATIONAL COMPACT			
Career and Technical Education_Basic Grants to States	84.048	2017	39,000
Total U.S. Department of Education			<u>1,537,032</u>
Total Federal Financial Assistance			<u>\$ 2,200,726</u>

Notes to the Schedule of Expenditures of Federal Awards:

- (A) OAKS did not assign pass-through numbers for fiscal year 2017.
- (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, 2017 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) Included as part of "Special Education Cluster" when determining major programs.
- (G) 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 not elected 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, 2017, 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 28, 2017.

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 report is not suitable for any other purpose.



Julian & Grube, Inc.
December 28, 2017



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

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

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, 2017. 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, 2017.

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 each 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 of the Stow-Munroe Falls City School District as of and for the fiscal year ended June 30, 2017, 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 28, 2017. We conducted our audit to opine on the Stow-Munroe 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 28, 2017

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

**SCHEDULE OF FINDINGS
UNIFORM GUIDANCE 2 CFR § 200.515
JUNE 30, 2017**

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 Program's 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 Cluster
<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

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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
FEBRUARY 13, 2018**