



**Auditor of State
Betty Montgomery**

**CITY OF STOW
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3
Federal Awards Receipts and Expenditures Schedule.....	5
Notes to Federal Awards Receipts and Expenditures Schedule	6
Schedule of Findings.....	7

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Auditor of State Betty Montgomery

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

City of Stow
Summit County
3760 Darrow Road
Stow, Ohio 44224-4094

To the Honorable Mayor and City Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stow, Summit County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 24, 2006, in which we noted the City reclassified the Storm Waste Utility Fund from a Special Revenue Fund to an Enterprise Fund. In addition, the capital assets related to storm water lines have been reclassified from the Water Fund to the Storm Water Utility Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2005-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the City's management dated July 24, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated July 24, 2006, we reported a matter related to noncompliance we deemed immaterial.

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

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

Betty Montgomery
Auditor of State

July 24, 2006



Auditor of State Betty Montgomery

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

Summit County
3760 Darrow Road
Stow, Ohio 44224-4094

To the Honorable Mayor and City Council Members:

Compliance

We have audited the compliance of the City of Stow, Summit County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying Schedule of Findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Stow, Summit County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

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

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

Federal Awards Receipts and Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Stow as of and for the year ended December 31, 2005, and have issued our report thereon dated July 24, 2006, in which we noted the City reclassified the Storm Waste Utility Fund from a Special Revenue Fund to an Enterprise Fund. In addition, the capital assets related to storm water lines have been reclassified from the Water Fund to the Storm Water Utility Fund. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying Federal Awards Receipts and Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

July 24, 2006

**CITY OF STOW
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through Ohio Department of Transportation</i>				
<u>Highway Planning and Construction</u>				
Hike and Bike Trail	EO33440	20.205	\$324,534	\$217,658
Route 91 Upgrade Project	EO36306	20.205	<u>1,210,494</u>	<u>1,002,386</u>
Total Highway Planning and Construction			<u>1,535,028</u>	<u>1,220,044</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed Through the Federal Emergency Management Agency</i>				
<u>Assistance to Firefighters Grant</u>				
Foam Trailer	EMW2003FG17981	97.044	65,558	65,558
800 mHz Radios	EMW2004FG14004	97.044	<u>156,416</u>	<u>165,147</u>
Total Assistance to Firefighters Grant			<u>221,974</u>	<u>230,705</u>
Totals			<u>\$ 1,757,002</u>	<u>\$ 1,450,749</u>

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

**CITY OF STOW
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

**CITY OF STOW
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	20.205 Highway Planning and Construction
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2005-001

Cash Reconciliation

During the testing of the December 31, 2005 cash reconciliation and associated outstanding check listings the following was noted:

- The City's total depository balance exceeds the financial system by an unreconciled amount totaling \$1,160.
- The outstanding check listings for the general and payroll checking accounts included 31 checks totaling \$3,161 and 23 checks totaling \$5,409, respectively, that were older than six months.
- The City had 34 uncollected Non-Sufficient Funds (NSF) checks totaling approximately \$8,000 that were older than 6 months.
- 1 manual check issued on January 27, 2006 cleared the bank by January 31, 2006 but was not recorded in the City's financial accounting system until February 23, 2006.
- Bank reconciliations for February and June 2005 were not completed until April 5, 2005 and August 8, 2005, respectively.

In order to correct these issues, the City should:

- Through the use of an entity wide bank to book reconciliation, ensure that all reconciling items are properly documented and ensure that proper supporting documentation exists for all reconciling items.
- Update the unclaimed monies fund to include all outstanding checks included in the monthly bank reconciliation that are over six months and remove these amounts from the monthly bank reconciliation.
- Examine the probability of collection of NSF checks to ensure their timely removal as a reconciling item from the bank reconciliation.
- Ensure that all manual checks are posted to the system in a timely manner.
- Ensure that bank reconciliations are performed in a timely manner.

Officials' Response: We have resolved the unreconciled item and corrected it. Regarding the overall bank reconciliation process, we will be providing assistance to our accounting supervisor to ensure that reconciliations are completed on a timely basis as required.

We will also be adopting a written policy with regard to the time limits for outstanding checks and NSF checks. We currently evaluate all such checks for possible removal; however, the applicable time period has varied. The new policy will establish an appropriate time period for removal of the checks from the City's bank reconciliation.

The City's existing manual check procedure is a sound one. The problem pertaining to the manual check in January was due to an error by a relatively new employee.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



City of
STOW
OHIO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

*for the fiscal year ended
December 31, 2005*

CITY OF STOW, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

PREPARED BY:

THE DEPARTMENT OF FINANCE
JOHN M. BARANEK, DIRECTOR OF FINANCE

*3760 DARROW ROAD
STOW, OHIO 44224*

INTRODUCTORY SECTION

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CITY OF STOW, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Title Page	i-iv
Table of Contents	v-ix
Letter of Transmittal	x
General Organizational Chart	xi
Principal City Officials	xii
GFOA Certificate of Achievement for Excellence in Financial Reporting	

II. FINANCIAL SECTION

INDEPENDENT ACCOUNTANTS' REPORT.....	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3-11
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13-14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
General Fund.....	19
EMS/Fire Levy Fund.....	20
Statement of Fund Net Assets - Proprietary Funds.....	21
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23-24
Statement of Fiduciary Net Assets - Fiduciary Funds	25

BASIC FINANCIAL STATEMENTS (CONTINUED):

Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	26
Notes to the Basic Financial Statements.....	27-54

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements and Individual Fund Schedules - Governmental Funds:

Fund Descriptions - Governmental Funds	55-56
Combining Balance Sheet - Nonmajor Governmental Funds.....	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	58
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	59-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	66-72

Schedules of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis):

Street Construction Fund.....	73
State Highway Improvement Fund.....	74
Police Pension and Disability Fund.....	75
Fire Pension and Disability Fund	76
Motor Vehicle License Tax Fund.....	77
ODNR Litter Prevention Grant Fund	78
EMS Transport Fees.....	79
Police Enforcement and Education Fund	80
Special Assessment Improvements Fund	81
Tree Trust Fund.....	82
Communications Tower Fund	83
Cemetery Trust Fund.....	84
Park Improvements Fund	85
Federal Law Enforcement Forfeited Fees Fund	86
Commission of the Arts Fund	87
Safety Town Fund	88
D.A.R.E. Program Fund	89
Youth Division Donations Fund.....	90
Fire Department Emergency Equipment Fund	91
Parks Youth Fund.....	92
Police Department Emergency Equipment Fund.....	93
Youth Division Teen Center Fund	94
Parks Lodge Improvement Fund	95
Community Relations Fund.....	96
SS Ballfield Complex Fund.....	97
Park and Recreation Scholarship Fund.....	98
Police Explorer Fund.....	99
Community Development Fund	100
FEMA Fund	101
Business Assistance Fund	102
City Lodging Tax Fund	103
General Obligation Bond Retirement Fund.....	104
General Capital Improvements Fund.....	105

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES (CONTINUED):

Combining Statements and Individual Fund Schedules - Proprietary Funds:

Fund Descriptions - Proprietary Funds.....	106
Schedules of Revenues, Expenses and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Water Fund.....	107
Storm Water Utility Fund.....	108
Combining Statement of Net Assets - Nonmajor Internal Service Funds.....	109
Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Internal Service Funds.....	110
Combining Statement of Cash Flows - Nonmajor Internal Service Funds.....	111
Schedules of Revenues, Expenses and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Administrative Insurance Fund.....	112
Self-Insurance Fund.....	113
Fund Descriptions - Fiduciary Funds.....	114
Combining Statement of Net Assets - Private Purpose Trust Funds.....	115
Combining Statement of Revenues, Expenses and Changes in Fund Balances - Private Purpose Trust Funds.....	116
Schedules of Revenues, Expenses and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Stutler Scholarship Fund.....	117
Wells Perkins Cemetery Fund.....	118
Tonachio Education Memorial Fund.....	119
Statement of Changes in Assets and Liabilities - Agency Funds.....	120-122

III. STATISTICAL SECTION

Governmental Fund Type Expenditures by Function - Last Ten Calendar Years.....	123-124
Governmental Fund Type Revenues by Source - Last Ten Calendar Years.....	125-126
Property Tax Levies and Collections - Real and Public Utility Taxes - Last Ten Calendar Years.....	127
Assessed and Estimated Actual Value of Taxable Property - Last Ten Calendar Years.....	128
Property Tax Rates - Direct and Overlapping Governments (Per \$1,000 of Assessed Valuation) - Last Ten Calendar Years.....	129
Special Assessment Billings and Collections - Last Ten Calendar Years.....	130
Computation of Legal Debt Margin.....	131
Ratio of Net General Obligation Bonded Debt to Assessed Valuation and Net General Obligation Bonded Debt per Capita.....	132

III. STATISTICAL SECTION - (CONTINUED)

Ratio of Annual Debt Principal Expenditures for General Obligation Bonded Debt to Total Governmental Fund Type Expenditures.....	133
Computation of Direct and Overlapping General Obligation Debt.....	134
Demographic Statistics - Last Ten Calendar Years.....	135
Property Value and Construction Activity - Last Ten Calendar Years	136
Principal Taxpayers - Real Estate Tax	137
Principal Taxpayers - Tangible Personal Property Tax.....	138
Miscellaneous Statistics	139



John M. Baranek
Director of Finance

July 24, 2006

The Honorable Mayor Karen Fritschel,
Members of City Council
and Citizens of the City of Stow, Ohio

Ladies and Gentlemen:

The Comprehensive Annual Financial Report for the City of Stow for the fiscal year ended December 31, 2005, is hereby respectfully submitted. It includes information pertaining to all of the City's funds and financial transactions and selected financial and other information for the most recently completed fiscal year (2005). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the City. To the best of our knowledge, the data in this report is accurate in all material respects and it presents fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report (CAFR) is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes the Table of Contents, this Transmittal Letter, a listing of the principal City officials, a General Organization Chart and a Certificate of Achievement for Excellence in Financial Reporting. The Financial Section contains the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes, required supplementary information, and the Combining Statements for nonmajor funds and other schedules. The Statistical Section includes financial and demographic information, generally presented on a multiple year basis.

The City is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The City is required by state law to have an annual audit performed by the Auditor of State's Office. The City continues to receive an unqualified opinion. The Independent Accountants' Report of the Auditor of State on the City's financial statements is included in the Financial Section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2005, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the City, as well as compliment the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Accountants' Report.

COMMUNITY PROFILE

The City of Stow was incorporated in 1957 as a village and became a City in 1960. The City is located in Summit County approximately 30 miles southeast of Cleveland, Ohio and 8 miles northeast of Akron, Ohio. With a population of 32,139 according to the 2000 Census, Stow is the third largest City in Summit County. The City operates under, and is governed by, its Charter, which was first adopted by the voters in 1958. The Charter is subject to amendment from time-to-time by the voters.

Under the Ohio Constitution, the City has the right to exercise all powers of local self-government. The Charter provides for a Mayor-Council form of government, and also for independently elected Finance and Law Directors. Legislative authority is vested in a seven-member City Council. Three Council members are elected at-large and four members are elected from wards. All members serve two-year terms. The presiding officer of City Council is the President, who is elected from among its members for a one-year term.

The City's chief executive and administrative officer is the Mayor, who is elected to serve a four-year term. The Mayor also serves as Public Safety Director. The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of the members of the Council. The Mayor and Law Director are limited by the Charter to eight consecutive years in office. All other elected City officials have no term limitations.

The City of Stow provides a full range of services to its citizens. The City's major general government services include police and fire protection, emergency medical service, street maintenance and snow removal, parks and recreation, building and zoning inspection and enforcement, urban forestry and various administrative and operational services. The City also operates and maintains the Stow Water System which provides water distribution service to all Stow residents and businesses and a Storm Water Management Utility. Three cemeteries and numerous community and neighborhood parks and other recreation facilities are also owned and managed by the City for the benefit of its citizens.

The basic financial statements, schedules and statistical tables presented herein include all funds that are controlled by or are dependent upon the City of Stow. These funds are determined on the basis of budgetary overview, obligations to fund deficits or control of the use of surplus funds, the taxing authority and fiscal management responsibilities. The Stow-Munroe Falls City School District, the Stow-Munroe Falls Public Library and the Stow Historical Society, conduct all or a portion of their activities within the boundaries of the City. However, these organizations are not considered part of the reporting entity because the City does not exercise significant influence over their daily operations, approve their budgets, or maintain their accounting records. In addition, the City is not responsible for the organizations' debt or for funding any operating deficits.

ECONOMIC CONDITION AND FUTURE OUTLOOK

Local Economy

The City of Stow was originally founded as a township, eventually became a village and was incorporated as a city in 1960 with a population of 12,194. The 2000 population reached 32,139. Stow became the third largest city in Summit County in 1990 and continued as such in 2005. The most recent Census Bureau estimate indicates that Stow's population reached 34,498 in 2005, which is more than a 7.0 percent increase from 2000. To accommodate the City's population growth, over 9,800 dwelling units have been constructed in Stow since 1970. It is estimated that there is unused community capacity for at least an additional 5,000 dwelling units to be constructed in Stow in the future. Recent projections estimate the fully developed population of the City of Stow to be nearly 40,000-45,000 residents. This range could be reached sometime within the next 25 years.

Stow is a growing, predominately residential community which has a balanced commercial and industrial tax base to help absorb the tax burden associated with providing services to its residents. Because Stow is in a strategic growth corridor between the Cleveland and Akron metropolitan areas, it is likely that these positive development trends will continue. The City, through the application of its Comprehensive Land Use Plan, attempts to influence and guide development in a manner which results in a pleasant suburban environment where residences are the predominant land use but with sufficient commercial and industrial enterprises to pay for a significant portion of the local government's cost of providing high quality services to all residents and businesses.

Substantial commercial, office and industrial growth has occurred in Stow in recent years. As part of the effort to update the City's Comprehensive Land Use Plan, City officials, with the assistance of a professional development consultant, prepared a market study to analyze existing and potential nonresidential development in the City and the future local market for office and retail expansion. It was determined that the City of Stow has a substantial supply of competitive retail space – approximately 2.1 million square feet. Retail vacancies were found to be in the 8-10 percent range for overall constructed space. The Stow vacancy rate is lower than the rate for the Greater Akron/Summit County area. It is anticipated that the City will take the necessary policy steps to ensure that the local retail sector continues to grow. Estimates place the potential demand for additional retail space in Stow to be as high as 380,000 square feet or more over the next ten years.

City officials have placed a particular emphasis on the development of the office and industrial market in Stow, recognizing the positive revenue implications resulting from this type of development. Approximately 170,000 square feet of office space has been constructed in Stow since 1990. Through the use of development incentive programs, City officials are planning to encourage the construction of a minimum of 240,000 square feet of additional office space alone by 2010.

The planned Seasons Road/State Route 8 Interchange project will accommodate much of the expected office, retail and light industrial development in the northwest sector of the City. The current development of the Steels Corners Road and Seasons Road/State Route 8 Interchange area could eventually account for 100,000-150,000 square feet of the City's expected new office space by the end of this decade. Supporting commercial and service and related businesses are already constructed or being planned in the vicinity of the Interchange, including two medium-sized hotels which have opened. A sizeable health and wellness medical facility is under construction and will open in early 2007. A third hotel is also planned.

The City of Stow offers an excellent opportunity for business growth because of a broad network of state and interstate highways which provide the area with access to regional and national markets. Stow is fortunate to have a diversified tax base comprised of many small-to-medium sized industries. The City has seven private companies that employ between 100 and 400 workers. Additional industrial development is expected to be derived from the City's participation in the Foreign Trade Zone which is located in the northwest area of Stow and was created for the purpose of promoting local industrial development.

The City administration has now finalized its first long-term Economic Development Strategy to guide and facilitate the efforts of the City government and other community organizations in undertaking economic development activities in Stow. The formal Strategy Plan has been reviewed and evaluated in public by the City's legislative body and its adoption is currently pending.

Major Initiatives and Long-Term Financial Planning

Current Year – The City's voter-approved program to expand the City's Emergency Medical Services (EMS) and fire response capabilities has proven to be very successful. The expansion program was funded through an increase of 2.3 mills in the City's Charter property tax rate and included two new fire stations, and fifteen additional paramedics as well as new fire trucks and equipment. One of the new fire stations is an additional station to increase emergency coverage on the City's east side, while the other is a relocated replacement facility to improve response times on the City's west side. The fifteen additional paramedics have enabled the City's Fire Department to operate a full EMS transport system throughout the entire community and to fully staff the two new fire stations. The City's centrally located Safety Building continues to serve the community as its main fire station.

Construction of the City's new Service Maintenance and Parks Maintenance and Urban Forestry Centers in the last three years provided almost 100,000 square feet of new space for the City's combined maintenance operations, including Water System maintenance. They enable the City to store virtually all of its service and parks vehicles indoors. The new structures cost approximately \$9.8 million combined. They replaced the existing undersized and outdated buildings which were used by Stow for many years. These two new City structures are major components of the City's ongoing long-term plan to construct new public service facilities for the City government to serve its residents and businesses. Previous new buildings constructed include the Stow City Hall, which was opened in 1986, and the Safety Building (Police, Fire, EMS and Communications) which was completed in 1995.

Maintenance and repair of roads throughout the community to accommodate the growing population and expanding commercial and industrial base continues to be a high priority for the City government. In the 2003-2004 Capital Improvements Budget, the City allocated nearly \$3.5 million for road-related projects, including general road repaving. In the 2005-2006 Budget, the amount allocated for road projects was \$2.9 million, including funding for two major road projects designed to improve the community's overall transportation system and the future flow of traffic in Stow. The City will continue to allocate significant resources to major road projects in future Capital Budgets, commencing with the 2007-2008 Budget.

A program to revitalize older commercial areas of the City by completing improvements in or adjacent to the City right-of-way such as the installation of needed sidewalks, landscape strips, street trees, planters and/or decorative paving blocks was continued by the City in 2005. Each improvement is being completed in cooperation with the property owners who will share the cost with the City. As part of the program, the property owners are also committing to building renovations. The program has helped improve the appearance of the City's older commercial areas. Two or three projects are planned to be completed each year.

In order to accommodate the expected continued population and business growth in Stow, the City government will continue to invest in its public facilities, its transportation system, the Stow Water System and the community infrastructure in the years ahead. City officials are guided in the development of the community in the future by the City's new Comprehensive Land Use Plan which was updated and approved in 2001. Before it received final approval, the new Plan was the subject of many public hearings and community meetings held by Stow City officials.

In 2005, the City began collecting a lodging tax on all overnight hotel and motel room occupancies. By ordinance of City Council, the proceeds of the tax are dedicated exclusively to pay for infrastructure improvements in specified areas of the City to encourage economic development.

In November, 2001, the City of Stow regained ownership of the Stow Water System from the Summit County government and immediately became fully responsible for its daily operation. The City completed four very successful full operating years for the System in 2005. The City provides water to its citizens based on a 99-year memorandum of understanding between Stow and the City of Akron whereby Akron supplies water directly to Stow on a wholesale basis. The detailed terms of the Stow water supply agreement with Akron are expected to be finalized in 2006.

A five-year comprehensive Operating Budget for the Stow Water System was developed in 2001 to guide the City in managing the operation and maintenance of the System after it was acquired from the County. The five-year Budget is updated each year with current financial information and is used to assist the administration and City Council in determining and meeting the operating needs of the System and assessing the adequacy and level of future water rates.

With the assistance of the City's consulting engineering firm, the City of Stow has completed a long-term Water System Capital Improvements Plan. The Plan identifies some \$11.3 million in necessary current improvements for the Water System to be undertaken over the next five-ten years or longer, and nearly \$3.1 million in future improvements that will be considered for completion in at least ten years. As part of the long-term Capital Plan, the consultant developed a comprehensive computerized model for the Water Distribution System. The model has proven useful in identifying and resolving System problems, undertaking hydraulic analysis when necessary and forecasting future water usage. It enables the City to make Water System capital investment decisions that are designed to efficiently meet present and future water demands in Stow.

In 2005, the City continued with the long-term improvements program outlined in its comprehensive Capital Plan for the Water System, including numerous waterline replacement projects. The City previously enacted an ongoing, monthly \$4.00 Water System capital improvements fee for all water customers to generate the revenue necessary to undertake and complete the improvements identified in the long-term Plan on a programmed basis over the next ten-twenty years and also to implement an automatic, radio-based meter reading system for more efficient and timely reading of the meters of Stow's water customers. In order to accomplish the improvements on an accelerated time schedule, the City plans to combine debt financing with cash allocations in the next few years to maximize the amount of upfront funds available.

The City established a storm water management utility in 2004 to address flooding issues and problems throughout the Stow community. In 2005, the City initiated engineering studies in every neighborhood within the City to identify storm water problems that need to be corrected as part of a long-term storm water management plan. An ongoing, monthly storm water improvement fee was enacted by City Council to pay all future operating and capital costs associated with maintaining and upgrading the City's existing storm water management system over the next ten-twenty years. The fee is graduated and is based on an engineering evaluation of the size of the impervious surfaces of individual residential and non-residential properties in Stow.

In 2005, the City of Stow continued many of its ongoing programs which are designed to improve the community as a whole and its individual neighborhoods. The provision of such programs as the police bike patrol, adopt-a-spot beautification, the neighborhood playground upgrades, residential storm sewer improvements, sidewalk repair, litter and recycling education and awareness, neighborhood beautification and tree planting programs were important accomplishments of the City again this past year.

The City dedicated a new neighborhood park and complete playground facility on the east side of Stow in 2005.

A comprehensive ten-year Capital Improvements Financial Plan was prepared by the City in 2002 to guide City officials in undertaking and completing the City's major permanent improvement projects over the period, 2002-2011. The Plan was used in 2005 and will continue to be used as it is updated in future years to identify available capital improvement funding sources and all potential general capital projects which are necessary to improve the City's infrastructure, buildings, facilities and major equipment over the ten-year period. The Plan also serves as the City's guide for both short-term and long-term debt management.

Future – Several major initiatives designed to enable the City to accommodate the continued growth and development of Stow and enhance the Stow community are underway in 2006.

In February of 2006, the Stow City government completed the acquisition of an 18-hole municipal golf course located on 140 acres of land within a highly developed residential area of the City. The golf course, which was named the best privately owned public golf course in Ohio in 2005, will be operated by the Parks and Recreation Department. The City's commitment to purchase the golf course ensured its retention and preservation as a highly-valued recreational asset in the Stow community.

The Route 8 Interchange project, located at State Route 8 and Seasons Road in both Stow and Hudson, continues in the preliminary planning stages. Engineering and design is expected to commence as early as 2007. It will be a joint undertaking of the State of Ohio, the City of Stow and the City of Hudson. Along with the recently-completed Seasons/Norton Roads connection project, it is necessary to expand the industrial and commercial growth areas of Stow. The total construction cost for the interchange is expected to be at least \$8,000,000, depending upon the final design and the actual year in which the project is bid. Stow and Hudson will be responsible for paying for a combined fifty percent of the cost, or a minimum of \$2,000,000 each, although a significant portion of the local share could be offset by additional state and federal grants. Preliminary planning estimates are that bidding for the construction could be underway in 2009-2011. Through the City's annual road paving program and such projects as the Norton/Seasons Roads connection, the Route 8 Interchange and various other planned road, intersection, traffic light and bridge improvements, the City of Stow will be upgrading the community transportation system significantly over the next decade.

In 2006, the City will also be continuing its ongoing traffic signal upgrade program at major intersections throughout the community. Local funds will be combined with grant funds and other sources to finance the installation of new signals at high traffic volume locations to improve traffic control and/or to meet safety concerns.

In addition to the Seasons/Norton Roads Connection and the Route 8 Interchange at Seasons Road, eleven major road projects and a hike and bike trail improvement/extension project have been identified for inclusion in the City's long-term Capital Improvements Financial Plan as being necessary to be undertaken by the City during the upcoming ten-year period. Up to ten of the eleven projects as well as the hike & bike trail will receive state and/or federal funding.

In May of 2006, the City Council adopted a long-term master plan for the development of the City Center Site which encompasses the centrally located municipal government offices, a large playground and the surrounding acreage. The development of the site will include public gathering facilities for entertainment, an amphitheater, cultural and arts centers, walking trails and some mixed use buildings. The master plan for the maintenance, development and future management of the City's arboretum/sancturetum, which is located near Stow City Hall, continued to be updated in 2005. In 2006, it was included as a major component of the City's overall City Center Site long-term plan. It is the intent of the City to further develop detailed plans and possible funding sources to enhance the arboretum/sancturetum in several phases. It will be opened fully to the public in the summer of 2006. Preservation of this unique and extensive outdoor natural resource is a long-standing commitment of the City.

Installation of the automatic, radio-based meter reading system for the City's Water System is well underway. The new system, which will cost approximately \$2.3 million, should be fully operational by the end of 2006.

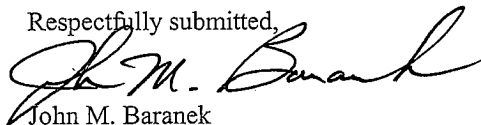
The City is currently assessing the feasibility of converting its Safety/Service communications system to 800 MHz capability. As part of the conversion, the City may join the county-wide system to increase compatibility and enhance mutual communications ability with surrounding communities.

OTHER INFORMATION

Awards - The City prepared and submitted a Comprehensive Annual Financial Report (CAFR) for the first time for 2000 to the Government Finance Officers Association of the United States and Canada (GFOA). A Certificate of Achievement for Excellence in Financial Reporting was awarded to the City of Stow for its Comprehensive Annual Financial Report for the years ended December 31, 2000, 2001, 2002, 2003 and 2004. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. We believe our current report for 2005 conforms to the Certificate of Achievement for Excellence in Financial Reporting program requirements, and we are submitting it to the GFOA to determine its eligibility for a 2005 award.

Acknowledgment - I would like to express my sincere appreciation and thanks to those individuals who assisted in the preparation of the 2005 Comprehensive Annual Financial Report. Successful preparation of a report of this scope required the dedicated services of the entire staff of the Finance Department. I also extend my appreciation to the Mayor, City Council and all Department Heads for their support and assistance in completing this Comprehensive Annual Financial Report.

Respectfully submitted,

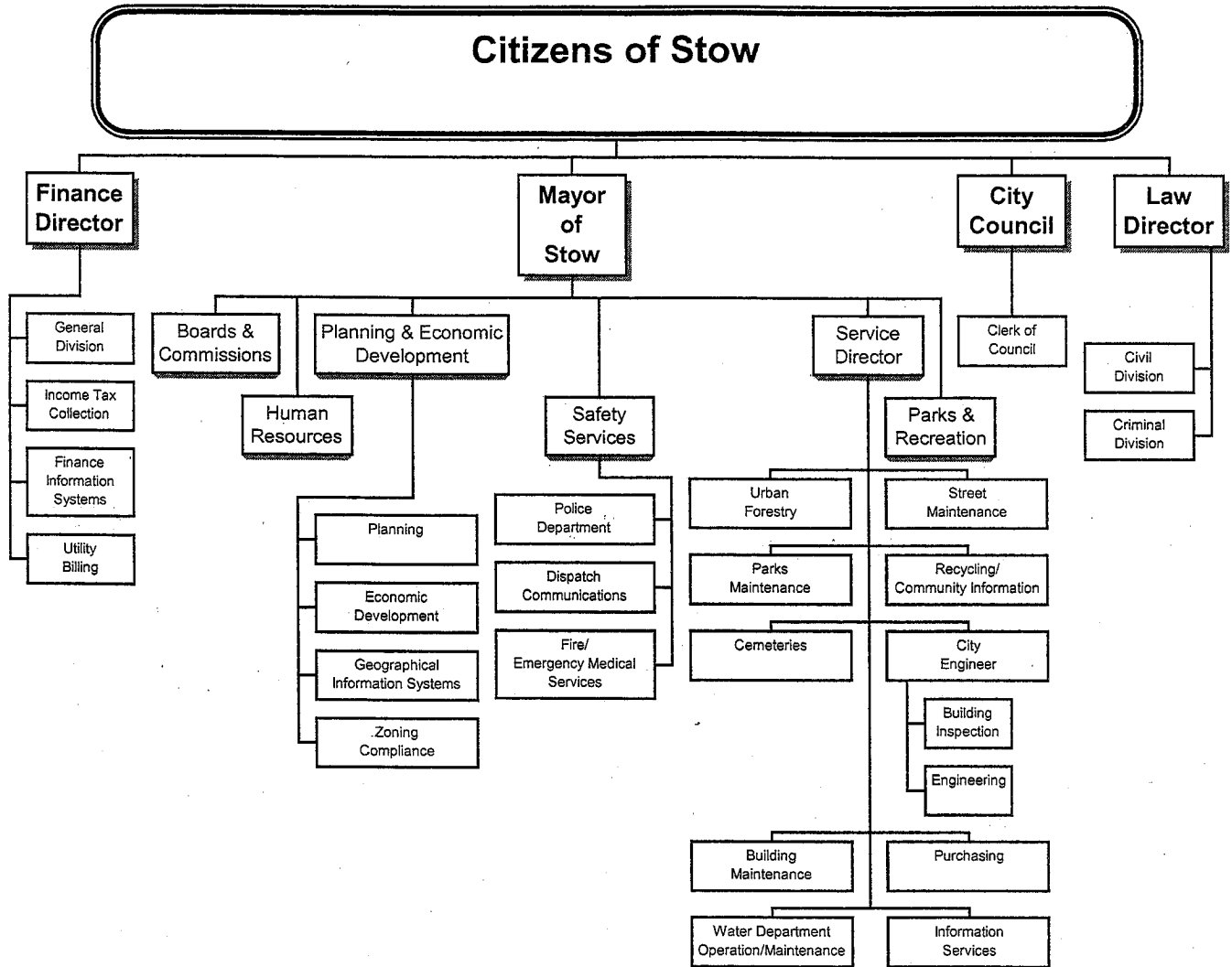


John M. Baranek
Director of Finance

City of Stow, Ohio

General Organization Chart

2005



CITY OF STOW, OHIO
PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2005

Elected Officials

Mayor	Karen Fritschel
Finance Director	John Baranek
Law Director	Joe Haefner
President of Council	Janet D'Antonio (At-Large)
Vice President	Ron Alexander (At-Large)
President Pro-Tem	Chuck Meier (Ward IV)
Council Member	Ron Gauthier (Ward I)
Council Member	John Parker (At-Large)
Council Member	John Wysmierski (Ward III)
Council Member	James Costello (Ward II)

Department Officials

Service Director	Dano Koehler
Planning & Development Director	Ken Trenner
City Engineer	J. William Drew
Fire Chief	William Kalbaugh
Police Chief	Louis A. Dirker, Jr.
Assistant Service Director	Thom Sheridan
Assistant Finance Director	John Earle
Assistant City Engineer	Jim McCleary
Assistant City Engineer	Gerald Dolson
Manager of Information Services	Mark Hatfield
Tax Administrator	Dennis Bernaciak
Deputy City Engineer	Edward Carey
Deputy Planning Director	Rob Kurtz
Deputy Law Director	Brian Reali
Parks and Recreation Director	Nick Wren
Human Resource Director	Patrick Graham
Water Distribution Superintendent	Kathy Vaughn
Chief Building Inspector	Tony Catalona
Parks Manager	Paul Kelly
Assistant Law Director/Prosecutor	John Scavelli
Road Superintendent	Jim Megenhardt
Landscape Arborist	Jim Gray
M.I.S. Coordinator – Finance	Lisa Paxton
M.I.S. Coordinator – Network	Sean Shotts
Clerk of Council	Bonnie Emahiser
Youth Services Coordinator	Renee Armbruster
Community Information Coordinator	Linda Nahrstedt
Recreation Supervisor	Anne Baranek

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Stow,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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



Carla E. Judge

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of Stow
Summit County
3760 Darrow Road
Stow, Ohio 44224-4094

To the Honorable Mayor and City Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stow, Summit County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stow, Summit County, Ohio, as of December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and EMS/Tax Levy Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 3A to the basic financial statements, the City has reclassified the Storm Water Utility Fund from a Special Revenue Fund to an Enterprise Fund. In addition, the capital assets related to storm water lines have been reclassified from the Water Fund to the Storm Water Utility Fund. Fund balances and net assets were restated as a result of these reclassifications.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and schedules provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

July 24, 2006

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

The management's discussion and analysis for the City of Stow's (the "City") financial statements provides an overview of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the notes to the basic financial statements and the basic financial statements.

Financial Highlights

The City's key financial highlights for 2005 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2005 by \$64,481,519 (net assets). Of this amount, \$7,001,862 is considered restricted for various purposes such as capital projects, debt service and other restrictions. Another \$46,085,750 is invested in capital assets and the remaining \$11,393,907 is considered unrestricted and may be used to meet the City's ongoing obligations.
- Total net assets increased \$4,666,478 or 7.80 percent as a result of this year's operations. Net assets for business-type activities increased \$2,387,154 or 12.06 percent, while the net assets related to governmental activities increased \$2,279,324, or 5.70 percent.
- The City's total revenues amounted to \$35,474,073 in 2005, of which \$28,829,193 related to governmental activities and \$6,644,880 to business-type activities. Program specific revenues in the form of charges for services, grants and contributions accounted for \$12,068,814 or 34.02 percent of total revenues.
- The City had \$30,807,595 in expenses in 2005, \$26,549,869 of which were for governmental activities and \$4,257,726 for business-type activities.
- Among the major funds, the General fund had \$17,075,575 in revenues and \$16,658,858 in expenditures in 2005. The amount of \$571,188 was transferred to other funds.
- The General Fund's balance decreased to \$5,530,545, a decrease of \$154,471 from the beginning of 2005. The General fund balance was 32.39 percent of total General fund revenues, which is a modest decrease from the percentage in 2004.
- The City's total governmental activities long-term obligations decreased from \$18,884,601 to \$17,812,376 during 2005. This decrease of \$1,072,225 was due to a reduction in City bond and note indebtedness.

Using this Comprehensive Annual Financial Report (CAFR)

The City's annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Stow as a total financial and operating entity. The individual statements provide a detailed look at specific financial activities.

The City's basic financial statements are comprised of three components: 1) City-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell the reader how services were financed in the short-term, as well as the amount of funds remaining for future spending. The fund financial statements also look at the City's major funds with all other non-major funds presented in total in one column.

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

Reporting the City as a Whole

Statement of Net Assets and Statement of Activities

The analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's finances is, "How did the City perform financially during 2005?" The Statement of Net Assets and the Statement of Activities provide information concerning the City as a whole and its financial activities that will assist the reader in answering this question. These statements include all assets and liabilities using the accrual method of accounting similar to the accounting used by most private-sector businesses. This method of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net asset and changes in those assets. The change in net assets is important because it allows the reader to judge in many respects as to whether or not the City's financial position has improved or diminished over the past year. The causes of any change in financial position for the City may be related to, or the result of, many factors, some of which may be directly financial, and others which may be only indirectly related to the City's finances. Indirect financial factors include changes in the City's tax or revenue base, changes in general tax law in Ohio or the City, variations in economic conditions, the condition of the City's capital assets and other related factors which may impact revenues or expenses.

In the Statement of Net Assets and the Statement of Activities, the City operation is divided into two distinct types of activities as follows:

- **Governmental Activities** - Most of the City's programs and services are considered to be governmental activities, including general government, security of persons and property, leisure time activities, community and economic development and transportation. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

The City-wide financial statements can be found on pages 12 through 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds, not on the City as a whole. The City's major governmental funds are: the General fund, the EMS/Fire Tax Levy fund and the General Capital Improvements fund. The City's major proprietary funds are the Water and Storm Water Utility funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the year. This information is useful in evaluating a government's near-term financing requirements.

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the City's governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 15 through 20 of this report.

The City adopts an annual appropriation budget for its General fund and other funds. Budgetary statements and schedules have been provided for all annually budgeted funds to demonstrate compliance.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water system and storm water utility operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance programs for medical-related employee benefits. The basic proprietary fund statements can be found on pages 21 through 24 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds. The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Basic Financial Statements

The financial statement notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found on pages 27 through 54 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements, schedules, and a statistical section, which can be found on pages 55 through 139 of this report.

Government-Wide Financial Analysis

As noted earlier, the trend in net assets serves as an indicator of a government's changing financial position. At the close of 2005 the City's total assets, as shown in Table 1, exceeded liabilities by \$64,481,519. Some \$42,294,687 of the net assets were in governmental activities while \$22,186,832 were in business-type activities. The table below provides a summary of the City's net assets for 2005 compared to 2004:

CITY OF STOW, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED*

Table 1 - Net Assets

	Governmental Activities <u>2005</u>	(Restated) Governmental Activities <u>2004</u>	Business-Type Activities <u>2005</u>	(Restated) Business-Type Activities <u>2004</u>	2005 Total	(Restated) 2004 Total
Assets						
Current and other assets	\$ 25,121,869	\$ 24,108,621	\$ 4,431,998	\$ 3,240,258	\$ 29,553,867	\$ 27,348,879
Capital assets, net	<u>44,564,492</u>	<u>43,458,466</u>	<u>20,904,581</u>	<u>20,050,047</u>	<u>65,469,073</u>	<u>63,508,513</u>
Total assets	<u>69,686,361</u>	<u>67,567,087</u>	<u>25,336,579</u>	<u>23,290,305</u>	<u>95,022,940</u>	<u>90,857,392</u>
Liabilities						
Current and other liabilities	9,579,298	8,667,123	718,312	631,025	10,297,610	9,298,148
Long term liabilities:						
Due within one year	1,764,610	1,401,201	604,970	474,253	2,369,580	1,875,454
Due in more than one year	<u>16,047,766</u>	<u>17,483,400</u>	<u>1,826,465</u>	<u>2,385,349</u>	<u>17,874,231</u>	<u>19,868,749</u>
Total liabilities	<u>27,391,674</u>	<u>27,551,724</u>	<u>3,149,747</u>	<u>3,490,627</u>	<u>30,541,421</u>	<u>31,042,351</u>
Net Assets						
Invested in capital assets, net of related debt	27,553,492	25,216,608	18,532,258	17,251,673	46,085,750	42,468,281
Restricted	7,001,862	7,635,153	-	-	7,001,862	7,635,153
Unrestricted	<u>7,739,333</u>	<u>7,163,602</u>	<u>3,654,574</u>	<u>2,548,005</u>	<u>11,393,907</u>	<u>9,711,607</u>
Total net assets	<u>\$ 42,294,687</u>	<u>\$ 40,015,363</u>	<u>\$ 22,186,832</u>	<u>\$ 19,799,678</u>	<u>\$ 64,481,519</u>	<u>\$ 59,815,041</u>

Net assets of governmental and business-type activities were restated at the beginning of the year due to a fund reclassification and prior period adjustments to income taxes receivable and capital assets (see Note 3.A. for detail). During 2005, the City's overall financial position improved by \$4,666,478 as governmental activities net assets increased by \$2,279,324 and those for business-type activities improved by \$2,387,154.

The majority of the City's net assets (71.47 percent) reflect its investment in capital assets (e.g. land, construction in progress, buildings, vehicles, infrastructure and equipment, furniture and fixtures), less any related debt used to acquire those assets. These capital assets are utilized by the City to provide services to its citizens. They are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

CITY OF STOW, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED*

Statement of Activities

The table below shows the changes in net assets for years ended 2005 and 2004.

Table 2 - Change in Net Assets

	Governmental Activities <u>2005</u>	(Restated) Governmental Activities <u>2004</u>	Business-Type Activities <u>2005</u>	(Restated) Business-Type Activities <u>2004</u>	2005 Total	(Restated) 2004 Total
Revenues						
Program revenues:						
Charges for services	\$ 2,079,593	\$ 1,993,856	\$ 5,654,864	\$ 4,581,257	\$ 7,734,457	\$ 6,575,113
Operating grants and contributions	1,926,451	171,160	106,378	-	2,032,829	171,160
Capital grants and contributions	<u>1,444,831</u>	<u>496,335</u>	<u>856,697</u>	<u>958,467</u>	<u>2,301,528</u>	<u>1,454,802</u>
Total program revenues	<u>5,450,875</u>	<u>2,661,351</u>	<u>6,617,939</u>	<u>5,539,724</u>	<u>12,068,814</u>	<u>8,201,075</u>
General revenues:						
Taxes	18,668,681	18,342,702	-	-	18,668,681	18,342,702
Grants and entitlements	3,354,221	4,655,070	-	-	3,354,221	4,655,070
Investment income	471,060	219,668	-	4,963	471,060	224,631
Miscellaneous	<u>884,356</u>	<u>562,587</u>	<u>26,941</u>	<u>121,092</u>	<u>911,297</u>	<u>683,679</u>
Total general revenues	<u>23,378,318</u>	<u>23,780,027</u>	<u>26,941</u>	<u>126,055</u>	<u>23,405,259</u>	<u>23,906,082</u>
Total revenues	<u>28,829,193</u>	<u>26,441,378</u>	<u>6,644,880</u>	<u>5,665,779</u>	<u>35,474,073</u>	<u>32,107,157</u>
Program Expenses:						
General government	6,090,778	5,792,297	-	-	6,090,778	5,792,297
Security of persons and property	12,048,393	12,637,425	-	-	12,048,393	12,637,425
Public health	440,074	524,871	-	-	440,074	524,871
Leisure time activities	1,951,619	2,216,260	-	-	1,951,619	2,216,260
Community and economic development	1,545,734	1,630,393	-	-	1,545,734	1,630,393
Transportation	3,779,144	4,067,508	-	-	3,779,144	4,067,508
Interest and fiscal charges	694,127	350,575	-	-	694,127	350,575
Depreciation	-	7,428	-	-	-	7,428
Water	-	-	3,614,891	3,647,156	3,614,891	3,647,156
Storm Water Utility	-	-	642,835	-	642,835	-
Total expenses	<u>26,549,869</u>	<u>27,226,757</u>	<u>4,257,726</u>	<u>3,647,156</u>	<u>30,807,595</u>	<u>30,873,913</u>
Change in net assets before transfers	2,279,324	(785,379)	2,387,154	2,018,623	4,666,478	1,233,244
Transfers	<u>-</u>	<u>753,480</u>	<u>-</u>	<u>(753,480)</u>	<u>-</u>	<u>-</u>
Change in net assets	2,279,324	(31,899)	2,387,154	1,265,143	4,666,478	1,233,244
Net assets at beginning of year (restated)	<u>40,015,363</u>	<u>40,047,262</u>	<u>19,799,678</u>	<u>18,534,535</u>	<u>59,815,041</u>	<u>58,581,797</u>
Net assets at end of year	<u>\$ 42,294,687</u>	<u>\$ 40,015,363</u>	<u>\$ 22,186,832</u>	<u>\$ 19,799,678</u>	<u>\$ 64,481,519</u>	<u>\$ 59,815,041</u>

CITY OF STOW, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED*

Governmental Activities

The information in Table 2 indicates that security of persons and property accounted for \$12,048,393, or 45.38 percent of the \$26,549,869 expensed for governmental activities this past year. General government accounted for \$6,090,778, or 22.94 percent in the governmental activities category.

Some \$18,668,681 in tax revenues was generated for the City in 2005 to support governmental activities. This amount represented 64.76 percent of total revenues for governmental activities which reached \$28,829,193 in 2005. Other major revenues received by the City included \$3,354,221 in unrestricted grants and entitlements.

Program revenues to support governmental activities amounted to \$5,450,875 in 2005, which included \$2,079,593 in charges for services.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	(Restated) Total Cost of Services <u>2004</u>	(Restated) Net Cost of Services <u>2004</u>
Program Expenses:				
General government	\$ 6,090,778	\$ 5,281,261	\$ 5,792,297	\$ 5,379,799
Security of persons and property	12,048,393	10,915,033	12,637,425	11,204,592
Public health	440,074	383,713	524,871	484,219
Leisure time activities	1,951,619	1,599,667	2,216,260	2,057,924
Community and economic development	1,545,734	1,295,151	1,630,393	1,369,966
Transportation	3,779,144	930,042	4,067,508	3,571,136
Interest and fiscal charges	694,127	694,127	350,575	350,575
Depreciation - unallocated	<u>-</u>	<u>-</u>	<u>7,428</u>	<u>7,428</u>
Total Expenses	<u>\$ 26,549,869</u>	<u>\$ 21,098,994</u>	<u>\$ 27,226,757</u>	<u>\$ 24,425,639</u>

The dependence upon general revenues for governmental activities is apparent, with 79.47% of expenses supported through taxes and other general revenues in 2005 and 89.71% in 2004.

Business-Type Activities

Water system expenses were \$3,614,891 for the year, which were more than adequately offset by the \$4,929,505 in charges for services generated by the water system through the operation of the City's water distribution system in 2005.

Storm water utility expenses were \$642,835 for the year, which were also more than adequately offset by the \$725,359 in charges for services generated by the storm water system in 2005.

The City experienced an increase in net assets of \$2,387,154 in the area of business-type activities in 2005. Water system revenues totaled \$5,639,497 for the year as compared to \$5,526,013 in 2004. This increase was due to additional capital grants and contributions obtained for City water system improvements and increased service charges.

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

Financial Analysis of the City's Funds

As discussed previously, the City maintains a fund accounting system to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current year, the City's governmental funds reported combined ending balances of \$12,281,322, a decrease of \$187,602 as compared with the prior year. Approximately 83.43 percent of this total year end amount or \$10,246,657, represents unreserved fund balance, which is available at the City's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$1,354,597); 2) to repay loans (\$339,894); and 3) materials and supplies (\$340,174).

The General fund is the City's chief operating fund. The General fund's year end balance decreased by \$154,471 during the current year to reach an ending total of \$5,530,545. The unreserved fund balance of the General fund was \$4,795,925. As a measure of the General fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved fund balance represents 28.79 percent of total General fund expenditures, while total fund balance represents 33.20 percent of such expenditures.

Transfers from the General fund to other governmental funds, which occurred principally for funding of pensions, amounted to \$571,188.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Unrestricted net assets for the City's Water and Storm Water Utility funds at the end of the year amounted to \$3,636,927. Total assets were \$25,618,932 at year-end.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code. The authority for the City to expend money is derived from its appropriations ordinance which must be approved by City Council each year. The appropriations are limited and restricted by the amounts of anticipated revenues as estimated, in part, by the City and certified by the County Budget Commission in accordance with the Ohio Revised Code. Within the restrictions itemized above as they may be revised or amended, the City has the ability to adjust its budget during the course of the year due to actual activity related to either revenue or expenditures.

Regarding revenues, there were no significant differences between the General fund original budget and the final budget. The income tax revenue projection in the original and final budgets was significantly in excess of actual revenues due to the effects of a poor economy and a partial overestimate of expected revenues. For the reasons indicated, actual total revenues and other financing sources were \$313,755 less than final budgeted revenues.

General fund expenditures in 2005 were less than both original and final budgeted expenditures by \$1,774,444 and \$1,899,739, respectively. This variance was the result of the conservative budgeting by the City, a large contingency allocation that was not expended, and the decision not to expand the City's safety forces as had been originally contemplated, particularly in the police area, due to insufficient revenue enhancement to pay for such employee expansion.

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

Capital Assets and Debt Administration

Capital Assets

The City's net investment in capital assets, for both its governmental and business-type activities amounted to \$65,469,073 (net of accumulated depreciation) at year end 2005. The investment in capital assets, which include land and land improvements, buildings and building improvements, vehicles, equipment, furniture and fixtures, infrastructure and construction in progress, increased by \$1,960,560 during 2005.

**Table 3 - Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	(Restated)				(Restated)	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land and improvements	\$10,157,855	\$10,076,005	\$ 262,011	\$ 262,011	\$10,419,866	\$10,338,016
Construction in progress	2,755,424	2,886,044	-	-	2,755,424	2,886,044
Buildings	17,793,185	16,446,239	2,916,349	2,889,028	20,709,534	19,335,267
Vehicles	2,931,661	3,372,545	58,238	75,708	2,989,899	3,448,253
Equipment, furniture and fixtures	1,183,759	1,025,582	67,305	110,198	1,251,064	1,135,780
Infrastructure	<u>9,742,608</u>	<u>9,652,051</u>	<u>17,600,678</u>	<u>16,713,102</u>	<u>27,343,286</u>	<u>26,365,153</u>
Totals	<u><u>\$44,564,492</u></u>	<u><u>\$43,458,466</u></u>	<u><u>\$20,904,581</u></u>	<u><u>\$20,050,047</u></u>	<u><u>\$65,469,073</u></u>	<u><u>\$63,508,513</u></u>

Additional detailed information relating to the City's capital assets is contained in Note 9 of the notes to the basic financial statements.

Debt

At the end of the current fiscal year, the City's total outstanding general obligation bonded debt for governmental activities amounted to \$5,730,000 (before unamortized charges). This debt was originally issued in the amount of \$6.44 million in 2004 to pay for the refinancing of the Stow Safety Center debt issued in 1995. The City also had governmental activity general obligation notes outstanding at year-end in the amount of \$11,281,000. As can be seen from Table 4, the total debt for governmental activities declined \$1,197,908 or 6.74 percent during the year.

Debt related to business-type activity for the City amounted to \$2,372,323 at year-end, which consisted of \$2,064,000 in general obligation notes, \$231,688 in Ohio Public Works Commission (OPWC) loans and \$76,635 in Ohio Water Development Authority (OWDA) loans. Total business-type activity debt for the City decreased \$426,051 or 15.22 percent of the total business-type activity outstanding debt at the commencement of the year.

At December 31, 2005, the City's outstanding general obligation bonds were rated "Aa3" by Moody's Investors Service. State statute limits the total amount of debt a governmental entity may issue. The City's debt limitation at year-end, per the limits described by state statute, was substantially higher than the City's existing outstanding debt.

In addition to bonded debt, note and loan debt as itemized in Table 4, the City's other long-term obligations include compensated absences and intergovernmental payables.

Additional information regarding the City's long-term obligations can be found in Note 10 of this report. Note 14, also provides information relating to compensated absences.

CITY OF STOW, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED*

Additional information regarding the City's long-term obligations can be found in Note 10 of this report. Note 14, also provides information relating to compensated absences.

Table 4 - Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 5,301,649	\$ 5,638,699	\$ -	\$ -	\$ 5,301,649	\$ 5,638,699
General obligation notes	11,281,000	12,141,858	2,064,000	2,503,142	13,345,000	14,645,000
OWDA loans	-	-	76,635	99,879	76,635	99,879
OPWC loans	-	-	231,688	195,353	231,688	195,353
Total long-term obligations	<u>\$ 16,582,649</u>	<u>\$ 17,780,557</u>	<u>\$ 2,372,323</u>	<u>\$ 2,798,374</u>	<u>\$ 18,954,972</u>	<u>\$ 20,578,931</u>

Economic Factors and Next Year's Budget

The City is a growing community with a stable and diversified economy. Since 2000, the City's population has grown by 7.3 percent. This growth has facilitated steady total tax revenue increases annually, including 2005. Trends in the local economy compare favorably with those of the state and nation. The City's unemployment rate in 2005 stood at 4.5 percent. The county, state and national unemployment rates were 5.8, 5.9, and 5.1, respectively in 2005. Inflationary trends in the region compare favorable to national indices.

The City's budgets were forecast conservatively for 2005 and 2006 based on local, state and national economic conditions and trends. The service needs of the citizens of Stow were taken into account as were the ongoing financial condition of the City and any applicable budgetary constraints.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for City officials, members of the public and others who may have an interest in the City's financial standing. It also is designed to demonstrate the City's accountability for the money it receives from all sources, particularly the taxpayers of Stow. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. John Baranek, Director of Finance, Stow City Hall, 3760 Darrow Road, Stow, Ohio 44224.

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BASIC
FINANCIAL STATEMENTS

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CITY OF STOW, OHIO

*STATEMENT OF NET ASSETS
DECEMBER 31, 2005*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 12,802,753	\$ 4,224,810	\$ 17,027,563
Receivables (net of allowances for uncollectibles):			
Property taxes	7,602,338	-	7,602,338
Income taxes	1,571,068	-	1,571,068
Accounts	182,593	422,651	605,244
Intergovernmental	2,164,949	-	2,164,949
Accrued interest	44,038	-	44,038
Internal balances	282,353	(282,353)	-
Materials and supplies inventory.	340,174	66,890	407,064
Deferred charges	131,603	-	131,603
Capital assets:			
Nondepreciable capital assets	12,913,279	262,011	13,175,290
Depreciable capital assets, net.	31,651,213	20,642,570	52,293,783
Total capital assets.	<u>44,564,492</u>	<u>20,904,581</u>	<u>65,469,073</u>
Total assets.	<u>69,686,361</u>	<u>25,336,579</u>	<u>95,022,940</u>
Liabilities:			
Accounts payable.	674,052	595,541	1,269,593
Accrued wages and benefits	54,629	10,444	65,073
Intergovernmental payable	1,026,392	65,681	1,092,073
Deferred revenue.	7,237,860	-	7,237,860
Accrued interest payable.	268,270	46,646	314,916
Claims payable.	318,095	-	318,095
Long-term liabilities:			
Due within one year	1,764,610	604,970	2,369,580
Due in more than one year	16,047,766	1,826,465	17,874,231
Total liabilities	<u>27,391,674</u>	<u>3,149,747</u>	<u>30,541,421</u>
Net assets:			
Invested in capital assets, net of related debt	27,553,492	18,532,258	46,085,750
Restricted for:			
EMS/Fire protection	363,763	-	363,763
Police	83,752	-	83,752
Street repair and maintenance.	772,068	-	772,068
Public health	1,191	-	1,191
Leisure time activities.	581,612	-	581,612
Community and economic development.	307,734	-	307,734
Capital outlay	4,742,489	-	4,742,489
Other purposes	149,253	-	149,253
Unrestricted	7,739,333	3,654,574	11,393,907
Total net assets	<u>\$ 42,294,687</u>	<u>\$ 22,186,832</u>	<u>\$ 64,481,519</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government.	\$ 6,090,778	\$ 809,517	\$ -	\$ -
Security of persons and property	12,048,393	611,180	522,180	-
Public health.	440,074	56,361	-	-
Leisure time activities.	1,951,619	351,952	-	-
Community and economic development	1,545,734	250,583	-	-
Transportation.	3,779,144	-	1,404,271	1,444,831
Interest and fiscal charges.	694,127	-	-	-
Total governmental activities	26,549,869	2,079,593	1,926,451	1,444,831
Business-type Activities:				
Water	3,614,891	4,929,505	106,378	576,673
Storm Water Utility.	642,835	725,359	-	280,024
Total business-type activities	4,257,726	5,654,864	106,378	856,697
Total primary government.	\$ 30,807,595	\$ 7,734,457	\$ 2,032,829	\$ 2,301,528

General Revenues:

Property taxes levied for:	
General purposes	
Special revenue	
Debt service	
Municipal income taxes levied for:	
General purposes	
Special revenue	
Capital projects	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Other.	
Total general revenues.	
Change in net assets	
Net assets at beginning of year (restated)	
Net assets at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,281,261)	\$ -	\$ (5,281,261)
(10,915,033)	-	(10,915,033)
(383,713)	-	(383,713)
(1,599,667)	-	(1,599,667)
(1,295,151)	-	(1,295,151)
(930,042)	-	(930,042)
(694,127)	-	(694,127)
<u>(21,098,994)</u>	<u>-</u>	<u>(21,098,994)</u>
-	1,997,665	1,997,665
-	362,548	362,548
<u>-</u>	<u>2,360,213</u>	<u>2,360,213</u>
<u>(21,098,994)</u>	<u>2,360,213</u>	<u>(18,738,781)</u>
4,782,021	-	4,782,021
2,108,316	-	2,108,316
568,957	-	568,957
7,321,451	-	7,321,451
950,000	-	950,000
2,937,936	-	2,937,936
3,354,221	-	3,354,221
471,060	-	471,060
884,356	26,941	911,297
23,378,318	26,941	23,405,259
2,279,324	2,387,154	4,666,478
40,015,363	19,799,678	59,815,041
<u>\$ 42,294,687</u>	<u>\$ 22,186,832</u>	<u>\$ 64,481,519</u>

CITY OF STOW, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005*

	<u>General</u>	<u>EMS/Fire Tax Levy</u>	<u>General Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 4,664,038	\$ 243,026	\$ 4,383,843	\$ 1,936,718	\$ 11,227,625
Receivables (net of allowance for uncollectibles):					
Property taxes	5,267,627	1,835,688	-	499,023	7,602,338
Income taxes	942,641	-	628,427	-	1,571,068
Accounts	94,147	-	2,691	4,859	101,697
Intergovernmental	1,383,719	102,143	-	679,087	2,164,949
Accrued interest	44,038	-	-	-	44,038
Loans to other funds	300,000	-	39,894	-	339,894
Materials and supplies	90,562	-	-	249,612	340,174
Total assets	<u>\$ 12,786,772</u>	<u>\$ 2,180,857</u>	<u>\$ 5,054,855</u>	<u>\$ 3,369,299</u>	<u>\$ 23,391,783</u>
Liabilities:					
Accounts payable	\$ 206,549	\$ 25,902	\$ 228,967	\$ 212,634	\$ 674,052
Accrued wages and benefits	51,216	3,413	-	-	54,629
Intergovernmental payable	622,452	113,852	-	290,088	1,026,392
Deferred revenue	6,376,010	1,937,231	83,399	918,854	9,315,494
Loans from other funds	-	-	-	39,894	39,894
Total liabilities	<u>7,256,227</u>	<u>2,080,398</u>	<u>312,366</u>	<u>1,461,470</u>	<u>11,110,461</u>
Fund Balances:					
Reserved for encumbrances	344,058	38,141	806,529	165,869	1,354,597
Reserved for materials and supplies	90,562	-	-	249,612	340,174
Reserved for loans	300,000	-	39,894	-	339,894
Unreserved, undesignated, reported in:					
General fund	4,795,925	-	-	-	4,795,925
Special revenue funds	-	62,318	-	1,492,348	1,554,666
Capital projects funds	-	-	3,896,066	-	3,896,066
Total fund balances	<u>5,530,545</u>	<u>100,459</u>	<u>4,742,489</u>	<u>1,907,829</u>	<u>12,281,322</u>
Total liabilities and fund balances	<u>\$ 12,786,772</u>	<u>\$ 2,180,857</u>	<u>\$ 5,054,855</u>	<u>\$ 3,369,299</u>	<u>\$ 23,391,783</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2005*

Total governmental fund balances		\$ 12,281,322
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		44,564,492
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes	\$ 344,331	
Municipal income taxes	208,498	
Intergovernmental	1,505,275	
Interest	19,530	
Total	2,077,634	2,077,634
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Compensated absences	(1,229,727)	
General obligation bonds payable	(5,301,649)	
Construction notes payable	(11,281,000)	
Total	(17,812,376)	(17,812,376)
In the statement of activities interest is accrued on outstanding bonds, notes payable, whereas in governmental funds, interest expenditures are reported when due.		(268,270)
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on a full accrual basis.		131,603
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,337,929
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(17,647)
Net assets of governmental activities		\$ 42,294,687

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>General</u>	<u>EMS/Fire Tax Levy</u>	<u>General Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property and other taxes	\$ 4,740,475	\$ 1,622,841	\$ -	\$ 467,219	\$ 6,830,535
Income taxes	7,354,191	-	2,959,763	1,518,957	11,832,911
Special assessments	-	-	-	61,809	61,809
Charges for services	379,793	-	-	585,248	965,041
Licenses and permits	760,506	-	-	-	760,506
Fines and forfeitures	109,863	-	-	5,255	115,118
Intergovernmental	2,842,596	422,682	1,444,831	1,737,447	6,447,556
Investment income	433,608	-	-	17,922	451,530
Rent	189,731	-	-	-	189,731
Contributions and donations	1,338	-	-	-	1,338
Other	263,474	75	389,147	230,322	883,018
Total revenues	<u>17,075,575</u>	<u>2,045,598</u>	<u>4,793,741</u>	<u>4,624,179</u>	<u>28,539,093</u>
Expenditures:					
Current:					
General government	4,980,022	-	-	-	4,980,022
Security of persons and property	7,672,500	1,903,749	-	1,144,420	10,720,669
Public health	367,274	-	-	17,720	384,994
Leisure time activities	1,666,813	-	-	89,873	1,756,686
Community and economic development	1,282,317	-	-	47,182	1,329,499
Transportation	586,975	-	-	2,335,120	2,922,095
Capital outlay	102,957	449,112	3,904,859	519,903	4,976,831
Debt service:					
Principal retirement	-	4,075,000	7,666,858	770,000	12,511,858
Interest and fiscal charges	-	-	188,432	310,909	499,341
Total expenditures	<u>16,658,858</u>	<u>6,427,861</u>	<u>11,760,149</u>	<u>5,235,127</u>	<u>40,081,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>416,717</u>	<u>(4,382,263)</u>	<u>(6,966,408)</u>	<u>(610,948)</u>	<u>(11,542,902)</u>
Other financing sources (uses):					
Notes issued	-	4,075,000	7,206,000	-	11,281,000
Premium on notes	-	25,676	48,624	-	74,300
Transfers in	-	-	-	571,188	571,188
Transfers out	<u>(571,188)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(571,188)</u>
Total other financing sources (uses)	<u>(571,188)</u>	<u>4,100,676</u>	<u>7,254,624</u>	<u>571,188</u>	<u>11,355,300</u>
Net change in fund balances	(154,471)	(281,587)	288,216	(39,760)	(187,602)
Fund balances at beginning of year (restated).	5,685,016	382,046	4,454,273	1,947,589	12,468,924
Fund balances at end of year	<u>\$ 5,530,545</u>	<u>\$ 100,459</u>	<u>4,742,489</u>	<u>\$ 1,907,829</u>	<u>\$ 12,281,322</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005*

Net change in fund balances - total governmental funds		\$ (187,602)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	3,199,104	
Current year depreciation	<u>(1,881,068)</u>	
Total		1,318,036
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(212,010)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	59,802	
Intergovernmental	277,947	
Municipal income taxes	(54,567)	
Special assessments	(12,612)	
Interest	19,530	
Loan repayments	<u>(11,099)</u>	
Total		279,001
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement net assets.		
		12,511,858
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
Accrued interest	(226,013)	
Unamortized charges	(32,950)	
Bond issuance costs	<u>(10,123)</u>	
Total		(269,086)
The issuance of of bonds and notes are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		
		(11,281,000)
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds.		
		(125,683)
Internal service funds used by management to charge the cost of insurance, to individual funds is not reported in the expenditures and related internal service fund revenues are eliminated. The net revenue of the internal service funds are allocated among the governmental activities		
		<u>245,810</u>
Change in net assets of governmental activities		<u>\$ 2,279,324</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 5,084,909	\$ 4,874,548	\$ 4,811,155	\$ (63,393)
Income taxes	8,600,437	8,051,384	7,399,568	(651,816)
Charges for services	404,900	388,000	356,107	(31,893)
Licenses and permits	820,707	786,451	757,500	(28,951)
Fines and forfeitures	135,662	130,000	119,556	(10,444)
Intergovernmental	2,631,913	2,522,059	2,867,884	345,825
Investment income	313,067	300,000	362,062	62,062
Rental income	146,822	140,694	188,931	48,237
Contributions and donations	5,948	5,700	1,338	(4,362)
Other	248,573	239,450	261,290	21,840
Total revenues	<u>18,392,938</u>	<u>17,438,286</u>	<u>17,125,391</u>	<u>(312,895)</u>
Expenditures:				
Current:				
General government	5,860,129	5,744,071	5,165,354	578,717
Security of persons and property	8,563,198	8,607,150	7,739,978	867,172
Public health	386,967	412,212	370,682	41,530
Leisure time activities	1,805,416	1,894,530	1,703,656	190,874
Community and economic environment	1,365,108	1,410,069	1,268,004	142,065
Transportation	629,282	658,546	592,197	66,349
Capital outlay	120,536	129,353	116,321	13,032
Total expenditures	<u>18,730,636</u>	<u>18,855,931</u>	<u>16,956,192</u>	<u>1,899,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(337,698)</u>	<u>(1,417,645)</u>	<u>169,199</u>	<u>1,586,844</u>
Other financing sources (uses):				
Transfers in	860	860	-	(860)
Transfers out	<u>(1,672,470)</u>	<u>(635,183)</u>	<u>(571,188)</u>	<u>63,995</u>
Total other financing sources (uses)	<u>(1,671,610)</u>	<u>(634,323)</u>	<u>(571,188)</u>	<u>63,135</u>
Net change in fund balance	(2,009,308)	(2,051,968)	(401,989)	1,649,979
Fund balance at beginning of year	4,115,977	4,115,977	4,115,977	-
Prior year encumbrances appropriated	416,200	416,200	416,200	-
Fund balance at end of year	<u>\$ 2,522,869</u>	<u>\$ 2,480,209</u>	<u>\$ 4,130,188</u>	<u>\$ 1,649,979</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS/FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other local taxes	\$ 1,607,924	\$ 1,607,924	\$ 1,622,841	\$ 14,917
Intergovernmental.	1,425,986	1,216,135	422,568	(793,567)
Investment income	4,690	4,000	-	(4,000)
Other	117	100	75	(25)
Total revenues	<u>3,038,717</u>	<u>2,828,159</u>	<u>2,045,484</u>	<u>(782,675)</u>
Expenditures:				
Current:				
Security of persons and property.	2,154,713	2,099,953	2,008,887	91,066
Capital outlay.	432,835	462,727	462,723	4
Debt service:				
Principal retirement	3,975,453	4,250,000	4,075,000	175,000
Interest and fiscal charges	4,659	4,981	-	4,981
Total expenditures	<u>6,567,660</u>	<u>6,817,661</u>	<u>6,546,610</u>	<u>271,051</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(3,528,943)</u>	<u>(3,989,502)</u>	<u>(4,501,126)</u>	<u>(511,624)</u>
Other financing sources:				
Notes issued	5,364,442	4,575,000	4,075,000	(500,000)
Premium on notes	-	-	25,676	25,676
Total other financing sources	<u>5,364,442</u>	<u>4,575,000</u>	<u>4,100,676</u>	<u>(474,324)</u>
Net change in fund balance	1,835,499	585,498	(400,450)	(985,948)
Fund balance at beginning of year	296,501	296,501	296,501	-
Prior year encumbrances appropriated.	<u>288,923</u>	<u>288,923</u>	<u>288,923</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,420,923</u>	<u>\$ 1,170,922</u>	<u>\$ 184,974</u>	<u>\$ (985,948)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005*

	<u>Business-type Activities -Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Storm Water Utility</u>	<u>Total</u>	
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 3,898,501	\$ 326,309	\$ 4,224,810	\$ 1,575,128
Receivables (net of allowance for uncollectibles):				
Accounts	342,972	79,679	422,651	80,896
Materials and supplies inventory	66,890	-	66,890	-
Total current assets	<u>4,308,363</u>	<u>405,988</u>	<u>4,714,351</u>	<u>1,656,024</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets	262,011	-	262,011	-
Depreciable capital assets, net.	15,392,722	5,249,848	20,642,570	-
Total noncurrent assets	<u>15,654,733</u>	<u>5,249,848</u>	<u>20,904,581</u>	<u>-</u>
Total assets	<u>19,963,096</u>	<u>5,655,836</u>	<u>25,618,932</u>	<u>1,656,024</u>
Liabilities:				
Current liabilities:				
Accounts payable	527,469	68,072	595,541	-
Accrued wages and benefits.	7,668	2,776	10,444	-
Intergovernmental	56,718	8,963	65,681	-
Accrued interest payable.	46,646	-	46,646	-
Claims payable.	-	-	-	318,095
Notes payable	542,200	-	542,200	-
Current portion of OWDA loans.	25,119	-	25,119	-
Current portion of OPWC loan	11,584	-	11,584	-
Current portion of compensated absences	22,994	3,073	26,067	-
Total current liabilities	<u>1,240,398</u>	<u>82,884</u>	<u>1,323,282</u>	<u>318,095</u>
Long-term liabilities:				
Notes payable	1,521,800	-	1,521,800	-
OWDA loans	51,516	-	51,516	-
OPWC loan	220,104	-	220,104	-
Loans from other funds	300,000	-	300,000	-
Compensated absences	29,516	3,529	33,045	-
Total long-term liabilities	<u>2,122,936</u>	<u>3,529</u>	<u>2,126,465</u>	<u>-</u>
Total liabilities	<u>3,363,334</u>	<u>86,413</u>	<u>3,449,747</u>	<u>318,095</u>
Net assets:				
Invested in capital assets, net of related debt.	13,282,410	5,249,848	18,532,258	-
Unrestricted.	3,317,352	319,575	3,636,927	1,337,929
Total net assets	<u>\$ 16,599,762</u>	<u>\$ 5,569,423</u>	<u>22,169,185</u>	<u>\$ 1,337,929</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.			<u>17,647</u>	
Net assets of business-type activities			<u>\$ 22,186,832</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water</u>	<u>Storm Water Utility</u>	<u>Total</u>	Activities - Internal Service Funds
Operating revenues:				
Charges for services	\$ 4,748,934	\$ 725,359	\$ 5,474,293	\$ 2,374,623
Tap-in fees	180,571	-	180,571	-
Other	26,941	-	26,941	-
Total operating revenues	<u>4,956,446</u>	<u>725,359</u>	<u>5,681,805</u>	<u>2,374,623</u>
Operating expenses:				
Personal services	880,618	176,054	1,056,672	-
Contract services	2,221,254	155,631	2,376,885	320,914
Materials and supplies	94,757	35,512	130,269	-
Claims	-	-	-	1,780,207
Depreciation	359,094	243,044	602,138	-
Other	11,893	35,434	47,327	-
Total operating expenses	<u>3,567,616</u>	<u>645,675</u>	<u>4,213,291</u>	<u>2,101,121</u>
Operating income	<u>1,388,830</u>	<u>79,684</u>	<u>1,468,514</u>	<u>273,502</u>
Nonoperating revenues (expenses):				
Intergovernmental	106,378	-	106,378	-
Interest expense and fiscal charges	(72,127)	-	(72,127)	-
Total nonoperating revenues (expenses)	<u>34,251</u>	<u>-</u>	<u>34,251</u>	<u>-</u>
Income before contributions	1,423,081	79,684	1,502,765	273,502
Capital contributions	<u>576,673</u>	<u>280,024</u>	<u>856,697</u>	<u>-</u>
Changes in net assets	1,999,754	359,708	2,359,462	273,502
Net assets at beginning of year (restated)	<u>14,600,008</u>	<u>5,209,715</u>		<u>1,064,427</u>
Net assets at end of year	<u>\$ 16,599,762</u>	<u>\$ 5,569,423</u>		<u>\$ 1,337,929</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.			<u>27,692</u>	
Changes in net assets of business-type activities			<u>\$ 2,387,154</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005*

	Business-type Activities - Enterprise Funds			Governmental
	Water	Storm Water Utility	Total	Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 4,847,436	\$ 734,704	\$ 5,582,140	\$ 2,296,551
Cash received from tap-in fees	180,571	-	180,571	-
Cash received from other operations.	26,941	-	26,941	-
Cash payments for personal services	(865,917)	(144,904)	(1,010,821)	-
Cash payments for contract services	(2,146,351)	(142,128)	(2,288,479)	(323,614)
Cash payments for materials and supplies	(111,332)	(29,165)	(140,497)	-
Cash payments for claims	-	-	-	(1,850,044)
Cash payments for other expenses	(11,870)	(35,434)	(47,304)	-
Net cash provided by operating activities.	<u>1,919,478</u>	<u>383,073</u>	<u>2,302,551</u>	<u>122,893</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	(566,430)	(107,506)	(673,936)	-
Principal retirement	(2,526,386)	-	(2,526,386)	-
Intergovernmental.	106,378	-	106,378	-
Note issuance	2,064,000	-	2,064,000	-
Loan issuance	36,335	-	36,335	-
Premium on notes	12,995	-	12,995	-
Interest and fiscal charges.	(78,776)	-	(78,776)	-
Net cash used in capital and related financing activities	<u>(951,884)</u>	<u>(107,506)</u>	<u>(1,059,390)</u>	<u>-</u>
Net increase in cash and cash equivalents.	967,594	275,567	1,243,161	122,893
Cash and cash equivalents at beginning of year (restated)	<u>2,930,907</u>	<u>50,742</u>	<u>2,981,649</u>	<u>1,452,235</u>
Cash and cash equivalents at end of year	<u>\$ 3,898,501</u>	<u>\$ 326,309</u>	<u>\$ 4,224,810</u>	<u>\$ 1,575,128</u>

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CITY OF STOW, OHIO

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Storm Water Utility</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,388,830	\$ 79,684	\$ 1,468,514	\$ 273,502
Adjustments:				
Depreciation	359,094	243,044	602,138	-
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory.	(28,734)	-	(28,734)	-
(Increase) decrease in accounts receivable . .	98,502	9,345	107,847	(78,072)
Increase (decrease) in accounts payable . . .	87,169	32,659	119,828	(2,700)
Increase in accrued wages and benefits. . . .	501	2,776	3,277	-
Increase in due to other governments.	22,834	8,963	31,797	-
Increase (decrease) in compensated absences payable	(8,718)	6,602	(2,116)	-
Decrease in claims payable.	-	-	-	(69,837)
Net cash provided by operating activities.	<u>\$ 1,919,478</u>	<u>\$ 383,073</u>	<u>\$ 2,302,551</u>	<u>\$ 122,893</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	<u>\$ 576,673</u>	<u>\$ 280,024</u>	<u>\$ 856,697</u>	<u>\$ -</u>

During 2005, the Water and Storm Water Utility funds received \$576,673 and \$280,024, respectively, in capital contributions from developers.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005*

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents.	\$ 1,250	\$ 672,660
Liabilities:		
Accounts payable	-	2,189
Undistributed monies	-	670,471
Total liabilities	-	\$ 672,660
Net assets:		
Held in trust.	1,250	
Total net assets	\$ 1,250	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Private Purpose Trust</u>
Additions:	
Contributions	\$ 300
Total additions	<u>300</u>
Changes in net assets	300
Net assets at beginning of year	<u>\$ 950</u>
Net assets at end of year	<u><u>\$ 1,250</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE CITY

The City of Stow, Ohio, (the "City") is a home rule municipal corporation which was established under the laws of the State of Ohio and operates under its own charter. The current charter, which provides for a Mayor/Council form of government, was adopted in 1958 and became effective January 2, 1960. Amendments to the charter have been approved by the electorate in 1965, 1968, 1970, 1972, 1975, 1980, 1985, 1990, 1991, 1997, 1998, 2000 and 2002.

The City provides various services and consists of many different activities and smaller accounting entities which include police, fire-fighting and EMS forces, street and highway maintenance, building and zoning inspection, comprehensive community planning, various general government services and a water distribution system. The City offers numerous parks and recreation programs and operates a park system, an outdoor swimming facility, three municipal cemeteries and a group of rental lodges available for public or private events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. The City's significant accounting policies are described below.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, agencies and commissions that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; (4) or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

B. Basis of Presentation - Fund Accounting

The City's BFS consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to water and storm water operations and operating expenses for the internal service funds include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The agency funds do not report a measurement focus as they do not report operations.

C. Fund Accounting

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

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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

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

EMS/Fire Tax Levy Fund - The EMS/Fire Tax Levy fund is a special revenue fund that accounts for proceeds of levy money that is legally restricted to expenditures to provide EMS and fire protection services.

General Capital Improvements Fund - The General Capital Improvements fund accounts for the portion of municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing the capital items necessary to enhance the operation of the City.

Other governmental funds of the City are used to account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund - This fund accounts for revenues generated from the charges for the treatment and provisions of water to the residents and commercial users of the City.

Storm Water Utility Fund - The storm water utility fund accounts for the provision of storm drainage runoff service to the residents and commercial users located within the City.

Internal Service Fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds are the Administrative Insurance fund and the Self-Insurance fund which report on the administrative costs and the payments of premiums and claims for healthcare.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's trust funds are private-purpose trust funds established to account for funds bequeathed and donated to the City for the Wells Perkins Cemetery and scholarships. The City's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds account for building permit fees collected on behalf of the State, municipal court collections that are distributed to various local governments and performance bonds pledged by contractors. The City does not have pension trust funds or investment trust funds.

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. The private-purpose trust fund is accounted for using the flow of economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and agency funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (see Note 8). Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), interest, grants, fees and rentals.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Process

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 (or the Alternative Tax Budget as permitted by law), the Certificate of Estimated Resources, and the Annual Appropriation Ordinance, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Annual Appropriation Ordinance 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.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the Annual Appropriation Ordinance. On or about January 1, the Certificate of Estimated Resources is amended to include unencumbered fund balances at December 31 of the preceding year. The Certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official Certificate of Estimated Resources issued during 2005.

Appropriations - For management, a temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. The Annual Appropriation Ordinance must be passed by April 1 of each year for the period January 1 to December 31. Appropriations 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 appropriations at any level of control.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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

Any revisions that alter the appropriations of the legal level of budgetary control within a fund must first be approved by City Council. Council 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.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted, or as amended by City Council throughout the year by supplemental appropriations which either reallocate or increase the original appropriation amounts. During the year, supplemental appropriation measures were legally enacted; however, none of these amendments were significant. The budgetary figures which appear in the statements of budgetary comparisons represent the original and final appropriation amounts, including all amendments and modifications.

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. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of budgetary control. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental 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 appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

G. Cash, Cash Equivalents and Investments

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

During fiscal year 2005, investments were limited to STAR Ohio, repurchase agreements, and federal agency securities.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2005.

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2005 amounted to \$433,608 of which \$311,528 was assigned from other City funds.

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

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

H. Interfund Balances

On fund financial statements, long-term interfund loans are classified as “advances to/from other funds.” These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

I. Inventory

Inventories of all funds are stated at cost which 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 expenditures in the governmental fund types and as expenses in the proprietary fund type.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, culverts, curbs, storm sewers, streets, irrigation systems, water and sewer lines and infrastructure acquired prior to December 31, 1980. 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. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	4 to 50 years	4 to 50 years
Infrastructure	28 to 75 years	28 to 75 years
Equipment, Furniture and Fixtures	3 to 10 years	3 to 10 years
Vehicles	6 years	6 years

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination 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 City's past experience of making termination payments. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources based upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditures. Fund balance reserves have been established for encumbrances, advances and materials and supplies.

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

N. Net Assets

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

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are for water, storm water and self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2005.

S. Estimates

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

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustments and Fund Reclassification

A prior period adjustment is required to properly state income taxes receivable at December 31, 2004. A fund reclassification is required to properly state the Storm Water Utility fund as an enterprise fund. The prior period adjustment and fund reclassification had the following effect on fund balance as previously reported:

	<u>General</u>	<u>EMS/Fire Levy</u>	<u>General Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balances, December 31, 2004	\$ 5,797,246	\$ 382,046	\$ 4,529,093	\$ 2,087,355	\$ 12,795,740
Adjustment for income taxes receivable	(112,230)	-	(74,820)	-	(187,050)
Fund reclassification	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,766)</u>	<u>(139,766)</u>
Restated fund balances, January 1, 2005	<u>\$ 5,685,016</u>	<u>\$ 382,046</u>	<u>\$ 4,454,273</u>	<u>\$ 1,947,589</u>	<u>\$ 12,468,924</u>

The prior period adjustment and fund reclassification described above, as well as an adjustment to governmental capital assets (see Note 9.A for detail) had the following effect on governmental activities net assets at December 31, 2004:

	<u>Governmental Activities</u>
Net assets, December 31, 2004	\$ 40,719,114
Adjustment for income taxes receivable	76,015
Fund reclassification	(139,766)
Adjustment for capital assets	<u>(640,000)</u>
Restated net assets, January 1, 2005	<u>\$ 40,015,363</u>

Net assets of business-type activities have been restated at December 31, 2004 for the reclassification of the Storm Water Utility fund. In addition, capital assets related to storm water lines have been presented in the Storm Water Utility fund rather than the Water fund. The effect of these adjustments on the Statement of Net Assets and the Statement of Net Assets – Proprietary funds is as follows:

	<u>Business-Type Activities- Statement of Net Assets</u>	<u>Water</u>	<u>Proprietary Funds Storm Water Utility</u>	<u>Total</u>
Net assets, December 31, 2004	\$ 19,659,912	\$ 19,669,957	\$ -	\$ 19,669,957
Adjustment for capital assets	-	(5,069,949)	5,069,949	-
Fund reclassification	<u>139,766</u>	<u>-</u>	<u>139,766</u>	<u>139,766</u>
Restated net assets, January 1, 2005	<u>\$ 19,799,678</u>	<u>\$ 14,600,008</u>	<u>\$ 5,209,715</u>	<u>\$ 19,809,723</u>

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2005 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
Police Pension and Disability	\$ 118,100
Fire Pension and Disability	129,455
ODNR Recycling Grant	3,530

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances results from adjustments for accrued liabilities.

C. Change in Accounting Principles

For fiscal year 2005, the City has implemented GASB Statement No. 40 "Deposit and Investment Risk Disclosures", and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries".

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 40 and GASB Statement No. 42 did not have an effect on the financial statements of the City, however additional note disclosure for GASB Statement No. 40 can be found in Note 4.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City 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 City 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 Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the City'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 finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies to be deposited or invested in the following securities:

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 or 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 (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the City.

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 City, 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.

A. Deposits with Financial Institutions

At December 31, 2005, the carrying amount of all City deposits was \$618,285, exclusive of the \$470,000 repurchase agreement included in investments below. As of December 31, 2005, the City's entire bank balance of \$820,865 of which \$100,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2005, the City had the following investments and maturities:

Investment type	Balance at Fair Value	Investment Maturities		
		6 months or less	7 to 12 months	13 to 18 months
FHLB	\$ 990,450	\$ 990,450	\$ -	\$ -
FHLMC	2,471,235	489,600	1,487,835	493,800
FNMA	1,988,295	1,988,295	-	-
FFCB	496,750	496,750	-	-
STAR Ohio	10,666,458	10,666,458	-	-
Repurchase Agreement	470,000	470,000	-	-
	<u>\$ 17,083,188</u>	<u>\$ 15,101,553</u>	<u>\$ 1,487,835</u>	<u>\$ 493,800</u>

The weighted average maturity of the City's investments is 0.17.

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The City's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to a repurchase agreement must exceed the principal value of securities subject to a repurchase agreement by 2%.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City's other investments carry a rating of AAA by Standard & Poor's.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 990,450	5.79
FHLBC DN	2,471,235	14.47
FNMA DN	1,988,295	11.64
FHLMC DN	496,750	2.91
STAR Ohio	10,666,458	62.43
Repurchase Agreement	<u>470,000</u>	<u>2.76</u>
	<u>\$ 17,083,188</u>	<u>100.00</u>

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 618,285
Investments	<u>17,083,188</u>
Total	<u>\$ 17,701,473</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 12,802,753
Business type activities	4,224,810
Private purpose trust funds	1,250
Agency funds	<u>672,660</u>
Total	<u>\$ 17,701,473</u>

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 5 - INTERFUND TRANSACTIONS

Interfund loan receivables/payables balances at December 31, 2005, consist of the following individual fund receivables and payables:

<u>Payable Fund</u>	<u>Receivable Funds</u>	
<u>General</u>	<u>General Capital Improvements</u>	
Nonmajor governmental	\$ -	\$ 39,894
Water	300,000	-
	\$ 300,000	\$ 39,894

These interfund loans will be repaid in the next fiscal year as resources become available. Interfund loan balances between governmental funds are eliminated for reporting on the government-wide statement of net assets. Interfund loan balances between governmental activities and business-type activities are reported as a component of the “internal balances” reported on the Statement of Net Assets.

Interfund transfers for the year ended December 31, 2005, consisted of the following:

<u>Transfer To</u>	<u>Transfers From</u>
<u>General</u>	
Nonmajor Governmental	\$ 571,188

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2005, consisted primarily of taxes, accounts (billings for user charged services, rents and royalties), special assessments, loans receivable and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenues received during 2005 for real and public utility property taxes represents collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 7 - PROPERTY TAXES - (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005 and collected in 2006 real property taxes.

2005 tangible personal property taxes were levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The tax rate for all City operations for the year ended December 31, 2005, was \$9.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$ 726,040,350
Tangible Personal Property	35,360,828
Public Utility Property	<u>11,035,980</u>
Total	<u>\$ 772,437,158</u>

Real property taxes are payable annually and 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 later payment 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 at September 20.

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County, including the City of Stow. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. In the general fund, EMS/fire levy, police pension and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 8 - INCOME TAX

The City levies and collects a municipal income tax of two percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

Income tax revenues are distributed among the General Fund (60 percent) and the General Capital Improvement Fund and further distribution to other funds, including the Street Construction Fund to be used for existing and future Capital Projects and/or expansion or for Debt Service for existing and future Capital Improvements (40 percent). In accordance with the City's Charter, all income tax revenues are first recorded in the General Fund. Subsequently, 40 percent of those revenues, net of collection expenses, are distributed to the Capital Improvement Fund and other funds mentioned above.

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 8 - INCOME TAX - (Continued)

Accordingly, the Capital Projects portion of income tax revenues, approximated \$2,959,763, the Street Construction Fund portion was \$950,000, and the General Bond Retirement Fund was \$568,957 for 2005. Additionally, all income tax receivable amounts are reported within the General Fund. The portion of the receivable to be later distributed to the Capital Projects Funds approximates \$628,427.

NOTE 9 - CAPITAL ASSETS

A. Governmental activities capital assets for the year ended December 31, 2005 have been restated. Construction in progress has been decreased by \$640,000 from \$3,526,044 to \$2,886,044. The effect on total governmental capital assets is a decrease of \$640,000 from \$44,098,466 to \$43,458,466. Capital asset activity for the year ended December 31, 2005, was as follows:

	(Restated) Balance			Balance
<u>Governmental Activities:</u>	<u>12/31/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/05</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 10,076,005	\$ 81,850	\$ -	\$ 10,157,855
Construction in progress	<u>2,886,044</u>	<u>1,899,309</u>	<u>(2,029,929)</u>	<u>2,755,424</u>
Total capital assets, not being depreciated	<u>12,962,049</u>	<u>1,981,159</u>	<u>(2,029,929)</u>	<u>12,913,279</u>
<i>Capital assets, being depreciated:</i>				
Buildings	20,748,357	2,036,426	-	22,784,783
Vehicles	7,081,906	76,541	(115,000)	7,043,447
Equipment, furniture and fixtures	3,734,685	441,152	-	4,175,837
Infrastructure	<u>16,282,075</u>	<u>693,755</u>	<u>(270,902)</u>	<u>16,704,928</u>
Total capital assets, being depreciated	<u>47,847,023</u>	<u>3,247,874</u>	<u>(385,902)</u>	<u>50,708,995</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(4,302,119)	(689,479)	-	(4,991,598)
Vehicles	(3,709,361)	(402,425)	-	(4,111,786)
Equipment, furniture and fixtures	(2,709,103)	(282,975)	-	(2,992,078)
Infrastructure	<u>(6,630,023)</u>	<u>(506,189)</u>	<u>173,892</u>	<u>(6,962,320)</u>
Total accumulated depreciation	<u>(17,350,606)</u>	<u>(1,881,068)</u>	<u>173,892</u>	<u>(19,057,782)</u>
Total capital assets, being depreciated, net	<u>30,496,417</u>	<u>1,366,806</u>	<u>(212,010)</u>	<u>31,651,213</u>
Governmental activities capital assets, net	<u>\$ 43,458,466</u>	<u>\$ 3,347,965</u>	<u>\$ (2,241,939)</u>	<u>\$ 44,564,492</u>

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 258,699
Security of persons and property	772,608
Public health and welfare	9,448
Transportation	656,499
Community environment	53,801
Leisure time activity	<u>130,013</u>
Total depreciation expense	<u>\$ 1,881,068</u>

B. Capital asset activity for the year ended December 31, 2005 was as follows:

<u>Business-type Activities:</u>	Balance 12/31/04	Additions	Disposals	Balance 12/31/05
<i>Capital assets, not being depreciated:</i>				
Land	\$ 262,011	\$ -	\$ -	\$ 262,011
Total capital assets, not being depreciated	<u>262,011</u>	<u>-</u>	<u>-</u>	<u>262,011</u>
<i>Capital assets, being depreciated:</i>				
Buildings	3,142,232	117,056	-	3,259,288
Vehicles	199,508	-	-	199,508
Equipment, furniture and fixtures	265,601	-	-	265,601
Infrastructure	<u>19,979,356</u>	<u>1,339,616</u>	<u>-</u>	<u>21,318,972</u>
Total capital assets, being depreciated	<u>23,586,697</u>	<u>1,456,672</u>	<u>-</u>	<u>25,043,369</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(253,204)	(89,735)	-	(342,939)
Vehicles	(123,800)	(17,470)	-	(141,270)
Equipment, furniture and fixtures	(155,403)	(42,893)	-	(198,296)
Infrastructure	<u>(3,266,254)</u>	<u>(452,040)</u>	<u>-</u>	<u>(3,718,294)</u>
Total accumulated depreciation	<u>(3,798,661)</u>	<u>(602,138)</u>	<u>-</u>	<u>(4,400,799)</u>
Total capital assets, being depreciated, net	<u>19,788,036</u>	<u>854,534</u>	<u>-</u>	<u>20,642,570</u>
Business-type activities capital assets, net	<u>\$ 20,050,047</u>	<u>\$ 854,534</u>	<u>\$ -</u>	<u>\$ 20,904,581</u>

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 10 - LONG-TERM OBLIGATIONS

The original issue date, interest rate, original issue amount and date of maturity of each of the City's debt issues follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
Business-Type Activities			
OWDA Water Construction Loan	8.09%	\$ 120,663	1/1/2009
OWDA Water Maintenance Loan	7.86%	10,127	7/1/2007
OPWC Lillian Road Waterline Improvement	0.00%	195,353	7/1/2024
2004 Water System Anticipation	2.50%	1,800,000	5/13/2005
2004 Service and Parks Maintenance Center Construction Note	2.50%	703,142	5/13/2005
2005 Water System Anticipation	3.50%	1,400,000	5/11/2006
2004 Service and Parks Maintenance Center Construction Note	3.50%	664,000	5/11/2006
Governmental Activities			
Safety Center Construction General Obligation Bond	2.00%-4.05%	6,440,000	12/1/2018
2004 Fire Station Construction/ Equipment Note	2.50%	4,475,000	5/13/2005
2004 Service and Parks Maintenance Center Construction Note	2.50%	7,666,858	5/13/2005
2005 Fire Station Construction/ Equipment Note	3.50%	4,075,000	5/11/2006
2005 Service and Parks Maintenance Center Construction Note	3.50%	7,206,000	5/11/2006

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The changes in long-term obligations during the year were as follows:

	Balance			Balance at	Amounts
	<u>12/31/2004</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2005</u>	<u>Due in</u>
Governmental Activities:					<u>One Year</u>
<u>General Obligation Refunding Bonds</u>					
Safety Center Construction General					
Obligation Bonds	\$ 6,100,000	\$ -	\$ (370,000)	\$ 5,730,000	\$ 375,000
Less Deferred Unamortized Charges	<u>(461,301)</u>	<u>32,950</u>	<u>-</u>	<u>(428,351)</u>	<u>-</u>
Total General Obligation Bonds	<u>5,638,699</u>	<u>32,950</u>	<u>(370,000)</u>	<u>5,301,649</u>	<u>375,000</u>
<u>Long-Term Notes:</u>					
2004 Construction Note	4,475,000	-	(4,475,000)	-	-
2004 Construction Note	7,666,858	-	(7,666,858)	-	-
2005 Construction Note		4,075,000	-	4,075,000	400,000
2005 Construction Note	<u>-</u>	<u>7,206,000</u>	<u>-</u>	<u>7,206,000</u>	<u>457,800</u>
Total Long-Term Notes	<u>12,141,858</u>	<u>11,281,000</u>	<u>(12,141,858)</u>	<u>11,281,000</u>	<u>857,800</u>
<u>Other Debt:</u>					
Compensated Absences	<u>1,104,044</u>	<u>178,309</u>	<u>(52,626)</u>	<u>1,229,727</u>	<u>531,810</u>
Total Other Debt	<u>1,104,044</u>	<u>178,309</u>	<u>(52,626)</u>	<u>1,229,727</u>	<u>531,810</u>
Total Governmental Activities	<u>\$ 18,884,601</u>	<u>\$ 11,492,259</u>	<u>\$ (12,564,484)</u>	<u>\$ 17,812,376</u>	<u>\$ 1,764,610</u>

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Business-Type Activities	<u>Balance</u> <u>12/31/2004</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>12/31/2005</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>OWDA Loans</u>					
OWDA Water Construction	\$ 92,827	\$ -	\$ (20,572)	\$ 72,255	\$ 22,236
OWDA Water Maintenance	<u>7,052</u>	<u>-</u>	<u>(2,672)</u>	<u>4,380</u>	<u>2,883</u>
Total OWDA Loans	<u>99,879</u>	<u>-</u>	<u>(23,244)</u>	<u>76,635</u>	<u>25,119</u>
<u>OPWC Loan</u>					
OPWC Lillian Road Water Line Improvement	<u>195,353</u>	<u>36,335</u>	<u>-</u>	<u>231,688</u>	<u>11,584</u>
Total OPWC Loans	<u>195,353</u>	<u>36,335</u>	<u>-</u>	<u>231,688</u>	<u>11,584</u>
<u>Long-Term Notes:</u>					
2004 Water System Anticipation	1,800,000	-	(1,800,000)	-	-
2004 Construction Note	703,142	-	(703,142)	-	-
2005 Water System Anticipation	-	1,400,000	-	1,400,000	500,000
2005 Construction Note	<u>-</u>	<u>664,000</u>	<u>-</u>	<u>664,000</u>	<u>42,200</u>
Total Long-Term Notes	<u>2,503,142</u>	<u>2,064,000</u>	<u>(2,503,142)</u>	<u>2,064,000</u>	<u>542,200</u>
<u>Other Debt:</u>					
Compensated Absences	<u>61,228</u>	<u>6,768</u>	<u>(8,884)</u>	<u>59,112</u>	<u>26,067</u>
Total Other Debt	<u>61,228</u>	<u>6,768</u>	<u>(8,884)</u>	<u>59,112</u>	<u>26,067</u>
Total Business-Type Activities	<u>\$ 2,859,602</u>	<u>\$ 2,107,103</u>	<u>\$ (2,535,270)</u>	<u>\$ 2,431,435</u>	<u>\$ 604,970</u>

General Obligation Bonds, Loans and Notes

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. During 2004, general obligation bonds totaling \$6,440,000 were issued to refund general obligation bonds of \$5,820,000. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

The general obligation refunding bonds will be repaid from income tax monies allocated into the debt service fund from the capital projects funds. Compensated absences will be paid from the funds, which the employees' salaries are paid. The OWDA and the OPWC Loans will be repaid with operating revenue from the water fund. The OWDA Loan was assumed by the City from Summit County.

Approximately 8.44 percent of the total original issue amount of \$7,870,000 of the 2005 Service and Parks Maintenance Center Construction Note is being used to finance the Water Department Maintenance and Operational areas of the New Service Building. Therefore \$664,000 (approximately 8.44 percent) of the above mentioned note will be allocated to the Water Fund. The remaining \$7,206,000 will be paid from the Capital Improvement Fund. The \$4,075,000 note in governmental activities is being used to finance fire station improvements and the purchase of fire/rescue vehicles and is accounted for in the EMS/Fire Levy fund. The \$1,400,000 note in the Water fund is being used to finance water system improvements.

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2005, the City's overall legal debt margin (the ability to issue additional amounts of general obligation debt) was \$62,030,902 and the unvoted legal debt margin was \$23,409,044.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2005 are as follows:

Year	Governmental Activities		Business-Type Activities			
	Safety Center Construction General Obligation Bonds		OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 375,000	\$ 191,557	\$ 25,119	\$ 6,189	\$ 11,584	\$ -
2007	385,000	184,057	25,535	4,164	11,584	-
2008	385,000	175,972	25,981	2,098	11,584	-
2009	395,000	166,155	-	-	11,584	-
2010	405,000	154,897	-	-	11,584	-
2011-2015	2,230,000	559,471	-	-	57,920	-
2016-2020	1,555,000	125,851	-	-	57,923	-
2021-2025	-	-	-	-	57,925	-
Total	\$ 5,730,000	\$ 1,557,960	\$ 76,635	\$ 12,451	\$ 231,688	\$ -

NOTE 11 - RISK MANAGEMENT

A. Liability Insurance

The City is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The City has a comprehensive property and casualty policy with a deductible of \$1,000 per incident. The City's vehicle liability insurance policy limit is \$1,000,000 with a \$500 collision deductible; vehicles with a cost of over \$100,000 have a \$2,000 deductible. All Council members, administrators and employees are covered under a City liability policy. The limits of this coverage are \$1,000,000 per occurrence and \$1,000,000 in aggregate with a \$10,000,000 umbrella over all coverages. The general liability aggregate is \$2,000,000 and is also covered by the \$10,000,000 umbrella. Settled claims have not exceeded this commercial coverage in any of the past three years. Although the amount of coverage has been adjusted, there has not been a significant reduction of coverage from the prior year.

B. Fidelity Bond

The Finance Director, Assistant Finance Director and Tax Administrator have a \$100,000 position bond. All other City employees who are specifically bonded are covered by a \$100,000 general faithful performance and honesty blanket position bond.

C. Workers' Compensation

The City pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 11 - RISK MANAGEMENT - (Continued)

D. Employee Health Insurance

The City has elected to provide employee medical, prescription and dental benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$500.00 family and \$250.00 single deductible and a dental plan with a \$75.00 family and \$25.00 single deductible. A third party administrator, Klais & Company, Inc., reviews all medical and dental claims which are then paid by the City. The City has purchased stop-loss coverage of \$75,000 per employee and for claims in excess of \$1,884,960 in the aggregate from Fidelity Security Life Insurance Company. The City pays into the self-insurance internal service fund \$681.53 per month for each employee with family medical coverage and \$206.62 per month for each employee with individual medical coverage. Premiums for dental coverage are \$75.74 monthly for each employee with family coverage and \$35.90 monthly for each employee with individual coverage. All premiums are paid by the fund that pays the salary for the employee.

The claims liability of \$318,095 reported in the self-insurance internal service fund at December 31, 2005 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Services", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the City's third party administrator. A summary of the fund's claims liability during the past two years are as follows:

	Balance at Beginning <u>of Year</u>	Current <u>Claims</u>	Claims <u>Payment</u>	Balance at <u>End of Year</u>
2004	\$ 243,251	\$ 1,838,744	\$ (1,694,063)	\$ 387,932
2005	387,932	1,780,207	(1,850,044)	318,095

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$988,832, \$936,041, and \$897,638, respectively; 74.13% has been contributed for 2005 and 100% has been contributed for 2004 and 2003. The City and plan members did not make any contributions to the member-directed plan for 2005.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the City is required to contribute 11.75% for police officers and 16.25% for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for police and firefighters were \$283,225 and \$537,866 for the year ended December 31, 2005, \$273,234 and \$387,267 for the year ended December 31, 2004, and \$258,853 and \$386,715 for the year ended December 31, 2003. The full amount has been contributed for 2004 and 2003. 74.71% and 76.18%, respectively, have been contributed for 2005 with the remainder being reported as a liability.

NOTE 13 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 13 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 1.00% and 6.00% annually for the next eight years and 4.00% annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109 as of December 31, 2005. The number of active participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$291,906. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS's health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health fund.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2005. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 13 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's actual contributions for 2005 that were used to fund postemployment benefits was \$186,469 for police and \$256,618 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004 (the latest information available), was 13,812 for police and 10,528 for firefighters.

NOTE 14 - COMPENSATED ABSENCES

Full-time City employees earn and accumulate paid vacation leave for each work hour or paid service hour completed for the City. The maximum base used for accumulation of vacation pay is eighty hours per pay period. Based upon length of service, employees can earn vacation at rates varying from two weeks to six weeks per year. Part-time employees may earn partial vacation credits while seasonal employees are ineligible for vacation benefits. Upon termination from the City, an employee is entitled to compensation a his or her current base rate of pay for all earned, but unused vacation leave to his or her credit at the time of termination, subject to the maximum amount which can be accumulated at any time, provided the 50th week of employment had been reached. In the case of death, unused vacation leave is paid in the name of the employee to his or her spouse.

Full-time City employees and certain part-time employees earn sick leave at the rate of .05769 hours for every paid service hour completed for the City. The maximum base used for accumulation of sick pay is 80 hours per pay period. Sick leave to be paid for time away from work due to illness may be accumulated without limit. For employees hired prior to July 1, 1996, an employee or his/her estate is paid upon retirement or death 100 percent of the unused amount accumulated equivalent up to 1,000 hours and 50 percent of unused sick leave up to a maximum hours of an additional 1,000 hours at the current base rate, but only to the extent such benefits have been earned as employees of the City. In the case of retirement or death of an employee hired on or after July 1, 1996, the employee or his/her estate is paid 100 percent of the unused amount accumulated to a maximum of 1,000 hours and is not eligible to receive cash payment of 50 percent of unused sick leave up to a maximum of an additional 1,000 hours. The entitlement award for firefighters is prorated according to their respective work year.

Full-time police officers, communication specialists and firefighters are permitted to accumulate holiday time. Police department employees must use their accumulated holiday time prior to April 1 of the following year and the employees of the fire department by July 1 of the following year.

As of December 31, 2005, the liability for compensated absences was \$1,288,840 for the entire City.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the general fund and major special revenue fund.

Net Change in Fund Balance

	General	EMS/Fire Tax Levy
Budget basis	\$ (401,989)	\$ (400,450)
Net adjustment for revenue accruals	(49,816)	114
Net adjustment for expenditure accruals	(167,216)	60,697
Adjustment for encumbrances	464,550	58,052
GAAP basis	\$ (154,471)	\$ (281,587)

NOTE 16 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2005.

B. Litigation

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

CITY OF STOW, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 17 - SIGNIFICANT SUBSEQUENT EVENTS

The following notes were due and refinanced in 2006:

- The \$1,400,000 2005 Water System Anticipation Note was retired and \$900,000 was refinanced on May 11, 2006.
- The \$7,870,000 2005 Construction Note was retired and \$7,370,000 was refinanced on May 11, 2006.
- The \$4,075,000 2005 Construction and Equipment Note was retired and \$3,675,000 was refinanced on May 11, 2006.

The City also issued the following notes in 2006:

- \$5,500,000 on January 26, 2006 to finance the purchase of the Fox Den Golf Course. This note was retired and reissued for the same amount on May 11, 2006.
- \$2,000,000 on May 11, 2006 to finance the installation of the automated water meter reading system.

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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CITY OF STOW, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

GENERAL FUND

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

Since there is only one general fund and the level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements have been presented herein.

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. The following are the special revenue funds which the City operates:

Nonmajor Special Revenue Funds

Street Construction Fund

This fund accounts for the portion of state gasoline tax and motor vehicle registration fees designated for the maintenance of the streets within the City.

State Highway Improvement Fund

This fund accounts for the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Police Pension and Disability Fund

This fund accounts for property taxes levied and other monies for the payment of the accrued liability for police disability and pension benefits.

Fire Pension and Disability Fund

This fund accounts for property taxes levied and other monies for the payment of the accrued liability for fire disability and pension benefits.

Motor Vehicle License Tax Fund

This fund accounts for the additional motor vehicle registration fees designated for maintenance and repair of streets within the City.

ODNR Litter Prevention Grant Fund

This fund accounts for grants received from the Ohio Department of Natural Resources and Summit County for the City's litter prevention program.

EMS Transport Fees Fund

This fund accounts for EMS transport fees collected and to disburse collections in accordance with City policy.

Police Enforcement and Education Fund

This fund accounts for proceeds of fines imposed by the Municipal Court for alcohol related offenses involving the operation of a motor vehicle. Fines collected are used for law enforcement and educating the public of the dangers of operating a motor vehicle while under the influence of alcohol.

CITY OF STOW, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

Nonmajor Special Revenue Funds (Continued)

Special Assessment Improvements Fund

This fund accounts for the collected taxes levied by special assessment where specified improvements were levied to specific taxpayers and expenditures to pay the related applicable debt payments and the costs associated with collection and payment.

Tree Trust Fund

This fund accounts for donations or restitutions for damages for planting and relocation of trees and other greenery within the City.

Communications Tower Fund

This fund accounts for monies received from carriers using the GTE MobilNet Communication Tower. Monies are used for park improvements.

Cemetery Trust Fund

This fund accounts for sale of graves, opening and closing of same, sale of monuments, tombs or vaults, burying ashes and disinterment.

Park Improvements Fund

This fund accounts for contributions from residents, civic groups, industries or other gratuitous donors for improvements of City parks.

Other Nonmajor Special Revenue Funds

Federal Law Enforcement Forfeited Fees	Parks Lodge Improvement
Commission of the Arts	Community Relations
Safety Town	SS Ballfield Complex
D.A.R.E. Program	Park and Recreation Scholarship
ODNR Recycling Grant	Police Explorer
Youth Division Donations	Community Development
Fire Department Emergency Equipment	FEMA
Parks Youth	Business Assistance
Police Department Emergency Repair	City Lodging Tax
Youth Division Teen Center	

NONMAJOR DEBT SERVICE FUND

General Obligation Bond Retirement Fund

This fund accounts for the resources that are used for the payment of principal, interest, and other fiscal charges on general obligation debt.

MAJOR CAPITAL PROJECTS FUND

The capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund types. Following is a description of the City's capital projects fund:

General Capital Improvements Fund

This fund accounts for the portion of municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing the capital items necessary to enhance the operation of the City.

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CITY OF STOW, OHIO

*COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005*

	Nonmajor Special Revenue Funds
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Assets:	
Equity in pooled cash and cash equivalents	\$ 1,936,718
Receivables (net of allowances of uncollectibles):	
Property taxes.	499,023
Accounts	4,859
Intergovernmental.	679,087
Materials and supplies	249,612
	<hr/>
Total assets	<u>\$ 3,369,299</u>
Liabilities:	
Accounts payable	\$ 212,634
Intergovernmental	290,088
Loans from other funds.	39,894
Deferred revenue	918,854
	<hr/>
Total liabilities	<u>1,461,470</u>
Fund Balances:	
Reserved for encumbrances.	165,869
Reserved for materials and supplies inventory	249,612
Unreserved, undesignated, reported in:	
Special revenue funds.	1,492,348
	<hr/>
Total fund balances	<u>1,907,829</u>
Total liabilities and fund equity.	<u>\$ 3,369,299</u>

CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:			
Property and other local taxes	\$ 467,219	\$ -	\$ 467,219
Income taxes	950,000	568,957	1,518,957
Special assessments	61,809	-	61,809
Charges for services	585,248	-	585,248
Fines and forfeitures	5,255	-	5,255
Intergovernmental	1,737,447	-	1,737,447
Investment income	17,922	-	17,922
Other	230,322	-	230,322
	<hr/>	<hr/>	<hr/>
Total revenues	4,055,222	568,957	4,624,179
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property	1,144,420	-	1,144,420
Public health	17,720	-	17,720
Leisure time activities	89,873	-	89,873
Community and economic environment	47,182	-	47,182
Transportation	2,335,120	-	2,335,120
Capital outlay.	519,903	-	519,903
Debt service:			
Principal retirement.	400,000	370,000	770,000
Interest and fiscal charges	111,952	198,957	310,909
	<hr/>	<hr/>	<hr/>
Total expenditures	4,666,170	568,957	5,235,127
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures.	(610,948)	-	(610,948)
	<hr/>	<hr/>	<hr/>
Other financing sources :			
Transfers in.	571,188	-	571,188
	<hr/>	<hr/>	<hr/>
Total other financing sources.	571,188	-	571,188
	<hr/>	<hr/>	<hr/>
Net change in fund balances.	(39,760)	-	(39,760)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year (restated)	1,947,589	-	1,947,589
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	<u>\$ 1,907,829</u>	<u>\$ -</u>	<u>\$ 1,907,829</u>

CITY OF STOW, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005*

	<u>Street Construction</u>	<u>State Highway Improvement</u>	<u>Police Pension and Disability</u>	<u>Fire Pension and Disability</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 407,855	\$ 20,886	\$ 587	\$ 587
Receivables (net of allowances for uncollectibles):				
Property taxes.	-	-	239,438	239,438
Accounts	-	-	-	-
Intergovernmental.	544,564	44,153	13,323	13,323
Materials and supplies.	249,612	-	-	-
Total assets	<u>\$ 1,202,031</u>	<u>\$ 65,039</u>	<u>\$ 253,348</u>	<u>\$ 253,348</u>
Liabilities:				
Accounts payable.	\$ 167,967	\$ 7,525	\$ -	\$ -
Intergovernmental.	38,649	1,219	118,765	130,120
Loans from other funds	-	-	-	-
Deferred revenue	382,476	31,012	252,683	252,683
Total liabilities.	<u>589,092</u>	<u>39,756</u>	<u>371,448</u>	<u>382,803</u>
Fund Balances:				
Reserved for encumbrances.	102,401	5,896	-	-
Reserved for materials and supplies inventory	249,612	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	260,926	19,387	(118,100)	(129,455)
Total fund balances.	<u>612,939</u>	<u>25,283</u>	<u>(118,100)</u>	<u>(129,455)</u>
Total liabilities and fund equity	<u>\$ 1,202,031</u>	<u>\$ 65,039</u>	<u>\$ 253,348</u>	<u>\$ 253,348</u>

<u>Motor Vehicle License Tax</u>	<u>ODNR Litter Prevention Grant</u>	<u>EMS Transport Fees</u>	<u>Police Enforcement and Education</u>	<u>Special Assessment Improvements</u>	<u>Tree Trust</u>
\$ 115,542	\$ 8,060	\$ 254,613	\$ 13,567	\$ 126,827	\$ 252,029
-	-	-	-	-	-
-	-	4,859	-	-	-
18,304	-	-	420	-	-
-	-	-	-	-	-
<u>\$ 133,846</u>	<u>\$ 8,060</u>	<u>\$ 259,472</u>	<u>\$ 13,987</u>	<u>\$ 126,827</u>	<u>\$ 252,029</u>
\$ -	\$ 1	\$ 4,489	\$ -	\$ 2,717	\$ 3,611
-	504	-	-	176	-
-	6,364	-	-	30,000	-
-	-	-	-	-	-
<u>-</u>	<u>6,869</u>	<u>4,489</u>	<u>-</u>	<u>32,893</u>	<u>3,611</u>
-	135	26,275	-	195	2,218
-	-	-	-	-	-
<u>133,846</u>	<u>1,056</u>	<u>228,708</u>	<u>13,987</u>	<u>93,739</u>	<u>246,200</u>
<u>133,846</u>	<u>1,191</u>	<u>254,983</u>	<u>13,987</u>	<u>93,934</u>	<u>248,418</u>
<u>\$ 133,846</u>	<u>\$ 8,060</u>	<u>\$ 259,472</u>	<u>\$ 13,987</u>	<u>\$ 126,827</u>	<u>\$ 252,029</u>

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CITY OF STOW, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2005*

	<u>Communication Tower</u>	<u>Cemetery Trust</u>	<u>Park Improvements</u>	<u>Federal Law Enforcement Forfeited Fees</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 266,917	\$ 186,093	\$ 55,741	\$ 44,099
Receivables (net of allowances for uncollectibles):				
Property taxes.	-	-	-	-
Accounts	-	-	-	-
Intergovernmental.	-	-	-	-
Materials and supplies.	-	-	-	-
Total assets	<u>\$ 266,917</u>	<u>\$ 186,093</u>	<u>\$ 55,741</u>	<u>\$ 44,099</u>
Liabilities:				
Accounts payable.	\$ 6,000	\$ -	\$ 4,012	\$ -
Intergovernmental.	-	-	-	-
Loans from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities.	<u>6,000</u>	<u>-</u>	<u>4,012</u>	<u>-</u>
Fund Balances:				
Reserved for encumbrances.	10,696	-	6,847	3,600
Reserved for materials and supplies inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	<u>250,221</u>	<u>186,093</u>	<u>44,882</u>	<u>40,499</u>
Total fund balances.	<u>260,917</u>	<u>186,093</u>	<u>51,729</u>	<u>44,099</u>
Total liabilities and fund equity	<u>\$ 266,917</u>	<u>\$ 186,093</u>	<u>\$ 55,741</u>	<u>\$ 44,099</u>

Commission of the Arts	Safety Town	D.A.R.E. Program	ODNR Recycling Grant	Youth Division Donations	Fire Department Emergency Equipment
\$ 1,273	\$ 1,416	\$ 23,105	\$ -	\$ 6,253	\$ 9,656
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,273</u>	<u>\$ 1,416</u>	<u>\$ 23,105</u>	<u>\$ -</u>	<u>\$ 6,253</u>	<u>\$ 9,656</u>
\$ -	\$ -	\$ 3,664	\$ -	\$ -	\$ 1,335
-	-	647	-	8	-
-	-	-	3,530	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,311</u>	<u>3,530</u>	<u>8</u>	<u>1,335</u>
-	130	-	-	-	1,660
-	-	-	-	-	-
<u>1,273</u>	<u>1,286</u>	<u>18,794</u>	<u>(3,530)</u>	<u>6,245</u>	<u>6,661</u>
<u>1,273</u>	<u>1,416</u>	<u>18,794</u>	<u>(3,530)</u>	<u>6,245</u>	<u>8,321</u>
<u>\$ 1,273</u>	<u>\$ 1,416</u>	<u>\$ 23,105</u>	<u>\$ -</u>	<u>\$ 6,253</u>	<u>\$ 9,656</u>

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CITY OF STOW, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2005*

	Parks Youth Fund	Police Department Emergency Equipment	Youth Division Teen Center	Parks Lodge Improvement
Assets:				
Equity in pooled cash and cash equivalents.	\$ 862	\$ 5,079	\$ 9,294	\$ 53,238
Receivables (net of allowances for uncollectibles):				
Property taxes.	-	-	-	-
Accounts	-	-	-	-
Intergovernmental.	-	-	-	-
Materials and supplies.	-	-	-	-
Total assets	<u>\$ 862</u>	<u>\$ 5,079</u>	<u>\$ 9,294</u>	<u>\$ 53,238</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ 250	\$ 225
Intergovernmental.	-	-	-	-
Loans from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities.	<u>-</u>	<u>-</u>	<u>250</u>	<u>225</u>
Fund Balances:				
Reserved for encumbrances.	-	-	925	-
Reserved for materials and supplies inventory			-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	<u>862</u>	<u>5,079</u>	<u>8,119</u>	<u>53,013</u>
Total fund balances.	<u>862</u>	<u>5,079</u>	<u>9,044</u>	<u>53,013</u>
Total liabilities and fund equity	<u>\$ 862</u>	<u>\$ 5,079</u>	<u>\$ 9,294</u>	<u>\$ 53,238</u>

<u>Community Relations</u>	<u>SS Ballfield Complex</u>	<u>Park and Recreation Scholarship</u>	<u>Police Explorer</u>	<u>Community Development</u>	<u>FEMA</u>
\$ 2,298	\$ 25,147	\$ 1,557	\$ 377	\$ 9,861	\$ 13,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	45,000	-
-	-	-	-	-	-
<u>\$ 2,298</u>	<u>\$ 25,147</u>	<u>\$ 1,557</u>	<u>\$ 377</u>	<u>\$ 54,861</u>	<u>\$ 13,333</u>
\$ 481	\$ 496	\$ -	\$ -	\$ 9,861	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>481</u>	<u>496</u>	<u>-</u>	<u>-</u>	<u>9,861</u>	<u>-</u>
433	4,458	-	-	-	-
-	-	-	-	-	-
<u>1,384</u>	<u>20,193</u>	<u>1,557</u>	<u>377</u>	<u>45,000</u>	<u>13,333</u>
<u>1,817</u>	<u>24,651</u>	<u>1,557</u>	<u>377</u>	<u>45,000</u>	<u>13,333</u>
<u>\$ 2,298</u>	<u>\$ 25,147</u>	<u>\$ 1,557</u>	<u>\$ 377</u>	<u>\$ 54,861</u>	<u>\$ 13,333</u>

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CITY OF STOW, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2005*

	<u>Business Assistance</u>	<u>City Lodging Tax</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 348	\$ 20,218	\$ 1,936,718
Receivables (net of allowances for uncollectibles):			
Property taxes.	-	20,147	499,023
Accounts	-	-	4,859
Intergovernmental.	-	-	679,087
Materials and supplies.	-	-	249,612
Total assets	<u>\$ 348</u>	<u>\$ 40,365</u>	<u>\$ 3,369,299</u>
Liabilities:			
Accounts payable.	\$ -	\$ -	\$ 212,634
Intergovernmental.	-	-	290,088
Loans from other funds	-	-	39,894
Deferred revenue	-	-	918,854
Total liabilities.	<u>-</u>	<u>-</u>	<u>1,461,470</u>
Fund Balances:			
Reserved for encumbrances.	-	-	165,869
Reserved for materials and supplies inventory	-	-	249,612
Unreserved, undesignated (deficit), reported in:			
Special revenue funds	348	40,365	1,492,348
Total fund balances.	<u>348</u>	<u>40,365</u>	<u>1,907,829</u>
Total liabilities and fund equity	<u>\$ 348</u>	<u>\$ 40,365</u>	<u>\$ 3,369,299</u>

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CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Street Construction</u>	<u>State Highway Improvement</u>	<u>Police Pension and Disability</u>	<u>Fire Pension and Disability</u>
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ 212,049	\$ 212,049
Income taxes	950,000	-	-	-
Special assessments	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	1,259,549	89,831	25,659	25,659
Investment income	13,794	1,025	-	-
Other	22,074	645	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,245,417	91,501	237,708	237,708
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Security of persons and property	-	-	472,796	496,416
Public health	-	-	-	-
Leisure time activities	-	-	-	-
Community and economic environment	-	-	-	-
Transportation	2,248,746	86,374	-	-
Capital outlay.	153,196	20,000	-	-
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges.	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,401,942	106,374	472,796	496,416
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(156,525)	(14,873)	(235,088)	(258,708)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources:				
Transfers in.	-	-	223,618	304,570
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	223,618	304,570
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances.	(156,525)	(14,873)	(11,470)	45,862
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at beginning of year (restated).	769,464	40,156	(106,630)	(175,317)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at end of year.	\$ 612,939	\$ 25,283	\$ (118,100)	\$ (129,455)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Motor Vehicle License Tax	ODNR Litter Prevention Grant	EMS Transport Fees	Police Enforcement and Education	Special Assessment Improvement	Tree Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	61,809	-
-	-	556,728	-	-	-
-	-	-	5,255	-	-
236,167	-	6,171	420	-	-
3,103	-	-	-	-	-
-	-	-	-	-	82,700
<u>239,270</u>	<u>-</u>	<u>562,899</u>	<u>5,675</u>	<u>61,809</u>	<u>82,700</u>
-	-	60,220	2,363	62,070	-
-	17,720	-	-	-	-
-	-	-	-	-	41,425
-	-	-	-	-	-
-	-	-	-	-	-
200,000	-	30,454	-	-	-
-	-	400,000	-	-	-
-	-	111,952	-	-	-
<u>200,000</u>	<u>17,720</u>	<u>602,626</u>	<u>2,363</u>	<u>62,070</u>	<u>41,425</u>
<u>39,270</u>	<u>(17,720)</u>	<u>(39,727)</u>	<u>3,312</u>	<u>(261)</u>	<u>41,275</u>
-	13,000	-	-	-	-
-	13,000	-	-	-	-
<u>39,270</u>	<u>(4,720)</u>	<u>(39,727)</u>	<u>3,312</u>	<u>(261)</u>	<u>41,275</u>
<u>94,576</u>	<u>5,911</u>	<u>294,710</u>	<u>10,675</u>	<u>94,195</u>	<u>207,143</u>
<u>\$ 133,846</u>	<u>\$ 1,191</u>	<u>\$ 254,983</u>	<u>\$ 13,987</u>	<u>\$ 93,934</u>	<u>\$ 248,418</u>

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CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Communications Tower	Cemetery Trust	Park Improvements	Federal Law Enforcement Forfeited Fees
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ 2,756	\$ -
Income taxes	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	-	-	-	-
Other	83,600	15,487	-	-
Total revenues	83,600	15,487	2,756	-
Expenditures:				
Current:				
Security of persons and property	-	-	-	5,229
Public health	-	-	-	-
Leisure time activities	-	-	6,528	-
Community and economic environment	46,862	-	-	-
Transportation	-	-	-	-
Capital outlay.	45,036	453	-	13,208
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges.	-	-	-	-
Total expenditures	91,898	453	6,528	18,437
Excess (deficiency) of revenues over (under) expenditures	(8,298)	15,034	(3,772)	(18,437)
Other financing sources:				
Transfers in.	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances.	(8,298)	15,034	(3,772)	(18,437)
Fund balances (deficits) at beginning of year (restated).	269,215	171,059	55,501	62,536
Fund balances (deficits) at end of year.	\$ 260,917	\$ 186,093	\$ 51,729	\$ 44,099

<u>Commission of the Arts</u>	<u>Safety Town</u>	<u>D.A.R.E. Program</u>	<u>ODNR Recycling Grant</u>	<u>Youth Division Donations</u>	<u>Fire Department Emergency Equipment</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	34,833	-	-	-
-	-	-	-	-	-
-	4,925	-	-	-	8,022
-	4,925	34,833	-	-	8,022
-	6,368	25,583	-	-	13,375
-	-	-	-	-	-
20,927	-	-	-	229	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,927	6,368	25,583	-	229	13,375
(20,927)	(1,443)	9,250	-	(229)	(5,353)
19,500	-	9,000	-	-	-
19,500	-	9,000	-	-	-
(1,427)	(1,443)	18,250	-	(229)	(5,353)
2,700	2,859	544	(3,530)	6,474	13,674
<u>\$ 1,273</u>	<u>\$ 1,416</u>	<u>\$ 18,794</u>	<u>\$ (3,530)</u>	<u>\$ 6,245</u>	<u>\$ 8,321</u>

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CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Parks Youth Fund	Police Department Emergency Equipment	Youth Division Teen Center	Parks Lodge Improvement
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	-	17,295	11,225
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	-	-	-	-
Other	-	2,495	215	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	2,495	17,510	11,225
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Security of persons and property	-	-	-	-
Public health	-	-	-	-
Leisure time activities	-	-	10,246	4,563
Community and economic environment	-	-	-	-
Transportation	-	-	-	-
Capital outlay.	-	-	-	-
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges.	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	10,246	4,563
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	2,495	7,264	6,662
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources:				
Transfers in.	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances.	-	2,495	7,264	6,662
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at beginning of year (restated).	862	2,584	1,780	46,351
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at end of year.	\$ 862	\$ 5,079	\$ 9,044	\$ 53,013
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Community Relations</u>	<u>SS Ballfield Complex</u>	<u>Park and Recreation Scholarship</u>	<u>Police Explorer</u>	<u>Community Development</u>	<u>FEMA Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	45,825	13,333
-	-	-	-	-	-
-	9,551	368	-	-	-
-	9,551	368	-	45,825	13,333
-	-	-	-	-	-
-	-	-	-	-	-
481	5,474	-	-	-	-
320	-	-	-	-	-
-	-	-	-	-	-
-	496	-	-	10,825	46,068
-	-	-	-	-	-
-	-	-	-	-	-
801	5,970	-	-	10,825	46,068
(801)	3,581	368	-	35,000	(32,735)
1,500	-	-	-	-	-
1,500	-	-	-	-	-
699	3,581	368	-	35,000	(32,735)
1,118	21,070	1,189	377	10,000	46,068
<u>\$ 1,817</u>	<u>\$ 24,651</u>	<u>\$ 1,557</u>	<u>\$ 377</u>	<u>\$ 45,000</u>	<u>\$ 13,333</u>

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CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Business Assistance	City Lodging Tax	Total Nonmajor Special Revenue Funds
Revenues:			
Property and other local taxes	\$ -	\$ 40,365	\$ 467,219
Income taxes	-	-	950,000
Special assessments	-	-	61,809
Charges for services	-	-	585,248
Fines and forfeitures	-	-	5,255
Intergovernmental	-	-	1,737,447
Investment income	-	-	17,922
Other	240	-	230,322
	<hr/>	<hr/>	<hr/>
Total revenues	240	40,365	4,055,222
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property	-	-	1,144,420
Public health	-	-	17,720
Leisure time activities	-	-	89,873
Community and economic environment	-	-	47,182
Transportation	-	-	2,335,120
Capital outlay.	167	-	519,903
Debt service:			
Principal retirement.	-	-	400,000
Interest and fiscal charges.	-	-	111,952
	<hr/>	<hr/>	<hr/>
Total expenditures	167	-	4,666,170
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	73	40,365	(610,948)
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in.	-	-	571,188
	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	571,188
	<hr/>	<hr/>	<hr/>
Net change in fund balances.	73	40,365	(39,760)
	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at beginning of year (restated).	275	-	1,947,589
	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at end of year.	\$ 348	\$ 40,365	\$ 1,907,829
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CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 1,000,000	\$ 1,000,000	\$ 950,000	\$ (50,000)
Intergovernmental.	1,344,800	1,344,800	1,296,880	(47,920)
Investment income	22,000	22,000	13,794	(8,206)
Other	433,200	433,200	22,074	(411,126)
Total revenues.	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,282,748</u>	<u>(517,252)</u>
Expenditures:				
Current:				
Transportation	2,690,349	2,870,654	2,414,712	455,942
Capital outlay	150,304	170,000	155,082	14,918
Total expenditures.	<u>2,840,653</u>	<u>3,040,654</u>	<u>2,569,794</u>	<u>470,860</u>
Net change in fund balance.	(40,653)	(240,654)	(287,046)	(46,392)
Fund balance at beginning of year	380,715	380,715	380,715	-
Prior year encumbrances appropriated	178,238	178,238	178,238	-
Fund balance at end of year.	<u>\$ 518,300</u>	<u>\$ 318,299</u>	<u>\$ 271,907</u>	<u>\$ (46,392)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 93,242	\$ 93,242	\$ 92,860	\$ (382)
Investment income	1,758	1,758	1,025	(733)
Other	60,000	60,000	645	(59,355)
Total revenues.	<u>155,000</u>	<u>155,000</u>	<u>94,530</u>	<u>(60,470)</u>
Expenditures:				
Current:				
Transportation	106,042	132,051	88,571	43,480
Capital outlay	16,009	20,000	20,000	-
Total expenditures.	<u>122,051</u>	<u>152,051</u>	<u>108,571</u>	<u>43,480</u>
Net change in fund balance	32,949	2,949	(14,041)	(16,990)
Fund balance at beginning of year.	22,895	22,895	22,895	-
Prior year encumbrances appropriated	<u>5,614</u>	<u>5,614</u>	<u>5,614</u>	<u>-</u>
Fund balance at end of year	<u>\$ 61,458</u>	<u>\$ 31,458</u>	<u>\$ 14,468</u>	<u>\$ (16,990)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION AND DISABILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes.	\$ 209,730	\$ 209,730	\$ 212,049	\$ 2,319
Intergovernmental.	25,725	25,725	25,644	(81)
Total revenues.	<u>235,455</u>	<u>235,455</u>	<u>237,693</u>	<u>2,238</u>
Expenditures:				
Current:				
Security of persons and property	<u>526,956</u>	<u>526,956</u>	<u>460,724</u>	<u>66,232</u>
Total expenditures.	<u>526,956</u>	<u>526,956</u>	<u>460,724</u>	<u>66,232</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(291,501)</u>	<u>(291,501)</u>	<u>(223,031)</u>	<u>68,470</u>
Other financing sources:				
Transfers in	<u>341,328</u>	<u>341,328</u>	<u>223,618</u>	<u>(117,710)</u>
Total other financing sources	<u>341,328</u>	<u>341,328</u>	<u>223,618</u>	<u>(117,710)</u>
Net change in fund balance	49,827	49,827	587	(49,240)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 49,827</u>	<u>\$ 49,827</u>	<u>\$ 587</u>	<u>\$ (49,240)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE PENSION AND DISABILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other local taxes	\$ 209,730	\$ 209,730	\$ 212,049	\$ 2,319
Intergovernmental	25,725	25,725	25,644	(81)
Total revenues	<u>235,455</u>	<u>235,455</u>	<u>237,693</u>	<u>2,238</u>
Expenditures:				
Current:				
Security of persons and property	<u>565,464</u>	<u>565,464</u>	<u>541,676</u>	<u>23,788</u>
Total expenditures	<u>565,464</u>	<u>565,464</u>	<u>541,676</u>	<u>23,788</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(330,009)</u>	<u>(330,009)</u>	<u>(303,983)</u>	<u>26,026</u>
Other financing sources:				
Transfers in.	<u>461,285</u>	<u>461,285</u>	<u>304,570</u>	<u>(156,715)</u>
Total other financing sources.	<u>461,285</u>	<u>461,285</u>	<u>304,570</u>	<u>(156,715)</u>
Net change in fund balance.	131,276	131,276	587	(130,689)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 131,276</u>	<u>\$ 131,276</u>	<u>\$ 587</u>	<u>\$ (130,689)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 274,300	\$ 274,300	\$ 217,863	\$ (56,437)
Investment income	700	700	3,103	2,403
Total revenues	<u>275,000</u>	<u>275,000</u>	<u>220,966</u>	<u>(54,034)</u>
Expenditures:				
Current:				
General government	107,775	107,775	-	107,775
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total expenditures.	<u>307,775</u>	<u>307,775</u>	<u>200,000</u>	<u>107,775</u>
Net change in fund balance	(32,775)	(32,775)	20,966	53,741
Fund balance at beginning of year.	<u>94,576</u>	<u>94,576</u>	<u>94,576</u>	<u>-</u>
Fund balance at end of year	<u>\$ 61,801</u>	<u>\$ 61,801</u>	<u>\$ 115,542</u>	<u>\$ 53,741</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ODNR LITTER PREVENTION GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 46,890	\$ 46,890	\$ 5,000	(41,890)
Total revenues.	<u>46,890</u>	<u>46,890</u>	<u>5,000</u>	<u>(41,890)</u>
Expenditures:				
Current:				
Public health	<u>18,155</u>	<u>25,155</u>	<u>15,741</u>	<u>9,414</u>
Total expenditures	<u>18,155</u>	<u>25,155</u>	<u>15,741</u>	<u>9,414</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,735</u>	<u>21,735</u>	<u>(10,741)</u>	<u>(32,476)</u>
Other financing sources:				
Transfers in.	<u>20,000</u>	<u>20,000</u>	<u>13,000</u>	<u>(7,000)</u>
Total other financing sources.	<u>20,000</u>	<u>20,000</u>	<u>13,000</u>	<u>(7,000)</u>
Net change in fund balance	48,735	41,735	2,259	(39,476)
Fund balance at beginning of year.	5,543	5,543	5,543	-
Prior year encumbrances appropriated. . .	<u>122</u>	<u>122</u>	<u>122</u>	<u>-</u>
Fund balance at end of year	<u>\$ 54,400</u>	<u>\$ 47,400</u>	<u>\$ 7,924</u>	<u>\$ (39,476)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS TRANSPORT FEES FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 592,000	\$ 592,000	\$ 551,869	\$ (40,131)
Intergovernmental	110,000	110,000	6,171	(103,829)
Total revenues	<u>702,000</u>	<u>702,000</u>	<u>558,040</u>	<u>(143,960)</u>
Expenditures:				
Current:				
Security of persons and property.	230,619	207,812	101,734	106,078
Capital outlay	162,589	185,396	40,665	144,731
Debt service:				
Principal retirement	400,000	400,000	400,000	-
Interest and fiscal charges	111,952	111,952	111,952	-
Total expenditures	<u>905,160</u>	<u>905,160</u>	<u>654,351</u>	<u>250,809</u>
Net change in fund balance	(203,160)	(203,160)	(96,311)	106,849
Fund balance at beginning of year	276,248	276,248	276,248	-
Prior year encumbrances appropriated. . .	<u>43,912</u>	<u>43,912</u>	<u>43,912</u>	<u>-</u>
Fund balance at end of year	<u>\$ 117,000</u>	<u>\$ 117,000</u>	<u>\$ 223,849</u>	<u>\$ 106,849</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 18,060	\$ 18,060	\$ 5,600	\$ (12,460)
Total revenues	<u>18,060</u>	<u>18,060</u>	<u>5,600</u>	<u>(12,460)</u>
Expenditures:				
Current:				
Security of persons and property	3,868	3,868	2,367	1,501
Capital outlay	<u>10,966</u>	<u>10,966</u>	-	<u>10,966</u>
Total expenditures	<u>14,834</u>	<u>14,834</u>	<u>2,367</u>	<u>12,467</u>
Net change in fund balance.	3,226	3,226	3,233	7
Fund balance at beginning of year	<u>10,334</u>	<u>10,334</u>	<u>10,334</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,560</u>	<u>\$ 13,560</u>	<u>\$ 13,567</u>	<u>\$ 7</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL ASSESSMENT IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Special assessments.	\$ 185,000	\$ 185,000	\$ 61,809	\$ (123,191)
Total revenues	<u>185,000</u>	<u>185,000</u>	<u>61,809</u>	<u>(123,191)</u>
Expenditures:				
Current:				
Security of persons and property.	189,826	214,826	73,089	141,737
Total expenditures	<u>189,826</u>	<u>214,826</u>	<u>73,089</u>	<u>141,737</u>
Net change in fund balance.	(4,826)	(29,826)	(11,280)	18,546
Fund balance at beginning of year	2,522	2,522	2,522	-
Prior year encumbrances appropriated	<u>134,303</u>	<u>134,303</u>	<u>134,303</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 131,999</u>	<u>\$ 106,999</u>	<u>\$ 125,545</u>	<u>\$ 18,546</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TREE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ 51,000	\$ 51,000	\$ 82,700	\$ 31,700
Total revenues	<u>51,000</u>	<u>51,000</u>	<u>82,700</u>	<u>31,700</u>
Expenditures:				
Current:				
Leisure time activities	64,238	74,238	55,716	18,522
Total expenditures.	<u>64,238</u>	<u>74,238</u>	<u>55,716</u>	<u>18,522</u>
Net change in fund balance.	(13,238)	(23,238)	26,984	50,222
Fund balance at beginning of year	207,117	207,117	207,117	-
Prior year encumbrances appropriated . . .	<u>14,238</u>	<u>14,238</u>	<u>14,238</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 208,117</u>	<u>\$ 198,117</u>	<u>\$ 248,339</u>	<u>\$ 50,222</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNICATIONS TOWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ 60,000	\$ 60,000	\$ 83,600	\$ 23,600
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>83,600</u>	<u>23,600</u>
Expenditures:				
Current:				
Economic development	48,217	76,307	55,249	21,058
Capital outlay.	<u>30,312</u>	<u>49,557</u>	<u>49,545</u>	<u>12</u>
Total expenditures	<u>78,529</u>	<u>125,864</u>	<u>104,794</u>	<u>21,070</u>
Net change in fund balance.	(18,529)	(65,864)	(21,194)	44,670
Fund balance at beginning of year	258,886	258,886	258,886	-
Prior year encumbrances appropriated . .	<u>13,529</u>	<u>13,529</u>	<u>13,529</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 253,886</u>	<u>\$ 206,551</u>	<u>\$ 251,221</u>	<u>\$ 44,670</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CEMETERY TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ -	\$ 15,487	\$ 15,487
Total revenues.	-	-	15,487	15,487
Expenditures:				
Capital outlay	-	500	453	47
Total expenditures.	-	500	453	47
Net change in fund balance.	-	(500)	15,034	15,534
Fund balance at beginning of year	<u>171,059</u>	<u>171,059</u>	<u>171,059</u>	<u>-</u>
Fund balance at end of year	<u>\$ 171,059</u>	<u>\$ 170,559</u>	<u>\$ 186,093</u>	<u>\$ 15,534</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARK IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other local taxes.	\$ 20,000	\$ 20,000	\$ 2,756	\$ (17,244)
Total revenues.	<u>20,000</u>	<u>20,000</u>	<u>2,756</u>	<u>(17,244)</u>
Expenditures:				
Current:				
Leisure time activities.	7,692	20,000	7,715	12,285
Capital outlay	<u>2,308</u>	<u>6,000</u>	<u>5,659</u>	<u>341</u>
Total expenditures.	<u>10,000</u>	<u>26,000</u>	<u>13,374</u>	<u>12,626</u>
Net change in fund balance.	10,000	(6,000)	(10,618)	(4,618)
Fund balance at beginning of year	<u>55,500</u>	<u>55,500</u>	<u>55,500</u>	<u>-</u>
Fund balance at end of year	<u>\$ 65,500</u>	<u>\$ 49,500</u>	<u>\$ 44,882</u>	<u>\$ (4,618)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEDERAL LAW ENFORCEMENT FORFEITED FEES FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
Current:				
Security of persons and property	\$ 21,000	\$ 21,000	\$ 5,229	\$ 15,771
Capital outlay	25,000	25,000	16,808	8,192
Total expenditures	<u>46,000</u>	<u>46,000</u>	<u>22,037</u>	<u>23,963</u>
Net change in fund balance.	(46,000)	(46,000)	(22,037)	23,963
Fund balance at beginning of year	<u>62,536</u>	<u>62,536</u>	<u>62,536</u>	<u>-</u>
Fund balance at end of year	<u>\$ 16,536</u>	<u>\$ 16,536</u>	<u>\$ 40,499</u>	<u>\$ 23,963</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMISSION OF THE ARTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 38,374	\$ 38,374	\$ -	\$ (38,374)
Total revenues	<u>38,374</u>	<u>38,374</u>	<u>-</u>	<u>(38,374)</u>
Expenditures:				
Current:				
Leisure time activities	23,759	23,759	20,987	2,772
Total expenditures	<u>23,759</u>	<u>23,759</u>	<u>20,987</u>	<u>2,772</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>14,615</u>	<u>14,615</u>	<u>(20,987)</u>	<u>(35,602)</u>
Other financing sources:				
Transfers in.	-	-	19,500	19,500
Total other financing sources	<u>-</u>	<u>-</u>	<u>19,500</u>	<u>19,500</u>
Net change in fund balance.	14,615	14,615	(1,487)	(16,102)
Fund balance at beginning of year	<u>2,760</u>	<u>2,760</u>	<u>2,760</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 17,375</u>	<u>\$ 17,375</u>	<u>\$ 1,273</u>	<u>\$ (16,102)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SAFETY TOWN FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 8,865	\$ 8,865	\$ 4,925	\$ (3,940)
Total revenues	<u>8,865</u>	<u>8,865</u>	<u>4,925</u>	<u>(3,940)</u>
Expenditures:				
Current:				
Security of persons and property	6,858	6,858	6,498	360
Total expenditures	<u>6,858</u>	<u>6,858</u>	<u>6,498</u>	<u>360</u>
Net change in fund balance.	2,007	2,007	(1,573)	(3,580)
Fund balance at beginning of year	2,769	2,769	2,769	-
Prior year encumbrances appropriated . . .	<u>90</u>	<u>90</u>	<u>90</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,866</u>	<u>\$ 4,866</u>	<u>\$ 1,286</u>	<u>\$ (3,580)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
D.A.R.E PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 23,024	\$ 23,024	\$ 17,863	(5,161)
Total revenues	<u>23,024</u>	<u>23,024</u>	<u>17,863</u>	<u>(5,161)</u>
Expenditures:				
Current:				
Security of persons and property	37,298	45,463	26,214	19,249
Total expenditures	<u>37,298</u>	<u>45,463</u>	<u>26,214</u>	<u>19,249</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(14,274)</u>	<u>(22,439)</u>	<u>(8,351)</u>	<u>14,088</u>
Other financing sources:				
Transfers in.	15,000	15,000	9,000	(6,000)
Total other financing sources.	<u>15,000</u>	<u>15,000</u>	<u>9,000</u>	<u>(6,000)</u>
Net change in fund balance.	726	(7,439)	649	8,088
Fund balance at beginning of year	17,598	17,598	17,598	-
Prior year encumbrances appropriated . . .	<u>1,228</u>	<u>1,228</u>	<u>1,228</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,552</u>	<u>\$ 11,387</u>	<u>\$ 19,475</u>	<u>\$ 8,088</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YOUTH DIVISION DONATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total revenues.	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Expenditures:				
Current:				
Leisure time activities	10,000	10,010	231	9,779
Total expenditures	<u>10,000</u>	<u>10,010</u>	<u>231</u>	<u>9,779</u>
Net change in fund balance.	(5,000)	(5,010)	(231)	4,779
Fund balance at beginning of year	<u>6,484</u>	<u>6,484</u>	<u>6,484</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,484</u>	<u>\$ 1,474</u>	<u>\$ 6,253</u>	<u>\$ 4,779</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE DEPARTMENT EMERGENCY EQUIPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ 16,000	\$ 16,000	\$ 8,022	\$ (7,978)
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>8,022</u>	<u>(7,978)</u>
Expenditures:				
Current:				
Security of persons and property	17,606	25,605	16,484	9,121
Total expenditures	<u>17,606</u>	<u>25,605</u>	<u>16,484</u>	<u>9,121</u>
Net change in fund balance.	(1,606)	(9,605)	(8,462)	1,143
Fund balance at beginning of year	12,542	12,542	12,542	-
Prior year encumbrances appropriated . . .	<u>2,606</u>	<u>2,606</u>	<u>2,606</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,542</u>	<u>\$ 5,543</u>	<u>\$ 6,686</u>	<u>\$ 1,143</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARKS YOUTH FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year	\$ 862	\$ 862	\$ 862	\$ -
Fund balance at end of year	<u>\$ 862</u>	<u>\$ 862</u>	<u>\$ 862</u>	<u>\$ -</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE DEPARTMENT EMERGENCY EQUIPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ 5,000	\$ 5,000	\$ 2,496	\$ (2,504)
Total revenues.	<u>5,000</u>	<u>5,000</u>	<u>2,496</u>	<u>(2,504)</u>
Net change in fund balance.	5,000	5,000	2,496	(2,504)
Fund balance at beginning of year	<u>2,583</u>	<u>2,583</u>	<u>2,583</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,583</u>	<u>\$ 7,583</u>	<u>\$ 5,079</u>	<u>\$ (2,504)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YOUTH DIVISION TEEN CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services.	\$ 26,662	\$ 26,662	\$ 17,295	\$ (9,367)
Other	4,200	4,200	215	(3,985)
Total revenues.	<u>30,862</u>	<u>30,862</u>	<u>17,510</u>	<u>(13,352)</u>
Expenditures:				
Current:				
Leisure time activities.	14,224	14,225	11,666	2,559
Total expenditures.	<u>14,224</u>	<u>14,225</u>	<u>11,666</u>	<u>2,559</u>
Net change in fund balance.	16,638	16,637	5,844	(10,793)
Fund balance at beginning of year	1,462	1,462	1,462	-
Prior year encumbrances appropriated . . .	<u>1,063</u>	<u>1,063</u>	<u>1,063</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,163</u>	<u>\$ 19,162</u>	<u>\$ 8,369</u>	<u>\$ (10,793)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARKS LODGE IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 11,225	\$ (18,775)
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>11,225</u>	<u>(18,775)</u>
Expenditures:				
Current:				
Leisure time activities	11,050	5,740	4,338	1,402
Total expenditures	<u>11,050</u>	<u>5,740</u>	<u>4,338</u>	<u>1,402</u>
Net change in fund balance.	18,950	24,260	6,887	(17,373)
Fund balance at beginning of year	46,301	46,301	46,301	-
Prior year encumbrances appropriated . . .	<u>50</u>	<u>50</u>	<u>50</u>	<u>-</u>
Fund balance at end of year	<u>\$ 65,301</u>	<u>\$ 70,611</u>	<u>\$ 53,238</u>	<u>\$ (17,373)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY RELATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Community development	\$ 11,030	\$ 11,030	\$ 1,767	\$ 9,263
Total expenditures	<u>11,030</u>	<u>11,030</u>	<u>1,767</u>	<u>9,263</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(11,030)</u>	<u>(11,030)</u>	<u>(1,767)</u>	<u>9,263</u>
Other financing sources:				
Transfers in.	<u>10,000</u>	<u>10,000</u>	<u>1,500</u>	<u>(8,500)</u>
Total other financing sources.	<u>10,000</u>	<u>10,000</u>	<u>1,500</u>	<u>(8,500)</u>
Net change in fund balance.	(1,030)	(1,030)	(267)	763
Fund balance at beginning of year	621	621	621	-
Prior year encumbrances appropriated . . .	<u>1,030</u>	<u>1,030</u>	<u>1,030</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 621</u>	<u>\$ 621</u>	<u>\$ 1,384</u>	<u>\$ 763</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SS BALLFIELD COMPLEX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other.	\$ -	\$ -	\$ 9,551	\$ 9,551
Total revenues	-	-	9,551	9,551
Expenditures:				
Current:				
Leisure time activities.	7,136	7,598	7,378	220
Capital outlay	2,864	3,050	3,050	-
Total expenditures	10,000	10,648	10,428	220
Net change in fund balance.	(10,000)	(10,648)	(877)	9,771
Fund balance at beginning of year.	<u>21,070</u>	<u>21,070</u>	<u>21,070</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,070</u>	<u>\$ 10,422</u>	<u>\$ 20,193</u>	<u>\$ 9,771</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARK AND RECREATION SCHOLARSHIP FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other.	\$ 5,000	\$ 5,000	\$ 368	\$ (4,632)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>368</u>	<u>(4,632)</u>
Net change in fund balance.	5,000	5,000	368	(4,632)
Fund balance at beginning of year	<u>1,189</u>	<u>1,189</u>	<u>1,189</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 6,189</u>	<u>\$ 6,189</u>	<u>\$ 1,557</u>	<u>\$ (4,632)</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE EXPLORER FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund balance at beginning of year	\$ 377	\$ 377	\$ 377	\$ -
Fund balance at end of year.	<u>\$ 377</u>	<u>\$ 377</u>	<u>\$ 377</u>	<u>\$ -</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 10,825	\$ (64,175)
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>10,825</u>	<u>(64,175)</u>
Expenditures:				
Capital outlay	<u>47,966</u>	<u>47,966</u>	<u>13,791</u>	<u>34,175</u>
Total expenditures	<u>47,966</u>	<u>47,966</u>	<u>13,791</u>	<u>34,175</u>
Net change in fund balance.	27,034	27,034	(2,966)	(30,000)
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated . .	<u>2,966</u>	<u>2,966</u>	<u>2,966</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEMA FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 178,326	\$ 178,326	\$ 13,333	\$ (164,993)
Total revenues	<u>178,326</u>	<u>178,326</u>	<u>13,333</u>	<u>(164,993)</u>
Expenditures:				
Capital outlay	<u>133,596</u>	<u>133,596</u>	<u>46,068</u>	<u>87,528</u>
Total expenditures	<u>133,596</u>	<u>133,596</u>	<u>46,068</u>	<u>87,528</u>
Net change in fund balance.	44,730	44,730	(32,735)	(77,465)
Fund balance at beginning of year	<u>46,068</u>	<u>46,068</u>	<u>46,068</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 90,798</u>	<u>\$ 90,798</u>	<u>\$ 13,333</u>	<u>\$ (77,465)</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUSINESS ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 1,000	\$ 1,000	\$ 240	\$ (760)
Total revenues.	<u>1,000</u>	<u>1,000</u>	<u>240</u>	<u>(760)</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>250</u>	<u>167</u>	<u>83</u>
Total expenditures	<u>-</u>	<u>250</u>	<u>167</u>	<u>83</u>
Net change in fund balance.	1,000	750	73	(677)
Fund balance at beginning of year	<u>275</u>	<u>275</u>	<u>275</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 1,275</u>	<u>\$ 1,025</u>	<u>\$ 348</u>	<u>\$ (677)</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY LODGING TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes	\$ 75,000	\$ 75,000	\$ 20,218	\$ (54,782)
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>20,218</u>	<u>(54,782)</u>
Expenditures:				
Current:				
General government.	50,000	50,000	-	50,000
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance.	25,000	25,000	20,218	(4,782)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 20,218</u>	<u>\$ (4,782)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL OBLIGATION BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes.	\$ 596,508	\$ 596,508	\$ 568,957	\$ (27,551)
Total revenues.	<u>596,508</u>	<u>596,508</u>	<u>568,957</u>	<u>(27,551)</u>
Expenditures:				
Debt service:				
Principal retirement.	370,000	370,000	370,000	-
Interest and fiscal charges.	<u>198,958</u>	<u>198,958</u>	<u>198,957</u>	<u>1</u>
Total expenditures.	<u>568,958</u>	<u>568,958</u>	<u>568,957</u>	<u>1</u>
Net change in fund balance.	27,550	27,550	-	(27,550)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 27,550</u>	<u>\$ 27,550</u>	<u>\$ -</u>	<u>\$ (27,550)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 2,639,003	\$ 2,639,003	\$ 2,990,014	\$ 351,011
Intergovernmental.	2,504,442	2,504,442	1,735,816	(768,626)
Other	4,558,520	4,558,520	386,522	(4,171,998)
Total revenues.	<u>9,701,965</u>	<u>9,701,965</u>	<u>5,112,352</u>	<u>(4,589,613)</u>
Expenditures:				
Capital outlay	14,133,111	15,625,471	4,980,534	10,644,937
Debt service:				
Principal retirement.	7,666,858	7,666,858	7,666,858	-
Interest and fiscal charges.	188,432	188,432	188,432	-
Total expenditures.	<u>21,988,401</u>	<u>23,480,761</u>	<u>12,835,824</u>	<u>10,644,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,286,436)</u>	<u>(13,778,796)</u>	<u>(7,723,472)</u>	<u>6,055,324</u>
Other financing sources:				
Note issued.	11,583,685	11,583,685	7,206,000	(4,377,685)
Premium on notes	-	-	48,624	48,624
Total other financing sources.	<u>11,583,685</u>	<u>11,583,685</u>	<u>7,254,624</u>	<u>(4,329,061)</u>
Net change in fund balance.	(702,751)	(2,195,111)	(468,848)	1,726,263
Fund balance at beginning of year	3,044,592	3,044,592	3,044,592	-
Prior year encumbrances appropriated . . .	<u>774,351</u>	<u>774,351</u>	<u>774,351</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,116,192</u>	<u>\$ 1,623,832</u>	<u>\$ 3,350,095</u>	<u>\$ 1,726,263</u>

CITY OF STOW, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

ENTERPRISE FUNDS

To account for the financing of costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis that are financed or recovered primarily through user charges.

Major Enterprise Funds

Water Fund

This fund accounts for revenues generated from the charges for the treatment and provision of water to the residents and commercial users of the City.

Storm Water Utility Fund

This fund accounts for the provision of storm drainage runoff service to the residents and commercial users located within the City.

INTERNAL SERVICE FUNDS

To account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Nonmajor Internal Service Funds

Administrative Insurance Fund

This fund accounts for the receipt and disbursement of funds to administrate the City's self-funded insurance plan for health, hospitalization and dental coverage and payment of premiums of life, accidental death and dismemberment insurance.

Self- Insurance Fund

This fund accounts for the operation of the City's self-insurance program for employee health benefits.

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Operating revenues:				
Charges for services	\$ 4,954,617	\$ 4,954,617	\$ 4,847,436	\$ (107,181)
Tap-in fees	330,000	330,000	180,571	(149,429)
Other	1,252,700	1,252,700	26,941	(1,225,759)
Total revenues	<u>6,537,317</u>	<u>6,537,317</u>	<u>5,054,948</u>	<u>(1,482,369)</u>
Operating expenses:				
Personal services.	1,177,353	1,160,383	865,917	294,466
Materials and supplies	168,074	165,651	125,253	40,398
Contractual services	3,615,677	3,746,914	2,560,938	1,185,976
Other	119,674	117,949	11,870	106,079
Capital outlay	2,678,348	2,639,743	965,462	1,674,281
Total expenses	<u>7,759,126</u>	<u>7,830,640</u>	<u>4,529,440</u>	<u>3,301,200</u>
Operating income (loss)	<u>(1,221,809)</u>	<u>(1,293,323)</u>	<u>525,508</u>	<u>1,818,831</u>
Nonoperating revenues (expenses):				
Intergovernmental	1,211,000	1,211,000	106,378	(1,104,622)
Loans issued	-	-	36,335	36,335
Notes issued	3,500,000	3,500,000	2,064,000	(1,436,000)
Premium on notes issued.	-	-	12,995	12,995
Transfers in	1,055,000	1,055,000	-	(1,055,000)
Debt service:				
Principal retirement	(4,818,192)	(4,748,744)	(2,526,386)	2,222,358
Interest and fiscal charges.	(143,287)	(141,222)	(78,776)	62,446
Total nonoperating revenues (expenses).	<u>804,521</u>	<u>876,034</u>	<u>(385,454)</u>	<u>(1,261,488)</u>
Net change in fund equity	(417,288)	(417,289)	140,054	557,343
Fund equity at beginning of year.	1,863,155	1,863,155	1,863,155	-
Prior year encumbrances appropriated	<u>1,067,750</u>	<u>1,067,750</u>	<u>1,067,750</u>	<u>-</u>
Fund equity (deficit) at end of year	<u>\$ 2,513,617</u>	<u>\$ 2,513,616</u>	<u>\$ 3,070,959</u>	<u>\$ 557,343</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORM WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 748,500	\$ 748,500	\$ 734,704	\$ (13,796)
Total revenues	<u>748,500</u>	<u>748,500</u>	<u>734,704</u>	<u>(13,796)</u>
Operating expenses:				
Personal services.	184,949	184,872	153,855	31,017
Materials and supplies	45,366	45,347	41,756	3,591
Contractual services	308,399	308,753	301,519	7,234
Other	36,243	36,228	35,434	794
Capital outlay	<u>577,285</u>	<u>577,042</u>	<u>57,674</u>	<u>519,368</u>
Total expenses	<u>1,152,242</u>	<u>1,152,242</u>	<u>590,238</u>	<u>562,004</u>
Operating income (loss)	<u>(403,742)</u>	<u>(403,742)</u>	<u>144,466</u>	<u>548,208</u>
Nonoperating revenues:				
Investment income.	1,500	1,500	-	(1,500)
Notes issued	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Total nonoperating revenues	<u>501,500</u>	<u>501,500</u>	<u>-</u>	<u>(501,500)</u>
Net change in fund equity	97,758	97,758	144,466	46,708
Fund equity at beginning of year.	50,258	50,258	50,258	-
Prior year encumbrances appropriated	<u>484</u>	<u>484</u>	<u>484</u>	<u>-</u>
Fund equity (deficit) at end of year	<u>\$ 148,500</u>	<u>\$ 148,500</u>	<u>\$ 195,208</u>	<u>\$ 46,708</u>

CITY OF STOW, OHIO

*COMBINING STATEMENT OF NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
DECEMBER 31, 2005*

	Administrative Insurance	Self-Insurance	Total Nonmajor Internal Service Funds
	<hr/>	<hr/>	<hr/>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 41,420	\$ 1,533,708	\$ 1,575,128
Receivables (net of allowance for uncollectibles):			
Accounts	-	80,896	80,896
	<hr/>	<hr/>	<hr/>
Total assets	41,420	1,614,604	1,656,024
	<hr/>	<hr/>	<hr/>
Liabilities:			
Current liabilities:			
Claims payable.	-	318,095	318,095
	<hr/>	<hr/>	<hr/>
Total liabilities	-	318,095	318,095
	<hr/>	<hr/>	<hr/>
Net assets:			
Unrestricted	41,420	1,296,509	1,337,929
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 41,420	\$ 1,296,509	\$ 1,337,929
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Administrative Insurance	Self-Insurance	Total Nonmajor Internal Service Funds
Operating revenues:			
Charges for services	\$ 339,496	\$ 2,035,127	\$ 2,374,623
Total operating revenues	<u>339,496</u>	<u>2,035,127</u>	<u>2,374,623</u>
Operating expenses:			
Contract services	320,914	-	320,914
Claims	<u>-</u>	<u>1,780,207</u>	<u>1,780,207</u>
Total operating expenses.	<u>320,914</u>	<u>1,780,207</u>	<u>2,101,121</u>
Operating income/changes in net assets.	18,582	254,920	273,502
Net assets at beginning of year	<u>22,838</u>	<u>1,041,589</u>	<u>1,064,427</u>
Net assets at end of year.	<u>\$ 41,420</u>	<u>\$ 1,296,509</u>	<u>\$ 1,337,929</u>

CITY OF STOW, OHIO

*COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Administrative Insurance</u>	<u>Self-Insurance</u>	<u>Total Nonmajor Internal Service Funds</u>
Cash flows from operating activities:			
Cash received from customers.	\$ 339,496	\$ 1,957,055	\$ 2,296,551
Cash payments for contract services	(323,614)	-	(323,614)
Cash payments for claims.	-	(1,850,044)	(1,850,044)
Net cash provided by operating activities	<u>15,882</u>	<u>107,011</u>	<u>122,893</u>
Net increase in cash and cash equivalents.	15,882	107,011	122,893
Cash and cash equivalents at beginning of year	<u>25,538</u>	<u>1,426,697</u>	<u>1,452,235</u>
Cash and cash equivalents at end of year	<u>\$ 41,420</u>	<u>\$ 1,533,708</u>	<u>\$ 1,575,128</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 18,582	\$ 254,920	\$ 273,502
Changes in assets and liabilities:			
(Increase) in accounts receivable	-	(78,072)	(78,072)
(Decrease) in accounts payable.	(2,700)	-	(2,700)
(Decrease) in claims payable	-	(69,837)	(69,837)
Net cash provided by operating activities.	<u>\$ 15,882</u>	<u>\$ 107,011</u>	<u>\$ 122,893</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADMINISTRATIVE INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 464,530	\$ 464,530	\$ 339,496	\$ (125,034)
Total revenues	<u>464,530</u>	<u>464,530</u>	<u>339,496</u>	<u>(125,034)</u>
Operating expenses:				
Contractual services	342,894	367,894	323,614	44,280
Total expenses	<u>342,894</u>	<u>367,894</u>	<u>323,614</u>	<u>44,280</u>
Net change in fund equity	121,636	96,636	15,882	(80,754)
Fund equity at beginning of year.	<u>25,538</u>	<u>25,538</u>	<u>25,538</u>	<u>-</u>
Fund equity at end of year	<u>\$ 147,174</u>	<u>\$ 122,174</u>	<u>\$ 41,420</u>	<u>\$ (80,754)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SELF-INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 2,453,950	\$ 2,453,950	\$ 1,957,576	\$ (496,374)
Total revenues	<u>2,453,950</u>	<u>2,453,950</u>	<u>1,957,576</u>	<u>(496,374)</u>
Operating expenses:				
Claims	<u>3,290,246</u>	<u>3,290,246</u>	<u>1,850,043</u>	<u>1,440,203</u>
Total expenses	<u>3,290,246</u>	<u>3,290,246</u>	<u>1,850,043</u>	<u>1,440,203</u>
Net change in fund equity	(836,296)	(836,296)	107,533	943,829
Fund equity at beginning of year.	<u>1,426,175</u>	<u>1,426,175</u>	<u>1,426,175</u>	<u>-</u>
Fund equity at end of year	<u>\$ 589,879</u>	<u>\$ 589,879</u>	<u>\$ 1,533,708</u>	<u>\$ 943,829</u>

CITY OF STOW, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the City in a trustee capacity, or as an agency for individuals, private organizations, other governments and/or funds. The following are the City's fiduciary fund types:

Private Purpose Trust Funds

Private purpose trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The following are the City's Private Purpose Trust Funds.

Stutler Scholarship Fund

To account for donations in memory of Police Officer Stutler to provide scholarships.

Wells Perkins Cemetery Fund

To account for funds bequeathed to the City for Cemetery upkeep.

Tonachio Education Memorial Fund

To account for donations in memory of Kathy Tonachio to provide scholarships.

Agency Fund

Agency funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results. The following are the City's agency funds.

Road Construction Bonds

To account for deposits from contractors, held by the City to insure compliance with the contract.

Allotment Deposits

To account for deposits from subdivision developers for engineering oversight.

Miscellaneous Service Deposits

To account for various service department non-recurring deposits.

Bond Forfeitures

To account for forfeitures of bonds by developers and/or contractors.

Park and Recreation Deposits

To account for the receipt and subsequent refund of Parks and Recreation deposit monies for rentals to cover extraordinary events or damages.

Other Agency Funds

Payroll Advance Rotary
Well Performance Bond
Police Forfeited Cash

Police Drug Forfeiture Cash
Ohio BBS 3% Surcharge
Unclaimed Money Fund

CITY OF STOW, OHIO

*COMBINING STATEMENT OF NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
DECEMBER 31, 2005*

	<u>Stutler Scholarship Fund</u>	<u>Wells Perkins Cemetery</u>	<u>Tonachio Education Memorial Fund</u>	<u>Total Private Purpose Trust</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 450	\$ 500	\$ 300	\$ 1,250
Total assets	<u>450</u>	<u>500</u>	<u>300</u>	<u>1,250</u>
Net assets:				
Held in trust.	<u>450</u>	<u>500</u>	<u>300</u>	<u>1,250</u>
Total net assets.	<u><u>\$ 450</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 300</u></u>	<u><u>\$ 1,250</u></u>

CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Stutler Scholarship Fund	Wells Perkins Cemetery	Tonachio Education Memorial Fund	Totals
Additions:				
Contributions	\$ -	\$ -	\$ 300	\$ 300
Total additions	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Changes in net assets	-	-	300	300
Net assets at beginning of year	<u>450</u>	<u>500</u>	<u>-</u>	<u>950</u>
Net assets at end of year	<u><u>\$ 450</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 300</u></u>	<u><u>\$ 1,250</u></u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUTLER SCHOLARSHIP FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund equity at beginning of year	\$ 450	\$ 450	\$ 450	\$ -
Fund equity at end of year.	<u>\$ 450</u>	<u>\$ 450</u>	<u>\$ 450</u>	<u>\$ -</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WELLS PERKINS CEMETERY
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund equity at beginning of year	\$ 500	\$ 500	\$ 500	\$ -
Fund equity at end of year.	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TONACHIO EDUCATION MEMORIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Additions:				
Contributions	\$ -	\$ -	\$ 300	\$ 300
Total operating revenues	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Change in net assets	-	-	300	300
Fund equity at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 300</u></u>	<u><u>\$ 300</u></u>

CITY OF STOW, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Beginning Balance 12/31/2004	Additions	Reductions	Ending Balance 12/31/2005
Road Construction Bonds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 366,095	\$ 56,100	\$ 23,800	\$ 398,395
Total assets.	<u>\$ 366,095</u>	<u>\$ 56,100</u>	<u>\$ 23,800</u>	<u>\$ 398,395</u>
Liabilities:				
Undistributed monies	\$ 366,095	\$ 56,100	\$ 23,800	\$ 398,395
Total liabilities	<u>\$ 366,095</u>	<u>\$ 56,100</u>	<u>\$ 23,800</u>	<u>\$ 398,395</u>
Allotment Deposits				
Assets:				
Equity in pooled cash and cash equivalents	\$ 114,789	\$ 15,565	\$ 17,785	\$ 112,569
Total assets.	<u>\$ 114,789</u>	<u>\$ 15,565</u>	<u>\$ 17,785</u>	<u>\$ 112,569</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,189	\$ -	\$ 2,189
Undistributed monies	114,789	13,376	17,785	110,380
Total liabilities	<u>\$ 114,789</u>	<u>\$ 15,565</u>	<u>\$ 17,785</u>	<u>\$ 112,569</u>
Miscellaneous Service Deposits				
Assets:				
Equity in pooled cash and cash equivalents	\$ 9,298	\$ -	\$ -	\$ 9,298
Total assets.	<u>\$ 9,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,298</u>
Liabilities:				
Undistributed monies	\$ 9,298	\$ -	\$ -	\$ 9,298
Total liabilities	<u>\$ 9,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,298</u>
Bond Forfeitures				
Assets:				
Equity in pooled cash and cash equivalents	\$ 20,557	\$ -	\$ -	\$ 20,557
Total assets.	<u>\$ 20,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,557</u>
Liabilities:				
Deposits held and due to others	\$ 20,557	\$ -	\$ -	\$ 20,557
Total liabilities	<u>\$ 20,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,557</u>

- - Continued

CITY OF STOW, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Beginning Balance 12/31/2004	Additions	Reductions	Ending Balance 12/31/2005
Park and Recreation Deposits				
Assets:				
Equity in pooled cash and cash equivalents	\$ 77,901	\$ 240,431	\$ 239,521	\$ 78,811
Total assets.	<u>\$ 77,901</u>	<u>\$ 240,431</u>	<u>\$ 239,521</u>	<u>\$ 78,811</u>
Liabilities:				
Undistributed monies	\$ 77,901	\$ 240,431	\$ 239,521	\$ 78,811
Total liabilities	<u>\$ 77,901</u>	<u>\$ 240,431</u>	<u>\$ 239,521</u>	<u>\$ 78,811</u>
Payroll Advance Rotary				
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 100	\$ 100	\$ -
Total assets.	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>
Liabilities:				
Undistributed monies	\$ -	\$ 100	\$ 100	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>
Well Performance Bond				
Assets:				
Equity in pooled cash and cash equivalents	\$ 40,000	\$ -	\$ -	\$ 40,000
Total assets.	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Liabilities:				
Undistributed monies	\$ 40,000	\$ -	\$ -	\$ 40,000
Total liabilities	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Police Forfeited Cash				
Assets:				
Equity in pooled cash and cash equivalents	\$ 929	\$ -	\$ -	\$ 929
Total assets.	<u>\$ 929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929</u>
Liabilities:				
Undistributed monies	\$ 929	\$ -	\$ -	\$ 929
Total liabilities	<u>\$ 929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929</u>

-- Continued

CITY OF STOW, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Beginning Balance 12/31/2004	Additions	Reductions	Ending Balance 12/31/2005
Police Drug Forfeiture Cash				
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,857	\$ 4,779	\$ 5,369	\$ 4,267
Intergovernmental receivable	150	-	150	-
Total assets.	<u>\$ 5,007</u>	<u>\$ 4,779</u>	<u>\$ 5,519</u>	<u>\$ 4,267</u>
Liabilities:				
Undistributed monies	\$ 5,007	\$ 4,779	\$ 5,519	\$ 4,267
Total liabilities	<u>\$ 5,007</u>	<u>\$ 4,779</u>	<u>\$ 5,519</u>	<u>\$ 4,267</u>
Ohio BBS 3% Surcharge				
Assets:				
Equity in pooled cash and cash equivalents	\$ 63	\$ 3,840	\$ 3,759	\$ 144
Total assets.	<u>\$ 63</u>	<u>\$ 3,840</u>	<u>\$ 3,759</u>	<u>\$ 144</u>
Liabilities:				
Undistributed monies	\$ 63	\$ 3,840	\$ 3,759	\$ 144
Total liabilities	<u>\$ 63</u>	<u>\$ 3,840</u>	<u>\$ 3,759</u>	<u>\$ 144</u>
Unclaimed Money Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ 9,842	\$ 2,080	\$ 4,232	\$ 7,690
Total assets.	<u>\$ 9,842</u>	<u>\$ 2,080</u>	<u>\$ 4,232</u>	<u>\$ 7,690</u>
Liabilities:				
Undistributed monies	\$ 9,842	\$ 2,080	\$ 4,232	\$ 7,690
Total liabilities	<u>\$ 9,842</u>	<u>\$ 2,080</u>	<u>\$ 4,232</u>	<u>\$ 7,690</u>
Total Agency				
Assets:				
Equity in pooled cash and cash equivalents	\$ 644,331	\$ 322,895	\$ 294,566	\$ 672,660
Intergovernmental receivable	150	-	150	-
Total assets.	<u>\$ 644,481</u>	<u>\$ 322,895</u>	<u>\$ 294,716</u>	<u>\$ 672,660</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,189		\$ 2,189
Undistributed monies	644,481	320,706	294,716	670,471
Total liabilities	<u>\$ 644,481</u>	<u>\$ 322,895</u>	<u>\$ 294,716</u>	<u>\$ 672,660</u>

STATISTICAL SECTION

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CITY OF STOW, OHIO

*GOVERNMENTAL FUND TYPE EXPENDITURES BY FUNCTION
LAST TEN CALENDAR YEARS*

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenditures				
Current:				
General government	\$ 4,980,022	\$ 4,662,459	\$ 4,337,419	\$ 4,038,069
Security of persons and property	10,720,669	10,613,717	10,107,920	8,874,918
Public health.	384,994	405,931	435,598	469,082
Transportation	2,922,095	2,856,791	2,542,914	2,352,871
Community environment.	1,329,499	1,293,809	1,163,616	1,132,509
Leisure time activities	1,756,686	1,712,128	1,646,323	1,486,482
Other	-	-	3,863	6,389
Capital outlay	4,976,831	7,333,364	12,567,939	10,434,356
Debt service:				
Principal retirement	12,511,858	14,134,662	15,627,361	180,000
Interest and fiscal charges	499,341	475,179	735,296	382,395
Issuance costs	-	141,726	-	-
Total	<u>\$ 40,081,995</u>	<u>\$ 43,629,766</u>	<u>\$ 49,168,249</u>	<u>\$ 29,357,071</u>

Source: City of Stow financial statements.

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$	3,787,262	\$ 3,455,250	\$ 3,120,550	\$ 3,354,777	\$ 3,236,358	\$ 2,965,849
	8,732,322	7,833,280	7,241,474	6,710,720	6,324,247	5,991,745
	462,594	468,329	442,050	433,642	260,916	264,690
	2,217,758	2,384,678	2,063,396	1,790,751	1,819,073	1,807,235
	1,096,685	1,119,854	909,323	417,785	755,069	756,368
	1,492,171	1,501,736	1,388,987	1,329,193	1,233,273	1,204,439
	23,224	50,973	-	-	-	-
	5,548,763	3,649,212	2,057,286	2,434,015	1,438,240	1,608,572
	315,000	225,000	215,000	200,000	190,000	195,000
	402,683	414,308	428,908	499,316	532,392	578,347
	-	-	-	-	-	-
\$	<u>24,078,462</u>	<u>\$ 21,102,620</u>	<u>\$ 17,866,974</u>	<u>\$ 17,170,199</u>	<u>\$ 15,789,568</u>	<u>\$ 15,372,245</u>

CITY OF STOW, OHIO

*GOVERNMENTAL FUND TYPE REVENUES BY SOURCE
LAST TEN CALENDAR YEARS*

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues				
Property and other taxes	\$ 6,830,535	\$ 6,847,919	\$ 6,675,497	\$ 6,133,362
Income taxes	11,832,911	11,422,047	11,167,214	11,281,810
Special assessments	61,809	57,600	53,454	52,917
Charges for services	965,041	1,062,425	977,307	1,043,272
Fines, licenses and permits	875,624	975,553	974,274	692,963
Intergovernmental	6,447,556	5,212,987	5,274,336	4,425,388
Investment income	451,530	215,183	285,379	457,090
Rent	189,731	95,644	-	-
Contributions and donations	1,338	5,697	-	-
Other	883,018	422,376	520,129	718,788
Total	<u>\$ 28,539,093</u>	<u>\$ 26,317,431</u>	<u>\$ 25,927,590</u>	<u>\$ 24,805,590</u>

Source: City of Stow financial statements.

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$	5,984,321	\$ 4,360,593	\$ 4,421,931	\$ 4,599,832	\$ 4,470,272	\$ 3,398,150
	11,221,994	10,939,038	10,256,841	10,148,391	9,541,488	8,636,091
	55,319	56,032	56,788	54,819	54,615	54,482
	837,868	424,981	298,254	274,948	262,153	254,203
	686,027	666,389	866,429	609,740	596,807	567,425
	6,602,441	4,702,144	4,046,790	3,591,199	2,907,420	3,083,574
	574,944	817,719	536,138	430,127	300,429	233,741
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>493,111</u>	<u>347,600</u>	<u>156,232</u>	<u>225,403</u>	<u>125,951</u>	<u>130,108</u>
\$	<u>26,456,025</u>	<u>\$ 22,314,496</u>	<u>\$ 20,639,403</u>	<u>\$ 19,934,459</u>	<u>\$ 18,259,135</u>	<u>\$ 16,357,774</u>

CITY OF STOW, OHIO

*PROPERTY TAX LEVIES AND COLLECTIONS
REAL AND PUBLIC UTILITY TAXES
LAST TEN CALENDAR YEARS*

Year	Current Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collections	Total Collections	Total Collection as a Percent of Current Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy
2005	\$ 7,002,463	\$ 6,829,291	97.53%	\$ -	\$ 6,829,291	97.53%	\$ 23,855	0.34%
2004	6,817,956	6,644,645	97.46%	165,073	6,809,718	99.88%	8,238	0.12%
2003	6,694,114	6,499,566	97.09%	160,251	6,659,817	99.49%	34,297	0.51%
2002	6,102,629	5,791,916	94.91%	144,724	5,936,640	97.28%	165,989	2.72%
2001	5,898,640	5,580,204	94.60%	127,890	5,708,094	96.77%	190,546	3.23%
2000	4,278,289	4,062,677	94.96%	77,990	4,140,667	96.78%	137,622	3.22%
1999	3,985,361	3,801,725	95.39%	84,055	3,885,780	97.50%	99,581	2.50%
1998	3,908,376	3,714,778	95.05%	84,821	3,799,599	97.22%	108,777	2.78%
1997	3,837,411	3,620,923	94.36%	106,111	3,727,034	97.12%	110,377	2.88%
1996	3,119,525	2,925,162	93.77%	74,226	2,999,388	96.15%	120,137	3.85%

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS*

Year	Assessed Value			Total Assessed Value	Estimated Actual Value	Ratio
	Real Property	Public Utility Property	Tangible Personal Property			
2005	\$ 726,040,350	\$ 11,035,980	\$ 35,360,828	772,437,158	\$ 2,228,385,196	34.66%
2004	705,710,080	10,855,300	47,772,680	764,338,060	2,219,740,802	34.43%
2003	693,300,320	11,361,260	51,014,864	755,676,444	2,197,828,036	34.38%
2002	611,933,190	10,647,060	54,307,489	676,887,739	1,977,709,431	34.23%
2001	588,277,820	13,019,160	53,892,421	655,189,401	1,911,157,955	34.28%
2000	567,191,520	14,630,840	53,811,583	635,633,943	1,850,424,372	34.35%
1999	526,516,730	14,428,370	52,133,728	593,078,828	1,727,296,796	34.34%
1998	512,961,810	14,557,040	50,150,238	577,669,088	1,680,763,163	34.37%
1997	496,489,730	14,797,730	43,318,973	554,606,433	1,606,615,708	34.52%
1996	402,622,020	15,296,120	40,995,870	458,914,010	1,329,628,229	34.51%

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN CALENDAR YEARS*

<u>Collection Year</u>	<u>General Operating</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>EMS</u>	<u>Total City Levy</u>	<u>Stow City School District</u>	<u>Summit County</u>	<u>Total Direct and Overlapping Governments</u>
2005	\$ 6.60	\$ 0.30	\$ 0.30	\$ 2.30	\$ 9.50	\$ 47.88	\$ 13.07	\$ 70.45
2004	6.60	0.30	0.30	2.30	9.50	47.93	13.07	70.50
2003	6.60	0.30	0.30	2.30	9.50	48.32	13.07	70.89
2002	6.60	0.30	0.30	2.30	9.50	45.74	13.07	68.31
2001	6.60	0.30	0.30	2.30	9.50	46.44	13.07	69.01
2000	6.60	0.30	0.30	-	7.20	46.44	13.07	66.71
1999	6.60	0.30	0.30	-	7.20	47.64	12.27	67.11
1998	6.60	0.30	0.30	-	7.20	47.74	11.65	66.59
1997	6.60	0.30	0.30	-	7.20	49.34	11.39	67.93
1996	6.60	0.30	0.30	-	7.20	52.41	13.99	73.60

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

*SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN CALENDAR YEARS*

Collection Year	Current Levy	Current Collection	Total Collection as a Percentage of Current Levy	Total Delinquent Tax
2005	\$ 128,900	\$ 103,704	80.45%	\$ 25,196
2004	106,418	96,912	91.07%	12,612
2003	88,887	86,186	96.96%	2,701
2002	51,326	49,629	96.69%	1,697
2001	57,834	55,319	95.65%	2,515
2000	58,392	56,032	95.96%	2,360
1999	57,512	55,815	97.05%	1,697
1998	57,447	54,819	95.43%	2,628
1997	56,909	54,615	95.97%	2,294
1996	56,568	54,482	96.31%	2,086

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

*COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005*

Assesed Valuation (2005)		\$ 772,437,158
Overall Debt Limitation:		
10.5% of Assesed Value (1)		81,105,902
Outstanding Debt:		
General Obligation Debt	\$ 19,075,000	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>-</u>	
Net Debt Within 10.5% Limitation		<u>19,075,000</u>
Overall Debt Margin Within 10.5% Limitation		<u>\$ 62,030,902</u>
:*****:		
Unvoted Debt Limitation - 5.5% of Assesed Valuation (1)		\$ 42,484,044
Gross Indebtedness Authorized by Council	\$ 19,075,000	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>-</u>	
Debt Within 5.5% Limitations	19,075,000	
Less Amount Available in Debt Service Fund	<u>-</u>	
Net Debt Within 5.5% Limitation		<u>19,075,000</u>
Unvoted Debt Margin Within 5.5% Limitation		<u>\$ 23,409,044</u>

Source: Summit County Fiscal Officer and City Financial Records.

(1) Ohio Bond Law sets a limit of 10.5% of assessed value for voted debt and 5.5% for unvoted debt.

CITY OF STOW, OHIO

*RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO
ASSESSSED VALUATION AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN CALENDAR YEARS*

Year	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Assessed Valuation	Population	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2005	\$ 5,730,000	\$ -	\$ 5,730,000	\$ 772,437,158	34,498	0.74%	166.10
2004	6,100,000	-	6,100,000	764,338,060	34,394	0.80%	177.36
2003	5,820,000	-	5,820,000	755,676,444	34,290	0.77%	169.73
2002	6,015,000	-	6,015,000	676,887,739	33,808	0.89%	177.92
2001	6,195,000	-	6,195,000	655,108,563	33,577	0.95%	184.50
2000	6,360,000	-	6,360,000	635,633,943	32,139	1.00%	197.89
1999	6,510,000	-	6,510,000	593,078,828	32,162	1.10%	202.41
1998	6,650,000	-	6,650,000	577,669,088	31,762	1.15%	209.37
1997	6,775,000	1,502	6,773,498	554,606,433	30,833	1.22%	219.68
1996	6,890,000	1,502	6,888,498	458,914,010	30,766	1.50%	223.90

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

*RATIO OF ANNUAL DEBT PRINCIPAL EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL
GOVERNMENTAL FUND TYPE EXPENDITURES
LAST TEN CALENDAR YEARS*

<u>Year</u>	<u>Principal</u>	<u>Total Governmental Fund Type Expenditures</u>	<u>Ratio of Debt Service to Governmental Expenditures</u>
2005	\$ 370,000	\$ 40,081,995	0.92%
2004	340,000	43,629,766	0.78%
2003	195,000	49,168,249	0.40%
2002	180,000	29,357,071	0.61%
2001	165,000	24,078,462	0.69%
2000	150,000	21,102,620	0.71%
1999	140,000	17,866,974	0.78%
1998	125,000	17,170,199	0.73%
1997	115,000	15,789,568	0.73%
1996	120,000	15,372,245	0.78%

Source: City of Stow financial statements.

CITY OF STOW, OHIO

*COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT
DECEMBER 31, 2005*

Jurisdiction	Unvoted Debt	Valuation of Entity	Overlapping Valuation of the City	Percentage Applicable to the City (1)	Unvoted Debt Applicable to the City
Direct:					
City of Stow	\$ 19,075,000	\$ 772,437,158	\$ 772,437,158	100.00%	\$ 19,075,000
Overlapping Debt:					
Stow-Munroe Falls City School District	3,615,000	889,802,048	772,437,158	86.81%	3,138,182
Summit County	121,546,392	11,957,231,548	772,437,158	6.46%	7,851,897
Metro Transit	<u>1,345,000</u>	11,957,231,548	772,437,158	6.46%	<u>86,887</u>
Total Overlapping Debt	<u>126,506,392</u>				<u>11,076,966</u>
Total Direct and Overlapping Debt	<u>\$ 145,581,392</u>				<u>\$ 30,151,966</u>

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

*DEMOGRAPHIC STATISTICS
LAST TEN CALENDER YEARS*

Year	Population (1)	(000's)	(000's)	Unemployment Rate (2)				School Enrollment (3)	Average Residential Sales Price	
		Employed in County (2)	Employed in MSA (2)	County	MSA	State	United States		City (4)	County (4)
2005	34,498	274.1	358	5.8%	5.7%	5.9%	5.1%	6,080	\$ 173,175	\$ 169,926
2004	34,394	266.8	371	6.1%	6.0%	6.1%	5.8%	6,076	164,902	154,269
2003	34,290	290.7	377	5.7%	5.7%	6.1%	6.0%	6,001	154,662	142,868
2002	33,808	275.1	350	6.1%	5.2%	6.1%	5.8%	5,836	150,135	133,790
2001	33,557	270.7	352	4.3%	4.6%	4.3%	4.8%	6,018	147,450	133,766
2000	32,139	282.1	335	4.0%	4.0%	4.1%	4.0%	5,964	148,688	142,789
1999	32,162	281.4	331	4.2%	4.2%	4.3%	4.2%	6,001	133,887	117,327
1998	31,762	277.7	325	4.0%	4.0%	4.3%	4.5%	6,075	136,121	110,296
1997	30,833	281.3	322	4.4%	4.3%	4.6%	4.9%	6,105	123,146	100,809
1996	30,766	278.8	319	4.6%	4.6%	4.9%	5.4%	6,150	120,948	102,677

MSA = Metropolitan Statistical Area

Source:

- (1) U.S. Census Estimates, City of Stow
- (2) Ohio Bureau of Employment Services, U.S. Department of Labor and Bureau of Labor Statistics
- (3) Stow-Munroe Falls City School District
- (4) Summit County Fiscal Officer

CITY OF STOW, OHIO

*PROPERTY VALUE AND CONSTRUCTION ACTIVITY
LAST TEN CALENDAR YEARS*

Year	Total Assessed Valuation (1)	Value of Building Permits Issued (2)		
		Agriculture Residential	Commercial Industrial	Total
2005	\$ 772,437,158	\$ 20,482,990	\$ 7,907,410	\$ 28,390,400
2004	767,580,244	37,425,529	17,900,362	55,325,891
2003	755,676,444	32,400,571	10,693,491	43,094,062
2002	676,887,739	34,165,164	18,435,178	52,600,342
2001	655,108,563	20,662,121	17,860,352	38,522,473
2000	635,633,943	49,987,381	21,773,449	71,760,830
1999	593,078,828	41,900,006	21,738,541	63,638,547
1998	577,669,088	35,599,140	24,811,952	60,411,092
1997	554,606,433	18,099,274	13,813,689	31,912,963
1996	458,914,010	24,652,986	20,745,384	45,398,370

Source:

(1) Summit County Fiscal Officer

(2) City of Stow Building Department

CITY OF STOW, OHIO

*PRINCIPAL TAXPAYERS
REAL ESTATE TAX
DECEMBER 31, 2005*

Taxpayer	Assessed Valuation	Percent of Total Assessed Value of Real Property	Percent of Total Assessed Valuation
Heron Springs Associates, LLC	\$ 8,776,140	1.21%	1.14%
DDR Ohio Opportunity II, LLC	7,671,280	1.06%	0.99%
Wyndham Ridge, Ltd.	7,031,850	0.97%	0.91%
Stow-Glen Properties	4,388,800	0.60%	0.57%
Morgan Adhesives Company	4,109,550	0.57%	0.53%
Steels Corners Apartment Company Ltd.	4,078,020	0.56%	0.53%
Marcliff Hidden Lake Apartments Limited	3,863,760	0.53%	0.50%
Stow Associates	3,569,890	0.49%	0.46%
Stow Falls Retail Limited Partnership	2,538,490	0.35%	0.33%
WalMart Real Estate Business Trust	2,439,030	0.34%	0.32%
Total	\$ 48,466,810	6.68%	6.28%
Total Assessed Value of Real Property	\$ 726,040,350		
Total Assessed Value	\$ 772,437,158		

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

*PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX
DECEMBER 31, 2005*

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Value of Personal Property</u>	<u>Percent of Total Assessed Valuation</u>
Morgan Adhesives	\$ 6,271,730	17.74%	0.81%
Audio-Technican U.S. Inc.	2,334,370	6.60%	0.30%
Tamarkin Company	2,139,690	6.05%	0.28%
Marhofer Chevrolet, Inc.	1,950,190	5.52%	0.25%
Lowe's Home Centers, Inc.	1,582,140	4.47%	0.20%
Wal Mart Stores East, Inc.	1,519,180	4.30%	0.20%
Wrayco Industries, Inc.	1,488,830	4.21%	0.19%
GoJo Industries Inc.	1,216,150	3.44%	0.16%
Saint Gobain Norpro Corp.	1,023,550	2.89%	0.13%
Akrochem Corp.	943,320	2.67%	0.12%
Total	<u>\$ 20,469,150</u>	<u>57.89%</u>	<u>2.64%</u>
Total Assessed Value of Tangible Personal Property	<u>\$ 35,360,828</u>		
Total Assessed Value	<u>\$ 772,437,158</u>		

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

*MISCELLANEOUS STATISTICS
DECEMBER 31, 2005*

Date of Incorporation as a Village	January, 1957
Date of Incorporation as a City	January, 1960
City Charter adopted	November, 1958
Form of Government	Mayor/Council
Area (Square Miles)	17.00
Miles of Streets:	
City lane miles	293 miles
State highway miles	48 miles
Number of intersections with street lights	47
Fire Protection:	
Number of Stations	3
Number of Sworn Firefighters	53
Police Protection:	
Number of Stations	1
Number of Sworn Police Officers	38
Building:	
2005 Permits issued	730
2005 Valuation of construction	\$ 28,390,400
Parks and Recreation:	
Number of community parks	4
Number of neighborhood parks	6
Number of acres in parks system	407.75
Number of lodges	4
Number of tennis courts	4
Number of volleyball courts	1
Number of camp sites	27
Number of soccer/baseball fields	13
Number of basketball courts	5

Source: City of Stow Records



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**CITY OF STOW
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
SEPTEMBER 7, 2006**