



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

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Stow-Munroe Falls City School District, Summit County, (the School District) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the School District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 3 to the general purpose financial statements, certain errors resulting in the understatement of previously reported Inventory Held for Resale as of June 30, 1999, was discovered during the current year. Accordingly, the June 30, 1999 general purpose financial statements have been restated and an adjustment has been made to Retained Earning as of July 1, 1999 to correct the error.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2000 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 5, 2000

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**Stow-Munroe Falls City School District**

*Combined Balance Sheet*

*All Fund Types and Account Groups*

*June 30, 2000*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><i>Assets and Other Debits</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,801,547	\$432,412	\$629,124	\$793,750
Receivables:				
Taxes	22,582,841	0	1,203,995	0
Accounts	6,346	0	0	0
Intergovernmental	24,493	71,298	0	0
Interfund	37,005	320	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	22,936	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	1,192,274	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<b><i>Other Debits</i></b>				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b><i>Total Assets and Other Debits</i></b>	<b>\$30,667,442</b>	<b>\$504,030</b>	<b>\$1,833,119</b>	<b>\$793,750</b>



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$230,927	\$160,819	\$0	\$0	\$9,048,579
0	0	0	0	23,786,836
913	0	0	0	7,259
22,573	0	0	0	118,364
0	0	0	0	37,325
39,637	0	0	0	39,637
0	0	0	0	22,936
0	0	0	0	1,192,274
11,571	0	39,977,390	0	39,988,961
0	0	0	647,378	647,378
0	0	0	13,130,717	13,130,717
<u>\$305,621</u>	<u>\$160,819</u>	<u>\$39,977,390</u>	<u>\$13,778,095</u>	<u>\$88,020,266</u>

(continued)

**Stow-Munroe Falls City School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
*June 30, 2000*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$79,761	\$12,888	\$0	\$0
Accrued Wages	2,943,286	45,602	0	0
Compensated Absences Payable	176,079	0	0	0
Interfund Payable	320	37,005	0	0
Intergovernmental Payable	1,008,761	21,811	0	16
Deferred Revenue	22,244,868	0	1,185,741	0
Undistributed Monies	0	0	0	0
Capital Lease Payable	0	0	0	0
Due to Students	0	0	0	0
Energy Conservation Note Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	<u>26,453,075</u>	<u>117,306</u>	<u>1,185,741</u>	<u>16</u>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	1,429,695	89,136	0	45,186
Reserved for Inventory	22,936	0	0	0
Reserved for Property Taxes	337,973	0	18,254	0
Reserved for Budget Stabilization	779,476	0	0	0
Reserved for Textbooks	412,798	0	0	0
Unreserved, Undesignated	1,231,489	297,588	629,124	748,548
<i>Total Fund Equity and Other Credits</i>	<u>4,214,367</u>	<u>386,724</u>	<u>647,378</u>	<u>793,734</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u><u>\$30,667,442</u></u>	<u><u>\$504,030</u></u>	<u><u>\$1,833,119</u></u>	<u><u>\$793,750</u></u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$95,333	\$0	\$0	\$0	\$187,982
1,257	0	0	0	2,990,145
31,581	0	0	2,565,240	2,772,900
0	0	0	0	37,325
29,123	0	0	342,295	1,402,006
17,220	0	0	0	23,447,829
0	40,171	0	0	40,171
0	0	0	282,032	282,032
0	120,648	0	0	120,648
0	0	0	2,512,000	2,512,000
0	0	0	361,528	361,528
0	0	0	7,715,000	7,715,000
<u>174,514</u>	<u>160,819</u>	<u>0</u>	<u>13,778,095</u>	<u>41,869,566</u>
0	0	39,977,390	0	39,977,390
249,894	0	0	0	249,894
(118,787)	0	0	0	(118,787)
0	0	0	0	1,564,017
0	0	0	0	22,936
0	0	0	0	356,227
0	0	0	0	779,476
0	0	0	0	412,798
0	0	0	0	2,906,749
<u>131,107</u>	<u>0</u>	<u>39,977,390</u>	<u>0</u>	<u>46,150,700</u>
<u>\$305,621</u>	<u>\$160,819</u>	<u>\$39,977,390</u>	<u>\$13,778,095</u>	<u>\$88,020,266</u>

**Stow-Munroe Falls City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2000*

	General	Special Revenue
<b>Revenues</b>		
Taxes	\$21,357,123	\$0
Intergovernmental	14,509,336	1,204,269
Interest	743,542	6,700
Tuition and Fees	262,135	0
Extracurricular Activities	87,485	416,259
Contributions and Donations	1,610	25,397
Rentals	17,338	0
Miscellaneous	236,621	1,800
	<u>37,215,190</u>	<u>1,654,425</u>
<i>Total Revenues</i>		
<b>Expenditures</b>		
Current:		
Instruction:		
Regular	22,198,705	309,089
Special	2,123,713	182,214
Vocational	855,697	102,426
Adult Continuing	6,551	0
Support Services:		
Pupils	1,623,008	286,767
Instructional Staff	1,477,545	64,743
Board of Education	134,812	466
Administration	1,840,517	84,847
Fiscal	310,842	13,523
Business	430,697	0
Operation and Maintenance of Plant	2,727,026	11,009
Pupil Transportation	2,059,104	0
Central	341,736	5,450
Operation of Non-Instructional Services	0	322,350
Extracurricular Activities	425,706	251,815
Capital Outlay	1,387,635	0
Debt Service:		
Principal Retirement	719,585	0
Interest and Fiscal Charges	152,057	0
	<u>38,814,936</u>	<u>1,634,699</u>
<i>Total Expenditures</i>		
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,599,746)</u>	<u>19,726</u>
<b>Other Financing Sources (Uses)</b>		
Proceeds from Sale of Notes	0	0
Operating Transfers In	0	9,391
Operating Transfers Out	(12,291)	0
	<u>(12,291)</u>	<u>9,391</u>
<i>Total Other Financing Sources (Uses)</i>		
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(1,612,037)</u>	<u>29,117</u>
<i>Fund Balances Beginning of Year</i>	5,813,763	357,607
Increase in Reserve for Inventory	12,641	0
	<u>5,826,404</u>	<u>357,607</u>
<i>Fund Balances End of Year</i>	<u>\$4,214,367</u>	<u>\$386,724</u>

See accompanying notes to the general purpose financial statements

Debt Service	Capital Projects	Totals (Memorandum Only)
\$1,237,231	\$0	\$22,594,354
154,137	0	15,867,742
0	6,598	756,840
0	0	262,135
0	0	503,744
0	0	27,007
0	14,000	31,338
0	0	238,421
<u>1,391,368</u>	<u>20,598</u>	<u>40,281,581</u>
0	0	22,507,794
0	0	2,305,927
0	0	958,123
0	0	6,551
0	0	1,909,775
0	0	1,542,288
0	0	135,278
0	0	1,925,364
17,571	0	341,936
0	0	430,697
0	0	2,738,035
0	0	2,059,104
0	0	347,186
0	0	322,350
0	0	677,521
0	136,178	1,523,813
3,002,000	0	3,721,585
587,970	0	740,027
<u>3,607,541</u>	<u>136,178</u>	<u>44,193,354</u>
<u>(2,216,173)</u>	<u>(115,580)</u>	<u>(3,911,773)</u>
2,142,000	370,000	2,512,000
0	0	9,391
0	0	(12,291)
<u>2,142,000</u>	<u>370,000</u>	<u>2,509,100</u>
(74,173)	254,420	(1,402,673)
721,551	539,314	7,432,235
0	0	12,641
<u>\$647,378</u>	<u>\$793,734</u>	<u>\$6,042,203</u>

**Stow-Munroe Falls City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual*  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2000

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Taxes	\$21,385,451	\$21,385,451	\$0
Intergovernmental	14,385,923	14,502,876	116,953
Interest	563,348	738,518	175,170
Tuition and Fees	229,356	259,985	30,629
Extracurricular Activities	84,996	87,485	2,489
Contributions and Donations	2,988	1,610	(1,378)
Rentals	21,673	21,673	0
Miscellaneous	226,247	231,804	5,557
<i>Total Revenues</i>	<u>36,899,982</u>	<u>37,229,402</u>	<u>329,420</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	26,184,233	22,067,475	4,116,758
Special	2,134,997	2,134,346	651
Vocational	860,865	859,573	1,292
Adult/Continuing	8,986	6,551	2,435
Support Services:			
Pupils	1,638,329	1,636,256	2,073
Instructional Staff	1,517,320	1,516,981	339
Board of Education	159,046	156,864	2,182
Administration	1,858,537	1,853,371	5,166
Fiscal	670,899	666,904	3,995
Business	442,872	440,987	1,885
Operation and Maintenance of Plant	3,182,752	3,142,226	40,526
Pupil Transportation	2,442,751	2,383,737	59,014
Central	342,678	342,540	138
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	502,958	492,671	10,287
Capital Outlay	1,807,646	1,806,764	882
Debt Service:			
Principal Retirement	447,000	447,000	0
Interest and Fiscal Charges	113,048	113,048	0
<i>Total Expenditures</i>	<u>44,314,917</u>	<u>40,067,294</u>	<u>4,247,623</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(7,414,935)</u>	<u>(2,837,892)</u>	<u>4,577,043</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds From Sale of Notes	0	0	0
Advances In	3,986	2,286	(1,700)
Operating Transfers In	0	0	0
Advances Out	(48,780)	(37,005)	11,775
Operating Transfers Out	(12,318)	(12,291)	27
<i>Total Other Financing Sources (Uses)</i>	<u>(57,112)</u>	<u>(47,010)</u>	<u>10,102</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(7,472,047)</u>	<u>(2,884,902)</u>	<u>4,587,145</u>
<i>Fund Balances Beginning of Year</i>	8,249,048	8,249,048	0
Prior Year Encumbrances Appropriated	<u>1,123,843</u>	<u>1,123,843</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$1,900,844</u>	<u>\$6,487,989</u>	<u>\$4,587,145</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,241,763	\$1,241,763	\$0
1,073,528	1,134,471	60,943	660,017	154,137	(505,880)
5,943	6,700	757	0	0	0
0	0	0	0	0	0
399,857	416,459	16,602	0	0	0
25,150	25,397	247	0	0	0
0	0	0	0	0	0
1,416	1,800	384	0	0	0
<u>1,505,894</u>	<u>1,584,827</u>	<u>78,933</u>	<u>1,901,780</u>	<u>1,395,900</u>	<u>(505,880)</u>
333,507	308,803	24,704	0	0	0
176,100	181,009	(4,909)	0	0	0
124,195	86,995	37,200	0	0	0
0	0	0	0	0	0
353,733	299,832	53,901	0	0	0
59,051	58,893	158	0	0	0
5,556	5,516	40	0	0	0
84,483	84,483	0	0	0	0
26,658	13,523	13,135	17,571	17,571	0
0	0	0	0	0	0
23,852	12,858	10,994	0	0	0
0	0	0	0	0	0
5,781	5,447	334	0	0	0
393,297	369,391	23,906	0	0	0
267,117	265,567	1,550	0	0	0
0	0	0	0	0	0
0	0	0	3,630,996	3,002,000	628,996
0	0	0	587,970	587,970	0
<u>1,853,330</u>	<u>1,692,317</u>	<u>161,013</u>	<u>4,236,537</u>	<u>3,607,541</u>	<u>628,996</u>
<u>(347,436)</u>	<u>(107,490)</u>	<u>239,946</u>	<u>(2,334,757)</u>	<u>(2,211,641)</u>	<u>123,116</u>
0	0	0	2,142,000	2,142,000	0
686	37,005	36,319	0	0	0
23,602	9,391	(14,211)	0	0	0
(2,286)	(2,286)	0	0	0	0
(20,885)	0	20,885	0	0	0
<u>1,117</u>	<u>44,110</u>	<u>42,993</u>	<u>2,142,000</u>	<u>2,142,000</u>	<u>0</u>
(346,319)	(63,380)	282,939	(192,757)	(69,641)	123,116
330,561	330,561	0	698,765	698,765	0
68,759	68,759	0	0	0	0
<u>\$53,001</u>	<u>\$335,940</u>	<u>\$282,939</u>	<u>\$506,008</u>	<u>\$629,124</u>	<u>\$123,116</u>

(continued)

**Stow-Munroe Falls City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 2000*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	5,964	6,598	634
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Rentals	14,000	14,000	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>19,964</u>	<u>20,598</u>	<u>634</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	315,032	57,823	257,209
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	29,022	29,022	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	84,164	95,769	(11,605)
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>428,218</u>	<u>182,614</u>	<u>245,604</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(408,254)</u>	<u>(162,016)</u>	<u>246,238</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds From Sale of Notes	370,000	370,000	0
Advances In	0	0	0
Operating Transfers In	0	0	0
Advances Out	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>370,000</u>	<u>370,000</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(38,254)</u>	<u>207,984</u>	<u>246,238</u>
<i>Fund Balances Beginning of Year</i>	410,758	410,758	0
Prior Year Encumbrances Appropriated	<u>129,822</u>	<u>129,822</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$502,326</u></u>	<u><u>\$748,564</u></u>	<u><u>\$246,238</u></u>

See accompanying notes to the general purpose financial statements



Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$22,627,214	\$22,627,214	\$0
16,119,468	15,791,484	(327,984)
575,255	751,816	176,561
229,356	259,985	30,629
484,853	503,944	19,091
28,138	27,007	(1,131)
35,673	35,673	0
227,663	233,604	5,941
<u>40,327,620</u>	<u>40,230,727</u>	<u>(96,893)</u>
26,517,740	22,376,278	4,141,462
2,311,097	2,315,355	(4,258)
985,060	946,568	38,492
8,986	6,551	2,435
1,992,062	1,936,088	55,974
1,891,403	1,633,697	257,706
164,602	162,380	2,222
1,943,020	1,937,854	5,166
715,128	697,998	17,130
442,872	440,987	1,885
3,235,626	3,184,106	51,520
2,442,751	2,383,737	59,014
348,459	347,987	472
393,297	369,391	23,906
770,075	758,238	11,837
1,891,810	1,902,533	(10,723)
4,077,996	3,449,000	628,996
701,018	701,018	0
<u>50,833,002</u>	<u>45,549,766</u>	<u>5,283,236</u>
<u>(10,505,382)</u>	<u>(5,319,039)</u>	<u>5,186,343</u>
2,512,000	2,512,000	0
4,672	39,291	34,619
23,602	9,391	(14,211)
(51,066)	(39,291)	11,775
(33,203)	(12,291)	20,912
<u>2,456,005</u>	<u>2,509,100</u>	<u>53,095</u>
(8,049,377)	(2,809,939)	5,239,438
9,689,132	9,689,132	0
<u>1,322,424</u>	<u>1,322,424</u>	<u>0</u>
<u>\$2,962,179</u>	<u>\$8,201,617</u>	<u>\$5,239,438</u>

**Stow-Munroe Falls City School District**  
*Combined Statement of Revenues, Expenses  
and Changes in Fund Equity*  
*Proprietary Fund Type*  
For the Fiscal Year Ended June 30, 2000

	<u>Enterprise</u>
<b>Operating Revenues</b>	
Sales	\$1,063,717
Other	913
	<u>1,064,630</u>
<i>Total Operating Revenues</i>	
<b>Operating Expenses</b>	
Salaries and Wages	374,427
Fringe Benefits	32,154
Purchased Services	160,972
Materials and Supplies	102,424
Cost of Sales	497,730
Depreciation	1,855
Other	68,331
	<u>1,237,893</u>
<i>Total Operating Expenses</i>	
<i>Operating Loss</i>	<u>(173,263)</u>
<b>Non-Operating Revenues</b>	
Donated Commodities	57,441
Interest	9,647
Operating Grants	159,219
	<u>226,307</u>
<i>Total Non-Operating Revenues</i>	
<i>Income Before Operating Transfers</i>	53,044
Operating Transfers In	2,900
	<u>55,944</u>
<i>Net Income</i>	
<i>Retained Earnings (Deficit) Beginning of Year</i>	
<i>- Restated (See Note 3)</i>	<u>(174,731)</u>
<i>Retained Earnings (Deficit) End of Year</i>	(118,787)
<i>Contributed Capital Beginning and End of Year</i>	<u>249,894</u>
<i>Total Fund Equity End of Year</i>	<u>\$131,107</u>

See accompanying notes to the general purpose financial statements

**Stow-Munroe Falls City School District**  
*Combined Statement of Revenues, Expenses  
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000*

	Enterprise		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales	\$1,038,027	\$1,065,381	\$27,354
Operating Grants	155,475	155,475	0
Interest	8,720	9,647	927
Other	1,204	0	(1,204)
<i>Total Revenues</i>	<u>1,203,426</u>	<u>1,230,503</u>	<u>27,077</u>
<b>Expenses</b>			
Salaries and Wages	415,083	373,170	41,913
Fringe Benefits	51,054	51,054	0
Purchased Services	191,824	191,824	0
Materials and Supplies	604,474	587,331	17,143
Other	113,455	69,278	44,177
<i>Total Expenses</i>	<u>1,375,890</u>	<u>1,272,657</u>	<u>103,233</u>
<i>Excess of Revenues Under Expenses</i>	(172,464)	(42,154)	130,310
Operating Transfers In	<u>2,900</u>	<u>2,900</u>	<u>0</u>
<i>Excess of Revenues and Operating Transfers In Under Expenses</i>	(169,564)	(39,254)	130,310
<i>Fund Equity Beginning of Year</i>	170,563	170,563	0
Prior Year Encumbrances Appropriated	<u>1,363</u>	<u>1,363</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,362</u></u>	<u><u>\$132,672</u></u>	<u><u>\$130,310</u></u>

See accompanying notes to the general purpose financial statements

**Stow-Munroe Falls City School District**  
*Combined Statement of Cash Flows*  
*Proprietary Fund Type*  
*For the Fiscal Year Ended June 30, 2000*

	<u>Enterprise</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$1,065,381
Cash Payments for Goods and Services	(682,207)
Cash Payments to Employees for Services	(373,170)
Cash Payments for Employee Benefits	(50,694)
Cash Payments for Other Operating Expenses	<u>(68,331)</u>
<i>Net Cash Used for Operating Activities</i>	<u>(109,021)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating Grants Received	155,475
Operating Transfers In	<u>2,900</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>158,375</u>
<b>Cash Flows from Investing Activities</b>	
Interest	<u>9,647</u>
<i>Net Increase in Cash and Cash Equivalents</i>	59,001
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>171,926</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$230,927</u>
	(continued)

**Stow-Munroe Falls City School District**  
*Combined Statement of Cash Flows*  
*Proprietary Fund Type (continued)*  
*For the Fiscal Year Ended June 30, 2000*

	<u>Enterprise</u>
<i><b>Reconciliation of</b></i>	
<i><b>Operating Loss to Net Cash</b></i>	
<i><b>Used for Operating Activities</b></i>	
<i>Operating Loss</i>	<u>(\$173,263)</u>
<i>Adjustments</i>	
Depreciation	1,855
Donated Commodities Used During Year	57,441
Decrease in Assets:	
Accounts Receivable	751
Inventory Held for Resale	(3,510)
Increase/(Decrease) in Liabilities:	
Accounts Payable	24,277
Accrued Wages	(3,616)
Compensated Absences Payable	1,708
Intergovernmental Payable	<u>(14,664)</u>
<i>Total Adjustments</i>	<u>64,242</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$109,021)</u></u>

See accompanying notes to the general purpose financial statements

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**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 1 - Description of the School District and Reporting Entity**

Stow-Munroe Falls City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. The Board of Education controls the School District's nine instructional/support facilities staffed by 273 classified and 430 certificated full time teaching personnel who provide services to 5,989 students and other community members.

*Reporting Entity*

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

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

The following activities are included within the reporting entity.

*Non-Public Schools* - Within the School District boundaries are three non-public schools. Holy Family School is operated through the Cleveland Catholic Diocese. Cornerstone Community School is operated by the Cornerstone Community School Board of Trustee's. Kids County Pre-School is operated by Kids County, Inc. Current State legislation provides funding to this non-public school. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

*Cities of Stow and Munroe Falls* - The city governments of Stow and Munroe Falls are a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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*Parent Teacher Association* - The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

The School District is associated with three jointly governed organizations, one related organization and a public entity risk pool. These organizations are presented in Note 19 to the general purpose financial statements. These organizations are:

*Jointly Governed Organizations*

North East Ohio Network for Educational Technology  
Vocational Compact  
Ohio Schools Council

*Related Organization*

Stow-Munroe Falls Public Library

*Public Entity Risk Pool*

Stark County Schools Council of Governments Health Benefits Program

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

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

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.



**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Governmental Fund Types** Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

**Special Revenue Funds** Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Funds** Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Capital Projects Funds** Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Proprietary Fund Type** Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's only proprietary fund type:

**Enterprise Funds** Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Fiduciary Fund Type** Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups** To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

**General Long-Term Obligations Account Group** This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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***B. Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred 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 the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred. The fair value of donated commodities used during the fiscal year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**C. Budgetary Data**

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

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

**Estimated Resources** Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

**Appropriations** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund level for expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The allocation of appropriations among functions and objects within a fund are modified during the fiscal year by the Treasurer without Board approval. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds consistent with statutory provisions.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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

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

***D. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to repurchase agreements and non-negotiable certificates of deposit. Nonparticipating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$743,542, which includes \$145,236 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

***E. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of textbooks and other instructional material and the creation of a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

***F. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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***G. Fixed Assets and Depreciation***

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of five to fifteen years. Vehicles are depreciated using the straight-line method over a useful life of five years.

***H. Intergovernmental Revenues***

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

*Entitlements*

*General Fund*

- State Foundation Program
- School Bus Purchase
- State Property Tax Relief

*Special Revenue Fund*

- Textbook and Instructional Material

*Non-Reimbursable Grants*

*Special Revenue Funds*

- Martha Holden Jennings Foundation
- Teaching Tolerance
- Venture Capital
- Auxiliary Services
- Professional Development
- Educational Management Information System
- Ohio Reads
- Partnership Grants
- Eisenhower Grant
- Title VIB

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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VEPD  
Title I  
Title VI  
Drug Free Schools  
Preschool  
High School Technology Preparation Academy  
Technology Work Experience Challenge  
High School Theatre and Performing Arts Academy  
Project Life  
Reducing Class Size  
Virtual Middle School  
Goals 2000  
Comprehensive Health Grant

*Capital Projects Fund*  
School NetPlus

*Reimbursable Grants*

*General Fund*

Driver Education Reimbursement

*Enterprise Funds*

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to thirty-nine percent of governmental fund revenue during the 2000 fiscal year.

***I. Interfund Assets and Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivable/payables."

***J. Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

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

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***K. Contributed Capital***

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during fiscal year 2000.

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after fiscal year end are considered not to have been paid with current available financial resources. Bonds, capital leases and bond anticipation notes refinanced on a long-term basis are recognized as a liability of the general long-term obligations account group until due.

Bond anticipation notes that are paid and reissued prior to the issuance of the financial statements and have a maturity date more than 12 months subsequent to the end of the fiscal year are reported in the general long-term obligations account group.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

***M. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***N. Fund Balance Reserves***

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

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes, budget stabilization and textbooks.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

***O. Estimates***

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

***P. Memorandum Only - Total Columns***

Total columns on the general purpose financial statements are captioned “Totals (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 3 - Restatement of Fund Equity**

During fiscal year 2000, it was determined that in the Food Service enterprise fund the donated commodities portion of inventory was understated in the prior year. Therefore, the beginning balance of inventory held for resale as of June 30, 1999, was increased by \$15,468 from \$23,252 to \$38,720. Retained earnings deficit as of June 30, 1999 was decreased by \$15,468 from (\$190,199) to (\$174,731). The net loss as of June 30, 1999 was decrease from (\$41,351) to (\$25,883).

**Note 4 - Accountability and Compliance**

***A. Fund Deficits***

The following funds had deficit fund balances/retained earnings at June 30, 2000:

	<u>Deficit Fund Balance/ Retained Earnings</u>
Special Revenue:	
Teacher Development	\$4,489
Eisenhower Grant	17
Drug Free Grant	16,994
Preschool Grant	209
Food Service Enterprise Fund	195,330



**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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The deficits in the special revenue funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

The Food Service enterprise fund concluded fiscal year 2000 with retained earnings of (\$195,330). Management is analyzing the food service operations to determine appropriate action to alleviate the deficit.

***B. Legal Compliance***

Contrary to Section 5705.41(D), Ohio Revised Code, the School District entered into commitments prior to certification by the Treasurer that the funds required to pay for the commitments were appropriated and in the School District's treasury or in the process of being collected and free from any previous encumbrances.

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Unrecorded cash is not reported by the School District on the operating statements (budget basis), but is reported on the GAAP basis operating statements.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$1,612,037)	\$29,117	(\$74,173)	\$254,420
Adjustments for Revenue Accruals	19,237	(69,599)	4,532	0
Cash Adjustments	(5,025)	0	0	0
Advances In	2,286	37,005	0	0
Adjustments for Expenditure Accruals	248,449	38,855	0	(1,250)
Advances Out	(37,005)	(2,286)	0	0
Adjustment for Encumbrances	(1,500,807)	(96,472)	0	(45,186)
Budget Basis	(\$2,884,902)	(\$63,380)	(\$69,641)	\$207,984

Net Income/Excess of Revenues and Operating Transfers  
Under Expenses  
Proprietary Fund Type

	Enterprise
GAAP Basis	\$55,944
Adjustments for Revenue Accruals	(117,875)
Adjustments for Expense Accruals	119,077
Depreciation Expense	1,855
Adjustment for Encumbrances	(98,255)
Budget Basis	(\$39,254)

**Note 6 - Deposits and Investment**

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

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

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

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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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 accounts including passbook accounts.

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

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

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

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

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$9,380,853 and the bank balance was \$10,003,339. Of the bank balance:

1. \$103,339 of the bank balance was covered by federal depository insurance; and
2. \$9,900,000 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreement	\$860,000	\$860,000	\$860,000

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and cash equivalents, and investments on the combined financial statements and the classifications of deposit and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$10,240,853	\$0
Repurchase Agreement	(860,000)	860,000
GASB Statement No. 3	\$9,380,853	\$860,000

**Note 7 - Property Taxes**

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

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

Real property taxes are levied after April 1, 2000, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$615,936,920	89.54 %	\$662,844,300	89.72 %
Public Utility Personal	16,828,840	2.45	17,087,380	2.31
Tangible Personal Property	55,802,932	8.01	58,904,694	7.97
<b>Total</b>	<b>\$688,568,692</b>	<b>100.00 %</b>	<b>\$738,836,374</b>	<b>100.00 %</b>

Tax rate per \$1,000 of assessed valuation	\$48.53	\$46.44
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Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits late payments dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Summit County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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Accrued property taxes receivable represented delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$356,227 and is recognized as revenue. \$337,973 was available to the general fund and \$18,254 to the debt service fund.

**Note 8 - Receivables**

Receivables at June 30, 2000, consisted of taxes, accounts (rent and tuition), accrued interest, and intergovernmental grants. 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 principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amount
General Fund:	
Tuition and Fees	\$13,365
Driver's Education	5,500
GED	960
Other	4,668
Total General Fund	24,493
Special Revenue Funds:	
Ohio Reads	58,390
Vocational Education	8,250
Other Federal Grants	4,658
Total Special Revenue Funds	71,298
Enterprise Fund	
Food Service	22,573
Total	\$118,364

**Note 9 - Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$280,846
Vehicles	900
Less: Accumulated Depreciation	(270,175)
Net Fixed Assets	\$11,571

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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A summary of the changes in general fixed assets during fiscal year 2000 follows:

	Balance 6/30/99	Additions	Deductions	Balance 6/30/00
Land and Improvements	\$1,714,193	\$0	\$0	\$1,714,193
Buildings and Improvements	28,032,161	1,276,696	0	29,308,857
Vehicles	2,511,029	518,050	0	3,029,079
Furniture and Equipment	4,317,476	587,422	0	4,904,898
Construction in Progress	0	1,020,363	0	1,020,363
<b>Total General Fixed Assets</b>	<b>\$36,574,859</b>	<b>\$3,402,531</b>	<b>\$0</b>	<b>\$39,977,390</b>

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Crum Forester for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy. Travelers Insurance covers the boiler and machinery with a \$1,000 deductible and a \$30,000,000 limit.

Professional liability is provided by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles are covered by Nationwide Insurance and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

As of January 1, 1995, the School District has contracted with Stark County Schools Council of Government (a shared risk pool) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The School 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 School District's Board of Education.

For fiscal year 2000, the School District's and the employees' share of cost for paid premiums were \$462.75 and \$13.75 for family coverage, and \$190.19 and \$5.98 for single coverage, per month, respectively. Dental insurance is also provided by the School District to all employees through the Stark County Schools Council of Governments. For fiscal year 2000, the School District's cost was \$60.23 for family coverage and \$24.42 for single coverage per employee per month.

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

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 11 - Defined Benefit Pension Plans**

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

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contributions is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$310,145, \$278,603, \$466,474, and, respectively; 51.69 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$149,841 representing the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds and the general long-term obligations account group.

***B. State Teachers Retirement System***

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$1,182,734, \$1,118,735, and \$1,821,866 respectively; 83.06 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$200,327 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.



**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 12 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$1,576,978 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was at \$12,400. For the School District, the amount to fund health care benefits, including surcharges, equaled \$479,316 during the 2000 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS had approximately 51,000 participants currently receiving health care benefits.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

**Note 13 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers, and administrators who are not on a twelve month contract, do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave, for teachers and classified employees, may be accumulated up to 282 days; for administrators, up to 350 days. Upon retirement, payment to teachers is one-third of the first 141 days and one-tenth of the balance up to a maximum payment of 61 days; payment to classified employees is one-third of the first 168 days up to a maximum payment of 61 days; payment to administrators is the amount of their daily rate times the number of accrued and unused sick days to a maximum of 85 days.

**B. Health Care Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Stark County Council of Governments Health Benefits Program. Administrators receive coverage in the amount of their salary rounded to the nearest \$1,000. Coverage in the amount of \$50,000 is provided for all certified and classified employees.

**Note 14 - Outstanding Contractual Commitments**

The School District has the following outstanding contractual commitments for various projects at June 30, 2000:

Contractor	Project	Amount of Contract	Amount Expended	Amount Remaining
Henle Builders, Inc.	Kimpton Middle	\$605,600	\$540,200	\$65,400
Kline and Kavali, Inc.	Kimpton Middle	30,050	16,550	13,500
Steen Electric, Inc.	Kimpton Middle	138,123	125,516	12,607
M.W. Mielke, Inc.	Kimpton Middle	136,200	115,940	20,260
R.B. Thomas, Inc.	Tennis Courts	15,060	60	15,000
Vasco Asphalt, Inc.	Tennis Courts	169,697	150,097	19,600
Braun and Steidl	Tennis Courts	115,000	72,000	43,000
Totals		<u>\$1,209,730</u>	<u>\$1,020,363</u>	<u>\$189,367</u>

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

**Note 15 - Capitalized Lease - Lessee Disclosure**

In prior years, the School District entered into capitalized leases for six copiers and computer equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment have been capitalized in the general fixed assets account group in the amount of \$1,425,336. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments during fiscal year 2000 amounted to \$272,585 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2000:

Fiscal Year Ending June 30,	Principal and Interest
2001	\$205,403
2002	103,387
Total minimum lease payments	308,790
Less: amount representing interest	(26,758)
Present value of net minimum lease payments	\$282,032

**Note 16 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2000, were as follows:

	Outstanding 6/30/99	Additions	Deductions	Outstanding 6/30/00
General Obligation Bonds:				
1985 \$11,800,000 School Building 9.125%	\$4,720,000	\$0	\$590,000	\$4,130,000
1996 \$530,000 Allen Road Property 5.16%	445,000	0	45,000	400,000
1996 \$3,952,000 Public Library Addition 5.33%	3,455,000	0	270,000	3,185,000
Total General Obligation Bonds	8,620,000	0	905,000	7,715,000
Energy Conservation Note 4.13%	2,544,000	2,142,000	2,544,000	2,142,000
Energy Conservation Note 5.09%	0	370,000	0	370,000
Compensated Absences	2,496,669	68,571	0	2,565,240
Intergovernmental Payable	313,847	342,295	313,847	342,295
Early Retirement Incentive Payable	0	361,528	0	361,528
Capital Lease	554,617	0	272,585	282,032
Total General Long-Term Obligations	\$14,529,133	\$3,284,394	\$4,035,432	\$13,778,095

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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The School District had issued general obligation bonds for the purpose of improvements to various school buildings, purchasing the administration building and improvements to the public library. The bonds are being retired from the debt service fund and the general fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid. The capital lease obligation will be paid from the general fund.

Energy conservation bond anticipation notes that were paid and reissued prior to the issuance of the financial statements and have a new maturity beyond the end of the fiscal year in which the report is issued have been reported in the general long-term obligations account group and will be paid from the debt service fund.

The School District's overall debt margin was \$59,427,652 with an unvoted debt margin of \$738,836 at June 30, 2000.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$925,000	\$530,798	\$1,455,798
2002	940,000	457,389	1,397,389
2003	960,000	383,322	1,343,322
2004	980,000	309,498	1,289,498
2005	1,000,000	235,799	1,235,799
2006-2009	2,910,000	289,983	3,199,983
Total	<u>\$7,715,000</u>	<u>\$2,206,789</u>	<u>\$9,921,789</u>

**Note 17 - Interfund Activity**

Interfund balances at June 30, 2000, consist of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$37,005	\$320
Special Revenue Funds:		
Pre-School Grant	0	495
Other Grants	320	0
Ohio Reads	0	19,630
Drug Free Grant	0	16,880
Total Special Revenue	<u>320</u>	<u>37,005</u>
Total	<u>\$37,325</u>	<u>\$37,325</u>

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

**Note 18 - Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$944,984	\$119,646	\$1,064,630
Depreciation	1,855	0	1,855
Operating Income (Loss)	(178,792)	5,529	(173,263)
Donated Commodities	57,441	0	57,441
Operating Grants	159,219	0	159,219
Operating Transfers In	0	2,900	2,900
Net Income	47,515	8,429	55,944
Net Working Capital	74,574	76,543	151,117
Total Assets	229,078	76,543	305,621
Long-Term Compensated Absences Payable	31,581	0	31,581
Total Equity	54,564	76,543	131,107
Encumbrances, June 30, 2000	97,037	1,218	98,255

**Note 19 - Jointly Governed Organizations, Related Organization and Public Entity Risk Pool**

**A. Jointly Governed Organizations**

*North East Ohio Network for Educational Technology* - The North East Ohio Network for Educational Technology (NEONET) is a jointly governed organization among sixteen school districts and the Summit County Educational Service Center, and it was formed July 1, 1995. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating school districts. 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. The seven member board of directors consists of four superintendents, two members of the treasurers' committee and one member of the student services subcommittee. All revenues are generated from an annual fee of \$7.70 per student to participating districts and State funding. The School District paid \$46,693 to NEONET during fiscal year 2000. The Summit County Educational Service Center is the fiscal agent for NEONET. Financial information can be obtained by writing to the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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*Vocational Compact* - The Vocational 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. Cuyahoga Falls City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. The School District paid \$139,304 to the Vocational Compact for services during fiscal year 2000.

*Ohio Schools Council* - The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2000, the School District paid \$800 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 155 Center Road, Bedford, Ohio, 44146.

The School District participates in the Council's prepaid natural gas program which was implemented during fiscal year 1999. This program allows school districts to purchase natural gas at reduced rates, if the school districts commit to participate for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimates are compared to their actual usage and any necessary adjustments are made.

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

***B. Related Organization***

The Stow-Munroe Falls Public Library is a related organization to the School District. The School District's Board of Education is responsible for appointing all the trustees of the Stow-Munroe Falls Public Library; however, the School District's Board of Education cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the School District. Although the School District serves as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, Stow-Munroe Falls City School 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 School District during fiscal year 2000.

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**C. Public Entity Risk Pool**

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool, with participants from Stark, Summit and Portage Counties. 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 38<sup>th</sup> Street, Canton, Ohio 44709.

**Note 20 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**B. Litigation**

The School District is party to various legal proceedings. The School District's management is of the opinion that ultimate disposition of these claims will not have a material effect, if any, on the financial condition of the School District.

**Note 21 - State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$11,538,594 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed

**Stow-Munroe Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**Note 22 - Set Aside**

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

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 1999	\$480,531	\$0	\$0
Current Year Set-aside Requirement	298,945	896,835	896,835
Qualifying Disbursements	0	(896,835)	(484,037)
Set-aside Balance Carried Forward to Future Fiscal Years	\$779,476	\$0	\$412,798
Set-Aside Reserve Balance as of June 30, 2000	\$779,476	\$0	\$412,798

The total reserve balance for the two set-asides at the end of the fiscal year was \$1,192,274.



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

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$51,409	\$0	\$58,996
National School Lunch Program	N/A	10.555	149,422	0	149,422	0
TOTAL U. S. DEPARTMENT OF AGRICULTURE			149,422	51,409	149,422	58,996
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-SF 1998	84.027	0	0	33,062	0
	6B-SF 1999		262,980	0	234,586	0
Total Special Education Grants to States			262,980	0	267,648	0
Special Education - Preschool Grants	PG-S1 1998	84.173	0	0	1,539	0
	PG-S1 1999		14,421	0	12,820	0
Total Special Education - Preschool Grants			14,421	0	14,359	0
Total Special Education Cluster			277,401	0	282,007	0
Title I Grants to Local Educational Agencies	C1-S1 1999	84.010	0	0	7,959	0
	C1-S1 1999c		0	0	17,111	0
	C1-S1 2000		153,048	0	145,737	0
Total Title I Grants to Local Educational Agencies			153,048	0	170,807	0
Innovative Education Program Strategies	C2-S1 1998	84.298	0	0	1,636	0
	C2-S1 1999		0	0	454	0
	C2-S1 2000		21,288	0	20,972	0
Total Innovative Education Program Strategies			21,288	0	23,062	0
Goals 2000-State and Local Education Systemic Improvement	G2-S8 2000	84.276	6,000	0	5,380	0
Safe and Drug Free Schools and Communities-State Grants	DR-S1 2000	84.186	7,740	0	24,619	0
Title VI-R Reduction Class Size Grant	CR-S1 2000	84.340	55,223	0	50,060	0
Technology Literacy Challenge Fund Grants	TF-VM 2000	84.318	27,000	0	25,245	0
Eisenhower Professional Development State Grants	MS-S4 1999	84.281	1,500	0	1,500	0
<i>Passed Through Summit County Educational Service Center:</i>						
Technology Innovation Challenge Grants	N/A	84.303	0	0	1,128	0
	N/A		25,320	0	30,577	0
	N/A		22,230	0	11,552	0
Total Technology Innovation Challenge Grants			47,550	0	43,257	0
Goals 2000 State and Local Education Systemic Improvement	G2-S8 2000	84.276	6,917	0	6,300	0
Total Passed Through the Summit County Educational Service Center			54,467	0	49,557	0
<i>Passed Through The Six District Educational Compact:</i>						
Vocation Education-Basic Grants to States	N/A	84.048	0	0	4,679	0
	N/A		0	0	4,175	0
	N/A		4,560	0	6,752	0
	N/A		19,250	0	22,298	0
Total Vocation Education-Basic Grants to States			23,810	0	37,904	0
Eisenhower Professional Development State Grants	N/A	84.281	0	0	2	0
			0	0	4,496	0
			13,209	0	11,383	0
Total Eisenhower Professional Development State Grants			13,209	0	15,881	0
Total Passed Through the Six District Educational Compact			37,019	0	53,785	0
TOTAL U. S. DEPARTMENT OF EDUCATION			640,686	0	686,022	0
<b>TOTAL FEDERAL AWARDS</b>			<b>\$790,108</b>	<b>\$51,409</b>	<b>\$835,444</b>	<b>\$58,996</b>

The accompanying notes to this schedule are an integral part of this statement.

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

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURE OF FEDERAL AWARDS  
JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had \$17,220 of food commodities in inventory.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL 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 the general purpose financial statements of the Stow-Munroe Falls School District, Summit County, (the School District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 5, 2000, in which we noted the School District restated Inventories Held for Resale and Retained Earnings within the Proprietary Fund type as of July 1, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-10977-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 5, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 5, 2000.

Stow-Munroe Falls City School District  
Summit County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 5, 2000



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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Stow-Munroe Falls City School District (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The School District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 5, 2000

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

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

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

**FINDING NUMBER 2000-10977-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides 2 "exceptions" to the above requirements:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate appropriated and free of any previous encumbrances, the Board of Education may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000 dollars, the Treasurer may authorize payment through a Then and Now Certificate paid without the affirmation of the School District, if such expenditures is otherwise valid.

Of the expenditures, contracts and/or open purchase commitments tested, approximately 23% were not certified by the Treasurer prior to incurring the commitment. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The School District should inform all employees of the requirements of Ohio Rev. Code Section 5705.41(D). The School District should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.

**3. FINDINGS FOR FEDERAL AWARDS**

None





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OFFICE OF THE AUDITOR  

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**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  
JANUARY 16, 2001**