

Dave Yost · Auditor of State

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

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Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2011 wherein we noted the District restated governmental fund balances due to implementing GASB Statement 54. 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Stow-Munroe City School District
Summit County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 30, 2011.

We intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

December 30, 2011



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Stow-Munroe Falls City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Stow-Munroe Falls City School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 District'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 District's compliance with those requirements.

In our opinion, the Stow-Munroe Falls City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Stow-Munroe Falls City School District
Summit County
Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 2

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District'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 opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

Federal Awards Receipts and Expenditures Schedule

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011 wherein we noted the District implemented GASB 54. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Stow-Munroe Falls City School District
Summit County
Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 3

We intend this report solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

December 30, 2011

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Federal CFDA Number | Pass-through Grant Number | Receipts | Non-Cash Receipts | Expenditures | Non-Cash Expenditures |
|--|------------------------------------|--|-----------------|------------------------------|---------------------|----------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | | | |
| (C) Child Nutrition Cluster: | | | | | | |
| Non-Cash Assistance (Food Distribution): | | | | | | |
| (A) National School Lunch Program | 10.555 | n/a | \$ - | \$ 74,224 | \$ - | \$ 74,224 |
| Cash Assistance: | | | | | | |
| (B) School Breakfast Program | 10.553 | 102595-3L70-2010 | 30,869 | - | 30,869 | - |
| (B) National School Lunch Program | 10.555 | 102595-3L60-2010 | 422,465 | - | 442,465 | - |
| Cash Assistance Total | | | 453,334 | - | 473,334 | - |
| Total Child Nutrition Cluster | | | 453,334 | 74,224 | 473,334 | 74,224 |
| Total U.S. Department of Agriculture | | | 453,334 | 74,224 | 473,334 | 74,224 |
| U.S. DEPARTMENT OF EDUCATION | | | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | | | |
| Title I, Part A Cluster: | | | | | | |
| (E) Title I Grants to Local Education Agencies | 84.010 | 102595-3M00-2010 | 22,588 | - | 56,891 | - |
| (E) Title I Grants to Local Education Agencies | 84.010 | 102595-3M00-2011 | 467,450 | - | 340,208 | - |
| ARRA - Title I Grants to Local Education Agencies | 84.389 | 102595-3DK0-2010 | - | - | 33,256 | - |
| ARRA - Title I Grants to Local Education Agencies | 84.389 | 102595-3DK0-2011 | 191,350 | - | 17,797 | - |
| Total Title I, Part A Cluster | | | 681,388 | - | 448,152 | - |
| Special Education Cluster: | | | | | | |
| (E) Special Education Grants to States, IDEA-B | 84.027 | 102595-3M20-2010 | 103,371 | - | 131,380 | - |
| (E) Special Education Grants to States, IDEA-B | 84.027 | 102595-3M20-2011 | 1,147,414 | - | 1,099,195 | - |
| ARRA-Special Education Grants to States, IDEA-B | 84.391 | 102595-3DJ0-2010 | - | - | 62,890 | - |
| ARRA-Special Education Grants to States, IDEA-B | 84.391 | 102595-3DJ0-2011 | 239,556 | - | 214,624 | - |
| (E) Special Education Preschool Grants, IDEA-B | 84.173 | 102595-3C50-2010 | - | - | - | - |
| (E) Special Education Preschool Grants, IDEA-B | 84.173 | 102595-3C50-2011 | 17,573 | - | 18,015 | - |
| ARRA - Special Education Preschool Grants, IDEA-B | 84.392 | 102595-3DL0-2011 | 34,830 | - | 5,308 | - |
| Total Special Education Cluster | | | 1,542,744 | - | 1,531,412 | - |
| Safe and Drug Free Schools and Communities State Grants, Title IV-A | 84.186 | 102595-3D10-2010 | 6,309 | - | 3,200 | - |
| Safe and Drug Free Schools and Communities State Grants, Title IV-A | 84.186 | 102595-3D10-2011 | 1,081 | - | 1,081 | - |
| | | | 7,390 | - | 4,281 | - |
| Educational Technology State Grants, Title II-D | 84.318 | 102595-3S20-2010 | 6,566 | - | - | - |
| Educational Technology State Grants, Title II-D | 84.318 | 102595-3S20-2011 | 3,922 | - | 4,522 | - |
| | | | 10,488 | - | 4,522 | - |
| (E) English Language Acquisition Grants, Title III | 84.365 | 102595-3Y70-2010 | 11,710 | - | 12,145 | - |
| (E) English Language Acquisition Grants, Title III | 84.365 | 102595-3Y70-2010 | 13,220 | - | 12,388 | - |
| | | | 24,930 | - | 24,533 | - |
| (E) Improving Teacher Quality State Grants, Title II-A | 84.367 | 102595-3Y60-2010 | - | - | 222 | - |
| (E) Improving Teacher Quality State Grants, Title II-A | 84.367 | 102595-3Y60-2011 | 102,201 | - | 128,300 | - |
| | | | 102,201 | - | 128,522 | - |
| ARRA - State Fiscal Stabilization Fund - Education State Grants | 84.394 | 102595-GRF-2010 | - | - | 14,668 | - |
| ARRA - State Fiscal Stabilization Fund - Education State Grants | 84.394 | 102595-GRF-2011 | 1,147,980 | - | 1,147,980 | - |
| | | | 1,147,980 | - | 1,162,648 | - |
| Education Jobs Fund | 84.410 | 102595-3ET0-2011 | 816,070 | - | 816,070 | - |
| <i>Passed Through Ohio Department of Education</i> | | | 4,333,191 | - | 4,120,140 | - |
| <i>Passed Through Six District Educational Compact</i> | | | | | | |
| (D) Career and Technical Education - Basic Grants to States | 84.048 | n/a | 39,000 | - | 39,000 | - |
| Total U.S. Department of Education | | | 4,372,191 | - | 4,159,140 | - |
| Total Federal Financial Assistance | | | \$ 4,825,525 | \$ 74,224 | \$ 4,632,474 | \$ 74,224 |

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

- (A) The Food Donation Program is a non-cash, in kind, Federal grant. Commodities are valued at entitlement values.
- (B) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (C) This Schedule was prepared on the cash basis of accounting.
- (D) Passed through the Six District Educational Compact.
- (E) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th); however, with Ohio Department of Education's ("ODE") approval, a district can transfer unspent Federal assistance to the succeeding year, thus allowing the district to have a total of 27 months to spend the assistance. During fiscal year 2011, the ODE authorized the following transfers:

| CFDA Number | Program Title | Grant Year | Transfer Out | Transfer In |
|--------------------|--|-------------------|---------------------|--------------------|
| 84.010 | Title I Grants to Local Education Agencies | 2011 | \$379,096 | |
| 84.010 | Title I Grants to Local Education Agencies | 2012 | | \$379,096 |
| 84.367 | Improving Teacher Quality State Grants, Title II-A | 2011 | \$9,500 | |
| 84.367 | Improving Teacher Quality State Grants, Title II-A | 2012 | | \$9,500 |
| 84.365 | English Language Acquisition Grants, Title III | 2011 | \$118 | |
| 84.365 | English Language Acquisition Grants, Title III | 2012 | | \$118 |
| 84.027 | Special Education Grants to States, IDEA-B | 2011 | \$268,475 | |
| 84.027 | Special Education Grants to States, IDEA-B | 2012 | | \$268,475 |
| 84.173 | Special Education Preschool Grants, IDEA-B | 2011 | \$1,225 | |
| 84.173 | Special Education Preschool Grants, IDEA-B | 2012 | | \$1,225 |

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

| 1. SUMMARY OF AUDITOR'S RESULTS | | |
|--|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weaknesses reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510 (a)? | No |
| (d)(1)(vii) | Major Programs (list): | State Fiscal Stabilization Fund – #84.394 (ARRA) Special Education Cluster: Special Education Grants to State – #84.027 Special Education Grants to State – #84.391 (ARRA) Special Education Preschool Grant – #84.173 Special Education Preschool Grant – #84.392 (ARRA) Title 1, Part A Cluster: Grants to Local Education Agencies – #84.010 Grants to Local Education Agencies – #84.389 (ARRA) Ed Jobs – # 84.410 |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Stow-Munroe Falls City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on February 28, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

December 30, 2011

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
STOW-MUNROE FALLS CITY
SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
FOR THE
FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY
TREASURER'S DEPARTMENT
CATHERINE BULGRIN, TREASURER

4350 ALLEN ROAD

STOW, OHIO 44224

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

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INTRODUCTORY SECTION

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STOW-MUNROE FALLS CITY SCHOOLS

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4350 Allen Road
Stow, OH 44224-1082

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



December 30, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the Stow-Munroe Falls City School District (the "District") for the fiscal year ended June 30, 2011 is hereby submitted. This CAFR includes financial statements and other financial and statistical data and conforms to accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

State statute requires an annual audit by independent auditors. The Ohio Auditor of State's office conducted the audit for fiscal year 2011. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with federal and State laws and regulations. The Independent Accountants' Report is included in this CAFR.

In addition to the financial audit, a single audit was performed as required by the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". The single audit report is not included in the CAFR.

As a part of the District's independent audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2011 provided no instances of material weaknesses in internal controls.

This transmittal letter is designed to provide historical information about the District, as well as complement the required Management's Discussion and Analysis (MD&A). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The District's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Accountants' Report. This transmittal letter should be read in conjunction with the MD&A, which can be found beginning on page 17.

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

PROFILE OF STOW-MUNROE FALLS CITY SCHOOL DISTRICT

The District ranks as the 60th largest by total enrollment among the 918 public school districts and community schools in the State of Ohio. As of the current school year (2010-11), the average daily membership (ADM) was 5,666 students attending nine schools.

The District has 618 full and part-time employees (not including supplemental positions). The District employs 369 teachers, 18 certificated administrators and 231 non-certificated staff members.

The District offers a wide variety of educational programs for all segments of the community. Stow-Munroe Falls High School (SMFHS) is part of the Six District Educational Compact which offers 25 career programs to students in five other neighboring high schools. Six of the career programs are offered at SMFHS: Cooperative Business Education, Marketing Education, Business Careers Technology, Culinary Arts and Catering, Pre-engineering Academy, Aviation Career Academy and Career Based Intervention. The District provides extensive special education services and offers a gifted program for grades 4-8. All District kindergarten students are offered the option of attending all-day kindergarten classes.

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

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

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

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

The District's academic performance index score has increased each year on the State-generated local report card. This rising index score has resulted in the State of Ohio Department of Education rating the District as "Excellent." This rating is the second highest rating a District can receive from the State.

The District's buildings had the following accomplishments during the 2010-11 school year:

Stow Munroe Falls High School (SMFHS): Our speech and debate program earned significant recognition by the National Forensic League. The program placed in the top five percent of National Forensic League chapters nationwide and earned memberships in the National Forensic Leagues prestigious 200 Club.

SMFHS continued participation with both Kent State University and the University of Akron in their International Teacher Education programs. Teachers participating in the program include, teacher-coordinator, Tracy Zappone, Mike Love, math; John Moyer, social studies; Sue Theisen and Neelam Bhatia, English. The University of Akron Franco-American Teachers in Training Institute participated with mentor teachers, Shane Conwell and Tim Viscuso in welcoming French Teacher-in-Training, Marine Besson.

Social studies teacher, John Moyer, was recognized by the College Board's Advanced Placement Program and Educational Testing Service for his significant contributions.

Introduced to our high school students for the first year was credit flexibility, the new state initiative for students to earn high school credit in a variety of ways. Students participating in the credit flexibility program included courses such as focus on Kanji, physical education credit for dance and competitive dirt bike racing, AP calculus BC on-line and Honors Art Studio.

In addition to credit flexibility, students in marching band, cheerleading, or an interscholastic sport were given the opportunity to participate in a physical education equivalency.

A unique 3-D project designed to inspire and engage students into the anatomy and physiology curriculum and the AP biology curriculum was introduced by Dr. Mary Ruehr, science instructor, in partnership with Kent State University. In addition, Dr. Ruehr applied for and was eligible to receive a grant from GAR for implementation in the next school year.

Three of our high school students were named semi-finalists in the National Merit Scholarship Program. One of the three students was nominated to participate in the United States Presidential Scholars Program from our state.

Student council partnered with Stow Parks and Recreation in sponsoring the first spring clean up-senior chore service project.

Kimpton Middle School: Kimpton Middle School added a Spanish I class, Algebra I and Geometry classes; each one providing high school credit, in an effort to support the opportunity for students to benefit from flexible credits and provide enrichment opportunities.

Kimpton Middle School introduced a phenomenal exploratory Spanish program for all its students, helping them become successful citizens in a global society.

The gifted program at Kimpton Middle School airs the morning announcements in the form of a news broadcast every day, which is very well received by the whole school community and is no small feat for the students to develop.

Kimpton Middle School string orchestra received a "Superior" first place at "Music in the Parks" music festival in May.

To benefit Akron Children's Hospital in November, Kimpton Middle School's string orchestra performs as a selected group to provide music for "The Holiday Tree Festival."

Physical education teacher, Jana Martin, had a two page article published in "Future Focus", about Explodemics and Kimpton Middle School's field day.

Lakeview Intermediate School: Mrs. Jessica Kerscher was selected as National Board Certified Teacher.

Lakeview hosted a team of 80 - 120 students that competed in the Greater Cleveland Council of Teachers of Mathematics Tournament.

Lakeview Intermediate School was rated as "Excellent" by the Ohio Department of Education.

Students participated in the annual Veteran's Day assembly where four of them were presented awards for winning the most creative "thank you to our veterans" project. One of our students wrote the lyric and music for a song entitled "Thank You to Our Veterans."

Echo Hills Elementary School: Participated in a pint size blood drive in conjunction with Fishcreek Elementary School for the American Red Cross.

The computer lab was opened for all students with each classroom participating as a whole group using this technology.

Mrs. DeLorenzo and Mrs. Morelos' third grade students attended the Ameritech Technology classroom at Kent State University. The students were each provided with a mobile learning device during this time to hone their skills learned in the sessions.

Entered into a partnership with Akron Children's Hospital Developmental Pediatric Department under the direction of Dr. Duby and Dr. Langcamp to familiarize the medical community with what services the school needs to legally provide special education students who are their patients. Dr. Teesha Fratterelli was our second year fellow who observed students in classrooms and attended meetings with staff and parents.

Sandra Kehn's special education high school students assisted in gluing labels for the PTA's Campbell Soup label collection which provides incentives for the school.

Student council organized a variety of activities which included: holiday cookies for Stow Glen Nursing Home, collected 200 coats for needy children, raised \$100 by selling candy grams for the Summit County Humane Society, and held a bake sale that raised \$70 used to purchase technology equipment for the school.

K-Kids, an affiliate of Kiwanis made holiday stockings for children at Akron Children's Hospital, created and sent valentines to our soldiers, donated slipper socks for a local nursing home, and created a variety of crafts to place on mobile meals trays.

Meagen Gries, Title I tutor, received a \$500 scholarship from the Stow Schools Foundation that was used for an all school literacy night where students in attendance each received a free book.

The PTA held a very successful book fair where each student received a book.

Volunteerism at Echo Hills is incredible, with parent participants and volunteers from the community who share their expertise on a continuous basis.

The Library Reading Club sponsored by the PTA hosted celebrations at the end of each grading period with approximately 100 students qualifying for an invitation. The end of year recognition program recognizes these students by awarding books and certificates.

During Red Ribbon Week, Ms. McDowell planted red poppies for each student who signed the pledge in the courtyard to encourage a drug free life style.

Another very successful endeavor was jumping rope for the American Heart Association.

Fishcreek Elementary School: Fishcreek Elementary School earned the "Excellent with Distinction" designation this year from the Ohio Department of Education.

Fishcreek Elementary School students read over one million minutes outside the school day during the school year, meeting the challenge presented by their building principal who then kissed a llama in recognition of the accomplishment.

Fishcreek Elementary School has continued its partnership with the Research Center for Educational Technology at Kent State University. Teachers are involved in technology-mentoring grants and an additional classroom of students will have the opportunity to work and learn in the lab at Kent State University.

Highland Elementary School: Participants in the Red Cross Pint Size Hero.

Highland Elementary School was rated as "Excellent" by the Ohio Department of Education.

Staff was provided monthly internal professional development activities revolving around technology.

Students participate and are active in K-Kids group, an affiliate of Kiwanis.

The second grade classes are involved in outreach activities for the local nursing home.

Community outreach was experienced through the Kay Hoover annual project.

Two teachers received a grant for a SMART Board from the Stow Schools Foundation.

Indian Trail Elementary School: Julie Miller, IB Coordinator for the Primary Years Program, was recognized on the All County Teaching Team for Summit County.

Indian Trail Elementary School was rated as “Excellent” by the Ohio Department of Education. This is the fifth consecutive year where Indian Trail Elementary School was rated “Excellent” or higher by the Ohio Department of Education.

Indian Trail Elementary School was ranked in top 15% of all elementary schools in the State of Ohio by the Ohio Department of Education based on Performance Index Scores for the School Year Report Card.

Indian Trail Elementary School is an International Baccalaureate Candidate World School. (www.ibo.org)

Indian Trail Elementary School students participated in several leadership service projects including the following: Pint Size Heroes Program (American Red Cross), Pop Tab Collection Campaign for children in the dialysis unit (Akron Children’s Hospital), food drive (Akron Haven of Rest Homeless Shelter), Community Closet Clothing Drive (City of Stow).

Indian Trail Elementary School staff successfully participated in Professional Learning Communities in Math and Reading program.

Indian Trail Elementary School continued its successful partnerships with Target, Klaben Ford, Giant Eagle and Kiwanis for the school year.

All students performed in a school musical and displayed artwork throughout the year including at the annual art show and ice cream social.

Forty juniors and seniors from SMFHS taught Spanish to all Indian Trail Elementary School students on a weekly basis.

The Indian Trail Elementary School community volunteered over 5,500 hours and the PTA sponsored several enrichment activities including fieldtrips, book fairs, a carnival/literacy night.

The Indian Trail Elementary School PTA was recognized by Ohio PTA at State Conference with Buckeye Scarlet Award for increasing membership by 10%.

Riverview Elementary School: Riverview Elementary School was rated as “Excellent with Distinction” by the Ohio Department of Education for the fifth consecutive year.

Supporting our educational program were 72 community and parent volunteers.

The school wide published writing project is in year three and highly successful.

Woodland Elementary School: Woodland Elementary School was rated as “Excellent” by the Ohio Department of Education.

Woodland Elementary School placed fourth in Summit County by being ranked 99th out of 1,745 elementary schools in the State of Ohio on the Ohio Department of Education Performance Index Ranking List.

Woodland Elementary School received the Governors Buckeye Best Healthy School Gold Award. The award is recognizing the efforts of students and staff for creating a healthy school environment.

Woodland Elementary School teachers received training in the areas of technology, reading, language arts, math and the components of the International Baccalaureate (IB) School within a non-IB school.

All staff members participated in the online Safety Training Program.

Woodland Elementary School embraced the needs of the community through many charitable collections for food and clothing teaching the Woodland Student Council, first hand, the importance of sharing and caring.

Woodland Elementary School celebrated the opening of a new computer lab. This lab permits the inclusion of technology instruction and its integration and uses to support learning.

Employees

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2010-11 school year) for a teacher with a bachelor's degree is \$36,703, and the maximum salary for a teacher with a master's degree plus 15 graduate hours and 27 years of experience is \$77,774.

The District's certificated staff excluding administration are members of the Stow Teachers Association (STA), a labor organization affiliated with the Ohio Education Association. The contract between the Board of Education and the STA expires June 30, 2013.

All of the District's support staff employees, including secretarial, custodial, maintenance, food service, transportation, and teacher aides, are represented for bargaining purposes by the Stow-Munroe Falls Classified Employees' Association (SMFCEA), a labor organization affiliated with the Ohio Education Association. The SMFCEA contract expires June 30, 2013.

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

The Reporting Entity

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

The District participates in certain organizations that are defined as jointly governed organizations and public entity risk pools. These organizations include the Northeast Ohio Network for Educational Technology (NEONET), the Six District Educational Compact, the Ohio Schools Council, the Stark County Schools Council of Governments Health Benefits Program, and the Bureau of Worker's Compensation Retrospective Rating program. These organizations are presented in Note 1.A to the basic financial statements.

Budgetary Controls

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

Unencumbered amounts lapse at year-end. A complete description of the District's budgetary process can be found in Note 1.E. to the basic financial statements. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The general fund balance was \$12,308,497 at June 30, 2011 as can be seen on the budgetary statement on page 37.

ECONOMIC CONDITION

Local Economy

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

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

Major commercial banks with offices within the District include PNC Bank, First Merit Bank, Huntington Bank, Fifth Third Bank and Charter One Bank.

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

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

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

The District's residents are within easy driving time of medical facilities, colleges and universities, recreational facilities, including national, state and local parks, shopping malls and professional athletic facilities.

Long-Term Financial Planning

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

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in improvements in the District's financial condition include the renewal of a 4.6 mill emergency levy in 2010.

Major Initiatives for the Year

The creation of Stow-Munroe Falls City School District Leadership Team (DLT) comprised of administrators, teachers and support staff from all nine buildings took place.

The DLT created a new vision statement; "Providing inspiration to make a difference in the world."

The DLT also created a new mission statement; "Our mission is to provide a 21st century education empowering each learner to be a self-motivated, successful citizen in a global society."

In addition, the DLT developed a new District 5-year strategic plan.

All three initiatives took place with input from administrators, Board members and staff members as well as members of the community.

The District reduced operating expenses by \$2 million.

The District also initiated a comprehensive campaign to generate new dollars with the passage of a 10-year, 6.57 mill levy.

In addition, the District explored providing a K-12 second language opportunity for students through Rosetta Stone.

The District initiated the Distinguished Alumni Hall of Fame. Nominations were secured from the community. A panel of community members and school personnel chose two alumni to receive the inaugural Distinguished Alumni Award.

Major Initiatives for the Future

The District will continue with the year-1 “action steps” for the new 5-Year strategic plan.

The District will also look forward to authorization of Indian Trail Elementary School as an International Baccalaureate (IB) school for the 2011-2012 school year.

The District is also exploring implementation of the IB program at Echo Hills Elementary School using non-traditional funding sources along with a partnership with Kent State University.

Teachers across the District will be exploring opportunities for students using blended learning incorporating traditional instruction with online opportunities.

The District is exploring its capacity to incorporate electronic textbooks for the availability to all students.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District was to be fully reimbursed for the lost revenue and begin phasing out in calendar years 2011-2017. The District will continue to pursue new money levy options to meet the rising costs of the District and supplement the effects that House Bill No. 66 had on tangible property tax revenue and the State funding formula.

INDEPENDENT AUDIT

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

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

AWARDS

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stow-Munroe Falls City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

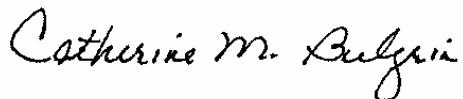
ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2010, to the Stow-Munroe Falls City School District. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing business officials. Management believes that the Comprehensive Annual Financial Report submitted for the fiscal year ended June 30, 2011, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

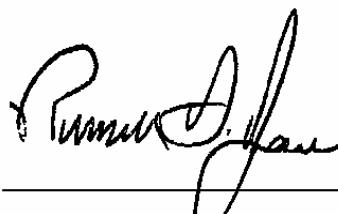
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Treasurer's Office staff. In addition, we acknowledge the outstanding services of our data processing department in meeting the vast informational requirements. Our consultant,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

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

Sincerely,



Catherine Bulgrin, Treasurer/CFO



Russell Jones, Superintendent

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

PRINCIPAL OFFICERS
JUNE 30, 2011

Board of Education

Karen Wright - President

Patricia Matthews - Vice President

Dennis Mariola

Karen Powers

Richard Spangler

Superintendent

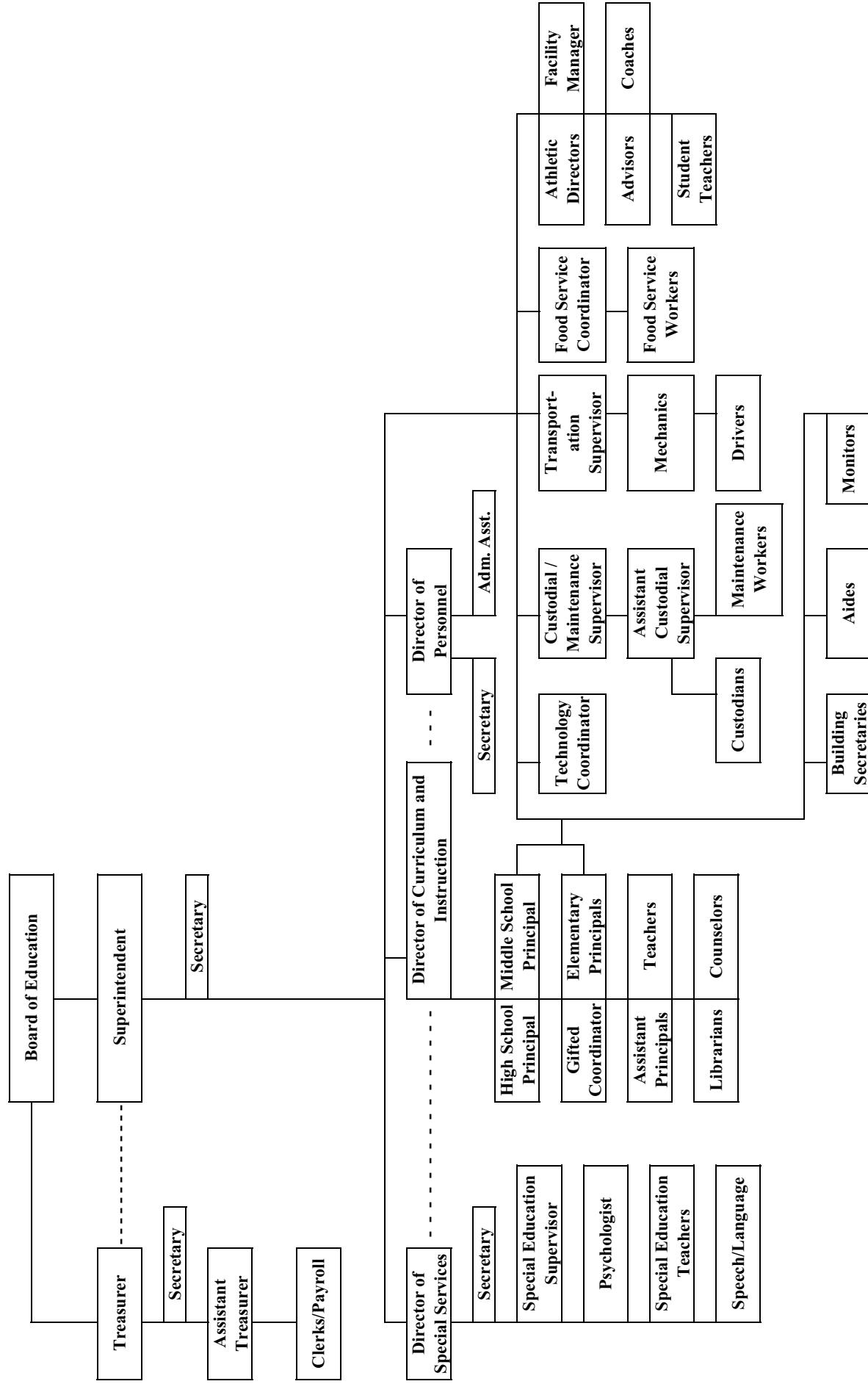
Dr. Russell Jones

Treasurer/CFO

Catherine Bulgrin

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stow-Munroe Falls
City School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



Linda C. Danison

President

Jeffrey P. Ecker

Executive Director



This Certificate of Excellence in Financial Reporting is presented to

STOW-MUNROE FALLS CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

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

Executive Director

President

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FINANCIAL SECTION

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

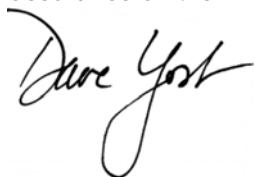
As described in Note 2B, during 2011, Stow-Munroe Falls City School District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Stow-Munroe Falls City School District
Summit County
Independent Accountants Report
Page 2

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

December 30, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The management's discussion and analysis of the Stow-Munroe Falls City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased \$1,125,003, which represents a 5.16% increase from 2010 restated net assets.
- General revenues accounted for \$48,604,415 in revenue or 83.50% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,604,562 or 16.50% of total revenues of \$58,208,977.
- The District had \$57,083,974 in expenses related to governmental activities; \$9,604,562 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$48,604,415 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$51,183,402 in revenues and \$50,656,750 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance increased \$526,652 from a restated balance of \$11,748,085 to \$12,274,737.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 31-32 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 24. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 33-37 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 38 and 39. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 41-70 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The District as a Whole

Recall that the statement of net assets provides the perspective of the District as a whole. Net assets at June 30, 2010 have been restated, as described in Note 2.D. of the notes to the basic financial statements.

The table below provides a summary of the District's net assets for 2011 and 2010.

| | Net Assets | |
|--|---|---|
| | Governmental Activities <u>2011</u> | Restated Governmental Activities <u>2010</u> |
| <u>Assets</u> | | |
| Current and other assets | \$ 45,124,568 | \$ 45,375,394 |
| Capital assets, net | <u>16,279,508</u> | <u>16,237,376</u> |
| Total assets | <u>61,404,076</u> | <u>61,612,770</u> |
| <u>Liabilities</u> | | |
| Current liabilities | 31,261,763 | 32,231,615 |
| Long-term liabilities | <u>7,219,309</u> | <u>7,583,154</u> |
| Total liabilities | <u>38,481,072</u> | <u>39,814,769</u> |
| <u>Net assets</u> | | |
| Invested in capital assets, net of related debt | 13,326,998 | 13,043,385 |
| Restricted | 429,712 | 1,576,925 |
| Unrestricted | <u>9,166,294</u> | <u>7,177,691</u> |
| Total net assets | <u>\$ 22,923,004</u> | <u>\$ 21,798,001</u> |

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$22,923,004. Of this total, \$429,712 is restricted in use.

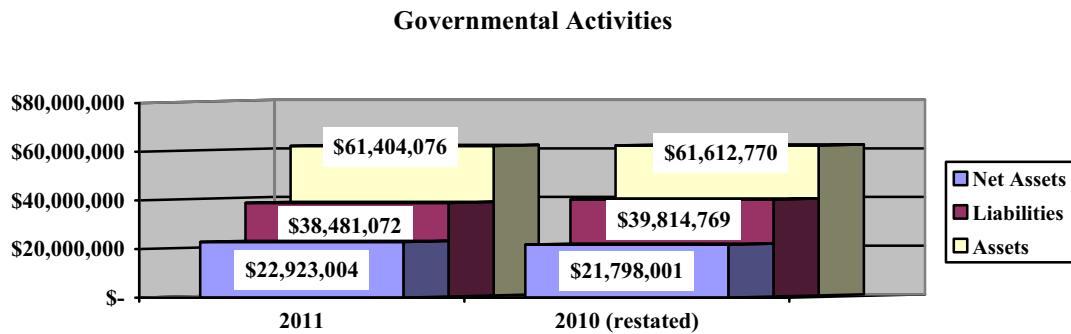
At year-end, capital assets represented 26.51% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$13,326,998. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$429,712, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$9,166,294.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The graph below illustrates the District assets, liabilities and net assets at June 30, 2011 and 2010:



The table below shows the changes in net assets for fiscal year 2011 and 2010. The 2010 balance of operating grants and contributions and general revenues – grant and entitlements have been restated to conform to 2011 presentation of Pathway to Student Success (PASS) funding from the State of Ohio which is reported as an operating grant and contribution rather than as general revenue.

| | Change in Net Assets | |
|------------------------------------|------------------------------------|--|
| | Governmental Activities 2011 | Restated Governmental Activities 2010 |
| Revenues | | |
| Program revenues: | | |
| Charges for services and sales | \$ 3,702,367 | \$ 3,493,389 |
| Operating grants and contributions | 5,902,195 | 5,277,547 |
| General revenues: | | |
| Property taxes | 29,688,132 | 28,832,606 |
| Payments in lieu of taxes | 62,280 | 19,242 |
| Grants and entitlements | 18,641,456 | 19,148,037 |
| Investment earnings | 60,285 | 107,693 |
| Miscellaneous | <u>152,262</u> | <u>104,937</u> |
| Total revenues | <u>58,208,977</u> | <u>56,983,451</u> |

-- continued

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Change in Net Assets (Continued)

| | Governmental Activities 2011 | Governmental Activities 2010 |
|--|------------------------------------|------------------------------------|
| Expenses | | |
| Program expenses: | | |
| Instruction: | | |
| Regular | \$ 26,866,739 | \$ 25,754,244 |
| Special | 5,529,916 | 5,128,781 |
| Vocational | 1,602,735 | 1,625,972 |
| Other | 265,404 | 338,078 |
| Support services: | | |
| Pupil | 3,048,577 | 3,072,569 |
| Instructional staff | 2,366,096 | 2,416,922 |
| Board of education | 373,274 | 232,490 |
| Administration | 3,591,133 | 3,217,318 |
| Fiscal | 1,304,844 | 1,198,534 |
| Business | 47,052 | 151,624 |
| Operations and maintenance | 5,327,855 | 5,304,788 |
| Pupil transportation | 3,105,971 | 3,273,312 |
| Central | 632,010 | 652,505 |
| Operations of non-instructional services | 338,433 | 441,929 |
| Food service operations | 1,313,065 | 1,264,556 |
| Extracurricular activities | 1,240,678 | 1,135,002 |
| Interest and fiscal charges | <u>130,192</u> | <u>139,186</u> |
| Total expenses | <u>57,083,974</u> | <u>55,347,810</u> |
| Change in net assets | 1,125,003 | 1,635,641 |
| Net assets at beginning of year (restated) | <u>21,798,001</u> | <u>20,162,360</u> |
| Net assets at end of year | <u>\$ 22,923,004</u> | <u>\$ 21,798,001</u> |

Governmental Activities

Net assets of the District's governmental activities increased \$1,125,003. Total governmental expenses of \$57,083,974 were offset by program revenues of \$9,604,562 and general revenues of \$48,604,415. Program revenues supported 16.83% of the total governmental expenses.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

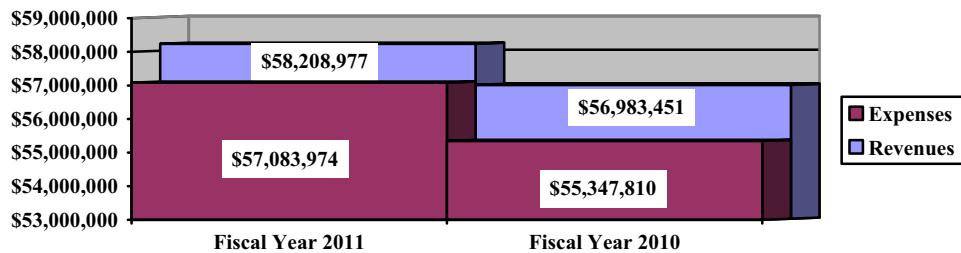
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 83.03% of total governmental revenue.

In fiscal 2011, the operating grants and contributions program revenue category increased approximately \$625,000. This is due to the District receiving its entire allocation for the Education Jobs grant during 2011. Interest earnings decreased approximately \$47,000 due to decreased interest rates on investments in 2011. Additionally, tax revenue increased approximately \$855,000 primarily due to the District having more taxes available as an advance from the County Fiscal Officer when compared to the prior fiscal year. Unrestricted grants and entitlements decreased due to decreased property tax reimbursements received from the State.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$34,264,794 or 60.03% of total governmental expenses for fiscal 2011. Expenses increased proportionally to increased revenues.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.

Governmental Activities - Revenues and Expenses



As can be seen in the chart above, revenues increased but they still exceed increased expenses. Revenues increased by 2.15% while expenses increased 3.14%. As a result, net assets increased \$1,125,003 during fiscal year 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2011 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The 2010 net cost of services for special instruction has been restated to conform to 2011 presentation of PASS funding from the State of Ohio which is reported as an operating grant and contribution offsetting special instruction.

Governmental Activities

| | Total Cost of Services <u>2011</u> | Net Cost of Services <u>2011</u> | Total Cost of Services <u>2010</u> | Restated Net Cost of Services <u>2010</u> |
|--|---------------------------------------|-------------------------------------|---------------------------------------|--|
| Program expenses | | | | |
| Instruction: | | | | |
| Regular | \$ 26,866,739 | \$ 22,908,288 | \$ 25,754,244 | \$ 22,437,654 |
| Special | 5,529,916 | 3,778,440 | 5,128,781 | 3,313,071 |
| Vocational | 1,602,735 | 1,383,279 | 1,625,972 | 1,337,639 |
| Other | 265,404 | 265,315 | 338,078 | 292,357 |
| Support services: | | | | |
| Pupil | 3,048,577 | 2,368,415 | 3,072,569 | 2,568,965 |
| Instructional staff | 2,366,096 | 2,300,436 | 2,416,922 | 2,380,016 |
| Board of education | 373,274 | 325,788 | 232,490 | 223,391 |
| Administration | 3,591,133 | 3,350,334 | 3,217,318 | 3,028,598 |
| Fiscal | 1,304,844 | 1,304,844 | 1,198,534 | 1,198,534 |
| Business | 47,052 | 47,052 | 151,624 | 151,624 |
| Operations and maintenance | 5,327,855 | 5,258,261 | 5,304,788 | 5,266,244 |
| Pupil transportation | 3,105,971 | 2,921,332 | 3,273,312 | 3,128,128 |
| Central | 632,010 | 430,056 | 652,505 | 440,542 |
| Operations of non-instructional services | 338,433 | (42,146) | 441,929 | 29,006 |
| Food service operations | 1,313,065 | 17,533 | 1,264,556 | (31,164) |
| Extracurricular activities | 1,240,678 | 731,993 | 1,135,002 | 673,083 |
| Interest and fiscal charges | 130,192 | 130,192 | 139,186 | 139,186 |
| Total expenses | <u>\$ 57,083,974</u> | <u>\$ 47,479,412</u> | <u>\$ 55,347,810</u> | <u>\$ 46,576,874</u> |

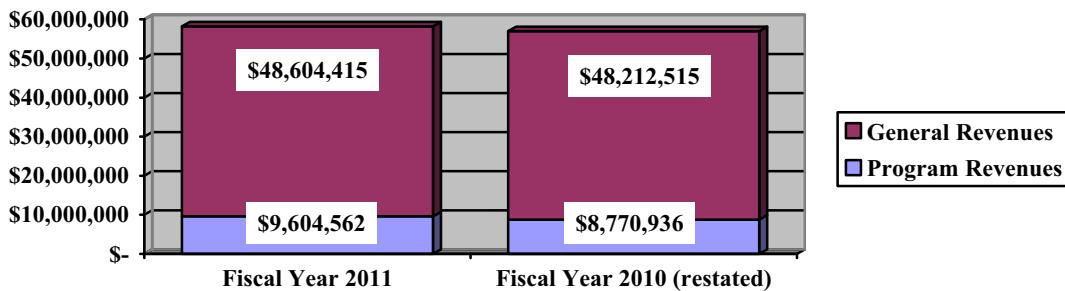
The dependence upon tax and other general revenues for governmental activities is apparent, 82.70% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.17%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010. The 2011 program revenues and general revenues have been restated to conform to 2011 presentation of PASS funding from the State of Ohio which is reported as program revenue rather than as general revenue.

Governmental Activities - General and Program Revenues



General revenues decreased \$391,900 or 0.82% from fiscal 2010 to 2011 and program revenues increased \$833,626 or 9.51% from 2010 to 2011. The increase in governmental activities revenues is discussed on page 22.

The District's Funds

The District's governmental funds reported a combined fund balance of \$12,840,725, which is greater than last year's total of \$11,966,446. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. The District restated fund balances at June 30, 2010 as described in Note 2.B.

| | Restated | | | |
|--------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|
| | Fund Balance <u>June 30, 2011</u> | Fund Balance <u>June 30, 2010</u> | <u>Increase</u> | <u>Percentage Change</u> |
| General | \$ 12,274,737 | \$ 11,748,085 | \$ 526,652 | 4.48 % |
| Other Governmental | <u>565,988</u> | <u>218,361</u> | <u>347,627</u> | 159.20 % |
| Total | <u><u>\$ 12,840,725</u></u> | <u><u>\$ 11,966,446</u></u> | <u><u>\$ 874,279</u></u> | 7.31 % |

General Fund

The District's general fund balance increased \$526,652. Revenues increased from the prior year by \$537,394, or 1.06%, while expenditures increased \$2,312,190, or 4.78%, from the prior year. An analysis of the general fund's revenues and expenditures is provided below.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

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

| | 2011 <u>Amount</u> | Restated 2010 <u>Amount</u> | Increase (Decrease) <u>(Decrease)</u> | Percentage Change |
|---|-----------------------|-----------------------------------|---|----------------------|
| <u>Revenues</u> | | | | |
| Taxes | \$ 28,871,222 | \$ 28,193,679 | \$ 677,543 | 2.40 % |
| Earnings on investments | 64,627 | 131,291 | (66,664) | (50.78) % |
| Intergovernmental | 19,359,197 | 19,823,033 | (463,836) | (2.34) % |
| Other revenues | <u>2,888,356</u> | <u>2,498,005</u> | <u>390,351</u> | 15.63 % |
| Total | <u>\$ 51,183,402</u> | <u>\$ 50,646,008</u> | <u>\$ 537,394</u> | 1.06 % |
| <u>Expenditures</u> | | | | |
| Instruction | \$ 30,745,356 | \$ 29,490,710 | \$ 1,254,646 | 4.25 % |
| Support services | 18,648,401 | 17,756,487 | 891,914 | 5.02 % |
| Non-instructional services | - | 57,844 | (57,844) | (1.00) % |
| Extracurricular activities | 869,655 | 837,604 | 32,051 | 3.83 % |
| Facilities acquisition and construction | 249,439 | 54,616 | 194,823 | 356.71 % |
| Debt service | <u>140,156</u> | <u>143,556</u> | <u>(3,400)</u> | (2.37) % |
| Total | <u>\$ 50,653,007</u> | <u>\$ 48,340,817</u> | <u>\$ 2,312,190</u> | 4.78 % |

During fiscal year 2011, interest rates decreased from those present in fiscal year 2010. As a result, the District's return on investments decreased when compared to the prior fiscal year. Tax revenue increased due to a greater amount of taxes available for advance by the County Fiscal Officer when compared to the prior year. Under generally accepted accounting principles, the amount of taxes available for advance is recorded as revenue. The decrease in intergovernmental revenue can be attributed to a decrease in State Foundation revenue. The increase in "other revenues" was due to an increase in open enrollment revenue and pay to play fees during fiscal year 2011.

The increase in instruction and support services expenditures is the result of customary wage and benefit increases. Instruction and support service expenditures totaled \$49,393,757 or 97.52% of total general fund expenditures for fiscal year 2011.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal 2011, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$51,101,609 and final budgeted revenues and other financing sources were \$49,199,106. Actual revenues and other financing sources for fiscal 2011 was \$50,993,830. This was \$1,794,724 greater than the final budgeted revenues. The District conservatively budgets revenues as can be seen with actual revenues being larger than in the final budget. There were no major budget variances between the original budget, final budget and actual revenues.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

General fund original appropriations (appropriated expenditures including other financing uses) of \$64,379,141 were decreased to \$62,476,638 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$51,962,865, which was \$10,513,773 less than the final budgeted appropriations. The District conservatively budgets appropriations as can be seen with actual expenditures being less than in the original and final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2011, the District had \$16,279,508 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. 2010 capital asset balances were restated as described in Note 2.D. in the notes to the basic financial statements. The following table shows fiscal 2011 balances compared to 2010:

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

| | <u>Governmental Activities</u> | |
|---------------------------|--------------------------------|----------------------|
| | 2011 | Restated 2010 |
| Land | \$ 563,915 | \$ 563,915 |
| Land improvements | 2,025,621 | 1,823,364 |
| Building and improvements | 9,829,990 | 10,374,976 |
| Furniture and equipment | 2,061,599 | 1,758,690 |
| Vehicles | <u>1,798,383</u> | <u>1,716,431</u> |
| Total | <u>\$ 16,279,508</u> | <u>\$ 16,237,376</u> |

The overall increase in capital assets of \$42,132 is due to capital outlays of \$1,091,579 exceeding depreciation expense of \$1,049,447 in the current fiscal year.

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

Debt Administration

At June 30, 2011, the District had \$2,885,000 in general obligation bonds outstanding. Of this total, \$250,000 is due within one year and \$2,635,000 is due in greater than one year. The following table summarizes the bond obligations outstanding.

Outstanding Bonds, at Year End

| | <u>Governmental Activities</u> | <u>Governmental Activities</u> |
|--------------------------|------------------------------------|------------------------------------|
| | 2011 | 2010 |
| General obligation bonds | <u>\$ 2,885,000</u> | <u>\$ 3,120,000</u> |
| Total | <u>\$ 2,885,000</u> | <u>\$ 3,120,000</u> |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

See Note 8 to the basic financial statements for additional information on the District's long-term obligations.

Current Financial Related Activities

As the preceding information shows, the District relies heavily upon State Foundation and property tax monies. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the District is not without its challenges though. These issues stem from issues that are local and at the State level. The local challenges will continue to exist, as the District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio neglects to deal with the unconstitutionality of the State's educational funding system.

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

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

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

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

Contacting the District's Financial Management

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

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**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2011

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Equity in pooled cash and investments | \$ 15,081,371 |
| Receivables: | |
| Taxes | 29,731,899 |
| Accounts. | 15,355 |
| Intergovernmental | 58,648 |
| Accrued interest | 10,196 |
| Materials and supplies inventory. | 171,577 |
| Unamortized bond issuance costs | 55,522 |
| Capital assets: | |
| Land. | 563,915 |
| Depreciable capital assets, net. | <u>15,715,593</u> |
| Capital assets, net | <u>16,279,508</u> |
| Total assets. | <u>61,404,076</u> |
| Liabilities: | |
| Accounts payable. | 106,639 |
| Accrued wages and benefits | 4,055,816 |
| Pension obligation payable. | 1,319,742 |
| Intergovernmental payable | 458,076 |
| Accrued interest payable | 10,263 |
| Unearned revenue | 25,311,227 |
| Long-term liabilities: | |
| Due within one year. | 724,560 |
| Due in more than one year | <u>6,494,749</u> |
| Total liabilities | <u>38,481,072</u> |
| Net assets: | |
| Invested in capital assets, net | |
| of related debt. | 13,326,998 |
| Restricted for: | |
| Locally funded programs | 2,217 |
| State funded programs. | 75,065 |
| Federally funded programs | 14,303 |
| Student activities | 89,904 |
| Textbooks/instructional materials. | 248,223 |
| Unrestricted | <u>9,166,294</u> |
| Total net assets | <u>\$ 22,923,004</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|--|----------------------|---|---|--|
| | | Charges for Services and Sales | Operating Grants and Contributions | |
| | | | | |
| Governmental activities: | | | | |
| Instruction: | | | | |
| Regular | \$ 26,866,739 | \$ 1,926,730 | \$ 2,031,721 | \$ (22,908,288) |
| Special | 5,529,916 | 209,189 | 1,542,287 | (3,778,440) |
| Vocational | 1,602,735 | 44,822 | 174,634 | (1,383,279) |
| Other | 265,404 | - | 89 | (265,315) |
| Support services: | | | | |
| Pupil. | 3,048,577 | 212,279 | 467,883 | (2,368,415) |
| Instructional staff | 2,366,096 | - | 65,660 | (2,300,436) |
| Board of education | 373,274 | - | 47,486 | (325,788) |
| Administration. | 3,591,133 | 14,531 | 226,268 | (3,350,334) |
| Fiscal. | 1,304,844 | - | - | (1,304,844) |
| Business. | 47,052 | - | - | (47,052) |
| Operations and maintenance | 5,327,855 | 54,068 | 15,526 | (5,258,261) |
| Pupil transportation. | 3,105,971 | - | 184,639 | (2,921,332) |
| Central | 632,010 | - | 201,954 | (430,056) |
| Operation of non-instructional services: | | | | |
| Food service operations | 1,313,065 | 747,688 | 547,844 | (17,533) |
| Other non-instructional services | 338,433 | - | 380,579 | 42,146 |
| Extracurricular activities | 1,240,678 | 493,060 | 15,625 | (731,993) |
| Interest and fiscal charges | 130,192 | - | - | (130,192) |
| Total governmental activities | <u>\$ 57,083,974</u> | <u>\$ 3,702,367</u> | <u>\$ 5,902,195</u> | <u>(47,479,412)</u> |

General revenues:

Property taxes levied for:

| | |
|--|----------------|
| General purposes | 29,094,194 |
| Capital outlay. | 593,938 |
| Payments in lieu of taxes. | 62,280 |
| Grants and entitlements not restricted | |
| to specific programs | 18,641,456 |
| Investment earnings | 60,285 |
| Miscellaneous | <u>152,262</u> |

Total general revenues 48,604,415

Change in net assets 1,125,003

Net assets at beginning

of year (restated). 21,798,001

Net assets at end of year \$ 22,923,004

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

| | General | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---|---|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 13,168,916 | \$ 1,664,232 | \$ 14,833,148 |
| Receivables: | | | |
| Taxes. | 29,136,248 | 595,651 | 29,731,899 |
| Accounts | 8,780 | 6,575 | 15,355 |
| Intergovernmental. | - | 58,648 | 58,648 |
| Accrued interest | 10,196 | - | 10,196 |
| Interfund loans | 738,557 | - | 738,557 |
| Materials and supplies inventory | 80,233 | 91,344 | 171,577 |
| Restricted assets: | | | |
| Equity in pooled cash and investments. | 248,223 | - | 248,223 |
| Total assets | <u>\$ 43,391,153</u> | <u>\$ 2,416,450</u> | <u>\$ 45,807,603</u> |
| Liabilities: | | | |
| Accounts payable | \$ 83,974 | \$ 22,665 | \$ 106,639 |
| Accrued wages and benefits. | 3,861,351 | 194,465 | 4,055,816 |
| Compensated absences payable | 41,887 | 9,092 | 50,979 |
| Pension obligation payable | 1,263,425 | 56,317 | 1,319,742 |
| Intergovernmental payable | 182,996 | 275,080 | 458,076 |
| Interfund loans payable. | - | 738,557 | 738,557 |
| Deferred revenue | 878,478 | 47,364 | 925,842 |
| Unearned revenue. | 24,804,305 | 506,922 | 25,311,227 |
| Total liabilities. | <u>31,116,416</u> | <u>1,850,462</u> | <u>32,966,878</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Materials and supplies inventory. | 80,233 | 91,344 | 171,577 |
| Unclaimed monies. | 24,486 | - | 24,486 |
| Restricted: | | | |
| Non-public schools | - | 90,550 | 90,550 |
| Special education | - | 11,019 | 11,019 |
| Targeted academic assistance | - | 65,190 | 65,190 |
| Extracurricular. | - | 89,904 | 89,904 |
| Textbooks/instructional materials. | 248,223 | - | 248,223 |
| Other purposes. | - | 5,724 | 5,724 |
| Committed: | | | |
| Capital improvements | - | 341,017 | 341,017 |
| Student and staff support | 161,805 | - | 161,805 |
| Assigned: | | | |
| Student instruction | 158,506 | - | 158,506 |
| Student and staff support. | 494,253 | - | 494,253 |
| Extracurricular activities | 201 | - | 201 |
| Facilities acquisition and construction | 19,913 | - | 19,913 |
| School supplies | 95,340 | - | 95,340 |
| Other purposes | 41,475 | - | 41,475 |
| Unassigned (deficit) | <u>10,950,302</u> | <u>(128,760)</u> | <u>10,821,542</u> |
| Total fund balances | <u>12,274,737</u> | <u>565,988</u> | <u>12,840,725</u> |
| Total liabilities and fund balances | <u>\$ 43,391,153</u> | <u>\$ 2,416,450</u> | <u>\$ 45,807,603</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

| | |
|--|----------------------|
| Total governmental fund balances | \$ 12,840,725 |
| <i>Amounts reported for governmental activities on 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. | 16,279,508 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | |
| Taxes receivable | \$ 887,520 |
| Accrued interest receivable | 8,592 |
| Intergovernmental receivable | <u>29,730</u> |
| Total | 925,842 |
| Unamortized premiums are not recognized in the funds. | (67,510) |
| Unamortized bond issuance costs are not recognized in the funds. | 55,522 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | (10,263) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | |
| General obligation bonds | 2,885,000 |
| Compensated absences | <u>4,215,820</u> |
| Total | <u>(7,100,820)</u> |
| Net assets of governmental activities | <u>\$ 22,923,004</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | General | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---|---|
| Revenues: | | | |
| From local sources: | | | |
| Taxes | \$ 28,871,222 | \$ 589,303 | \$ 29,460,525 |
| Tuition | 1,978,965 | - | 1,978,965 |
| Earnings on investments | 64,627 | 500 | 65,127 |
| Charges for services | - | 747,688 | 747,688 |
| Extracurricular | 457,276 | 262,500 | 719,776 |
| Classroom materials and fees | 175,738 | - | 175,738 |
| Other local revenues | 276,377 | 18,653 | 295,030 |
| Intergovernmental - intermediate | 15,113 | 224 | 15,337 |
| Intergovernmental - state | 19,305,084 | 469,680 | 19,774,764 |
| Intergovernmental - federal | 39,000 | 4,958,913 | 4,997,913 |
| Total revenues | <u>51,183,402</u> | <u>7,047,461</u> | <u>58,230,863</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 24,217,513 | 2,135,660 | 26,353,173 |
| Special | 4,662,502 | 946,965 | 5,609,467 |
| Vocational | 1,594,424 | - | 1,594,424 |
| Other | 270,917 | 80 | 270,997 |
| Support services: | | | |
| Pupil | 2,636,317 | 428,728 | 3,065,045 |
| Instructional staff | 2,375,654 | 70,779 | 2,446,433 |
| Board of education | 328,412 | 44,862 | 373,274 |
| Administration | 3,392,151 | 203,281 | 3,595,432 |
| Fiscal | 1,269,558 | 26,498 | 1,296,056 |
| Business | 61,971 | - | 61,971 |
| Operations and maintenance | 5,059,366 | 32,515 | 5,091,881 |
| Pupil transportation | 3,107,627 | 79,775 | 3,187,402 |
| Central | 417,345 | 191,825 | 609,170 |
| Operation of non-instructional services: | | | |
| Food service operations | - | 1,299,824 | 1,299,824 |
| Other non-instructional services | - | 371,902 | 371,902 |
| Extracurricular activities | 869,655 | 289,749 | 1,159,404 |
| Facilities acquisition and construction | 249,439 | 354,190 | 603,629 |
| Debt service: | | | |
| Principal retirement | 85,000 | 150,000 | 235,000 |
| Interest and fiscal charges | 55,156 | 76,944 | 132,100 |
| Total expenditures | <u>50,653,007</u> | <u>6,703,577</u> | <u>57,356,584</u> |
| Excess of revenues over expenditures | <u>530,395</u> | <u>343,884</u> | <u>874,279</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | 3,743 | 3,743 |
| Transfers (out) | (3,743) | - | (3,743) |
| Total other financing sources (uses) | <u>(3,743)</u> | <u>3,743</u> | <u>-</u> |
| Net change in fund balances | 526,652 | 347,627 | 874,279 |
| Fund balances at beginning of year (restated). | 11,748,085 | 218,361 | 11,966,446 |
| Fund balances at end of year. | \$ 12,274,737 | \$ 565,988 | \$ 12,840,725 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | |
|---|------------|
| Net change in fund balances - total governmental funds | \$ 874,279 |
|---|------------|

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.

| | |
|---------------------------|--------------------|
| Capital asset additions | \$ 1,091,579 |
| Current year depreciation | <u>(1,049,447)</u> |
| Total | 42,132 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|-------------------|------------------|
| Taxes | 227,607 |
| Interest | (4,342) |
| Intergovernmental | <u>(245,151)</u> |
| Total | (21,886) |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

235,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:

| | |
|--------------------------------------|---------|
| Decrease in accrued interest payable | 757 |
| Amortization of bond issuance costs | (5,330) |
| Amortization of bond premiums | 6,481 |
| Total | 1,908 |

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(6,430)

| | |
|--|--------------|
| Change in net assets of governmental activities | \$ 1,125,003 |
|--|--------------|

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------------|----------------------|---|
| | Original | Final | Actual | |
| | | | | |
| Revenues: | | | | |
| From local sources: | | | | |
| Taxes | \$ 28,350,180 | \$ 27,294,709 | \$ 28,290,387 | \$ 995,678 |
| Tuition. | 1,983,549 | 1,909,701 | 1,979,365 | 69,664 |
| Earnings on investments | 68,416 | 65,869 | 68,272 | 2,403 |
| Extracurricular. | 223,329 | 215,015 | 222,858 | 7,843 |
| Other local revenues | 237,956 | 229,097 | 237,454 | 8,357 |
| Intergovernmental - intermediate | 15,145 | 14,581 | 15,113 | 532 |
| Intergovernmental - state | 19,345,887 | 18,625,643 | 19,305,084 | 679,441 |
| Intergovernmental - federal | 39,082 | 37,627 | 39,000 | 1,373 |
| Total revenues | <u>50,263,544</u> | <u>48,392,242</u> | <u>50,157,533</u> | <u>1,765,291</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 30,147,622 | 29,256,712 | 24,333,297 | 4,923,415 |
| Special. | 5,747,952 | 5,578,091 | 4,639,392 | 938,699 |
| Vocational. | 1,994,246 | 1,935,313 | 1,609,632 | 325,681 |
| Other. | 361,105 | 350,434 | 291,462 | 58,972 |
| Support services: | | | | |
| Pupil. | 2,939,608 | 2,852,738 | 2,372,670 | 480,068 |
| Instructional staff | 2,972,191 | 2,884,358 | 2,398,969 | 485,389 |
| Board of education | 615,082 | 596,905 | 496,456 | 100,449 |
| Administration. | 4,175,053 | 4,051,674 | 3,369,845 | 681,829 |
| Fiscal | 1,465,271 | 1,421,970 | 1,182,676 | 239,294 |
| Business | 86,100 | 83,556 | 69,495 | 14,061 |
| Operations and maintenance. | 6,576,555 | 6,382,208 | 5,308,189 | 1,074,019 |
| Pupil transportation | 4,042,144 | 3,922,693 | 3,262,569 | 660,124 |
| Central. | 537,603 | 521,716 | 433,920 | 87,796 |
| Other non-instructional services | 25,832 | 25,069 | 20,850 | 4,219 |
| Extracurricular activities. | 1,067,540 | 1,035,992 | 861,652 | 174,340 |
| Facilities acquisition and construction. | 333,489 | 323,634 | 269,172 | 54,462 |
| Debt service: | | | | |
| Principal retirement. | 105,310 | 102,198 | 85,000 | 17,198 |
| Interest and fiscal charges | 68,335 | 66,316 | 55,156 | 11,160 |
| Total expenditures | <u>63,261,038</u> | <u>61,391,577</u> | <u>51,060,402</u> | <u>10,331,175</u> |
| Excess of expenditures over revenues. | <u>(12,997,494)</u> | <u>(12,999,335)</u> | <u>(902,869)</u> | <u>12,096,466</u> |
| Other financing sources (uses): | | | | |
| Refund of prior year's expenditures | 60,016 | 57,781 | 59,889 | 2,108 |
| Refund of prior year's receipts. | (198,433) | (192,569) | (160,163) | 32,406 |
| Transfers (out). | (4,637) | (4,500) | (3,743) | 757 |
| Advances in. | 738,004 | 710,528 | 736,447 | 25,919 |
| Advances (out) | (915,033) | (887,992) | (738,557) | 149,435 |
| Sale of assets | 40,045 | 38,555 | 39,961 | 1,406 |
| Total other financing sources (uses) | <u>(280,038)</u> | <u>(278,197)</u> | <u>(66,166)</u> | <u>212,031</u> |
| Net change in fund balance | <u>(13,277,532)</u> | <u>(13,277,532)</u> | <u>(969,035)</u> | <u>12,308,497</u> |
| Fund balance at beginning of year (restated) | 12,093,047 | 12,093,047 | 12,093,047 | - |
| Prior year encumbrances appropriated . . . | 1,184,485 | 1,184,485 | 1,184,485 | - |
| Fund balance at end of year | \$ - | \$ - | \$ 12,308,497 | \$ 12,308,497 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

| | Private Purpose Trust | |
|--|----------------------------------|-------------------|
| | Scholarship | Agency |
| Assets: | | |
| Equity in pooled cash and investments | \$ 4,520 | \$ 105,225 |
| Receivables: | | |
| Accounts | - | 32 |
| Total assets | <u>4,520</u> | <u>\$ 105,257</u> |
| Liabilities: | | |
| Accounts payable. | - | \$ 1,655 |
| Due to students. | - | 103,602 |
| Total liabilities | <u>-</u> | <u>\$ 105,257</u> |
| Net assets: | | |
| Held in trust for scholarships | <u>4,520</u> | |
| Total net assets | <u>\$ 4,520</u> | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Private Purpose Trust |
|--|----------------------------------|
| | Scholarship |
| Additions: | |
| Interest. | \$ 96 |
| Gifts and contributions. | 1,000 |
| Total additions. | <u>1,096</u> |
| Deductions: | |
| Transfer of scholarship to | |
| Akron Community Foundation. | 120,519 |
| Scholarships awarded | 7,340 |
| Total deductions. | <u>127,859</u> |
| Change in net assets. | (126,763) |
| Net assets at beginning of year | <u>131,283</u> |
| Net assets at end of year | <u>\$ 4,520</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Stow-Munroe Falls City School District (the "District") operates under a locally-elected, five-member Board form of government and provides educational services as authorized or mandated by State and/or Federal agencies. This Board controls the District's nine instructional/support facilities staffed by 231 full-time and part-time non-certified employees and 387 certified teaching personnel. The District provides services to 5,666 students and other community members.

The District is the 60th largest among the 918 public school districts and community schools in the State of Ohio.

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

A. Reporting Entity

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

RELATED ORGANIZATION

Stow-Munroe Falls Public Library

The Stow-Munroe Falls Public Library (the "Library") is a related organization to the District. The District's Board of Education is responsible for appointing all the trustees of the Library; however, the District's Board of Education cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District serves as the taxing authority and may issue tax related debt on behalf of the Library, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during the fiscal year 2011.

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for NEOnet. The purpose of NEOnet is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in NEOnet are required to pay fees, charges, and assessments as charges. NEOnet is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of NEOnet and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from the general fund and the education stabilization fund, a nonmajor governmental fund. During fiscal year 2011, the District contributed \$186,296 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Ave., Suite 200, Cuyahoga Falls, Ohio 44221.

Six District Educational Compact

The Six District Educational Compact is a jointly governed organization to provide for the vocational and special education needs of the students of six participating school districts. The six member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. The District paid \$311,963 to the Six District Educational Compact for services during fiscal year 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization comprised of one hundred and twenty one member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2011, the District paid \$351,437 to the Council. Financial information can be obtained by contacting David Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

PUBLIC ENTITY RISK POOL

Stark County Schools Council of Government Health Benefits Program

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

Ohio School Boards Association Workers' Compensation Group Rating Program

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

GOVERNMENTAL FUNDS

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust, which primarily accounts for memorial and scholarship programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activity.

C. Basis of Presentation and Measurement Focus

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

F. Cash and Investments

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

During fiscal year 2011, investments were limited to federal agency securities, U.S. Treasury money market funds, negotiable certificates of deposit, a repurchase agreement and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes, all investment earnings are assigned to the general fund except those specifically related to certain trust funds, unless the Board of Education specifically directs interest to be recorded in other funds. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$64,627 which includes \$8,358 assigned from other District funds.

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

An analysis of the District's investment account at year end is provided in Note 3.

G. Inventory

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

H. Capital Assets

General capital assets are those related to government activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintained a capitalization threshold of \$5,000 for its general capital assets during fiscal year 2011. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

| <u>Description</u> | <u>Governmental Activities</u> | <u>Estimated Lives</u> |
|-----------------------------------|--------------------------------|------------------------|
| Land improvements | | 15 - 20 years |
| Buildings and improvements | | 10 - 40 years |
| Furniture, fixtures and equipment | | 5 - 20 years |
| Vehicles | | 8 - 15 years |

I. Interfund Balances

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

J. Compensated Absences

GASB Statement No. 16, "Accounting for Compensated Absences", specifies the method used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, 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 are recognized as a liability on the fund financial statements when due.

L. Estimates

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

M. Fund Balance

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

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

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

N. Net Assets

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

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

O. Interfund Activity

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set-aside for State monies received for textbooks/instructional materials. See Note 14 for additional information regarding set-asides.

Q. Unamortized Bond Issuance Costs and Bond Premiums

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

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 8.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

| | General | Nonmajor Governmental | Total Governmental |
|---------------------------------------|----------------------|--------------------------|-----------------------|
| Fund balance as previously reported | \$ 11,394,850 | \$ 571,596 | \$ 11,966,446 |
| Fund reclassifications: | | | |
| Special trust fund | 27,278 | (27,278) | - |
| Uniform school supplies | 122,333 | (122,333) | - |
| Public school support fund | 203,624 | (203,624) | - |
| Total fund reclassifications | <u>353,235</u> | <u>(353,235)</u> | <u>-</u> |
| Restated fund balance at July 1, 2010 | <u>\$ 11,748,085</u> | <u>\$ 218,361</u> | <u>\$ 11,966,446</u> |

The fund reclassifications did not have an effect on net assets as previously reported.

C. Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

Budgetary Basis

| | <u>General Fund</u> |
|----------------------------------|----------------------|
| Balance at June 30, 2010 | \$ 12,123,313 |
| Funds budgeted elsewhere | <u>(30,266)</u> |
| Restated balance at July 1, 2010 | <u>\$ 12,093,047</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Restatement of Net Assets

The District's net assets have been restated to correct errors and omissions in the reporting of capital assets. The change in the District's capital assets had the following effect on net assets as previously reported by the governmental activities:

| | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| Net assets, June 30, 2010 | \$ 22,000,795 |
| Adjustment for capital assets | <u>(202,794)</u> |
| Restated net assets, June 30, 2010 | <u>\$ 21,798,001</u> |

See Note 7 for the effect of the change on capital assets balances as previously reported by the District at June 30, 2010.

E. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

| <u>Nonmajor governmental funds</u> | <u>Deficit</u> |
|------------------------------------|----------------|
| Food service | \$ 7,267 |
| Management information systems | 27 |
| Improving teacher quality | 30,122 |

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 resulted from adjustments for accrued liabilities.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had \$1,050 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$2,751,829, exclusive of the repurchase agreement reported below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$3,324,053 of the District's bank balance of \$3,824,053 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2011, the District had the following investments and maturities:

| Investment type | Fair value | Investment maturities | | | | |
|--------------------------------|----------------------|-----------------------|---------------------|---------------------|-------------------|------------------------|
| | | 6 months or less | 7 to 12 months | 13 to 18 months | 19 to 24 months | Greater Than 24 months |
| FHLMC DN | \$ 459,233 | \$ - | \$ 459,233 | \$ - | \$ - | \$ - |
| FHLMC | 1,905,148 | - | 202,680 | 925,133 | - | 777,335 |
| FHLB | 1,524,023 | - | - | 914,895 | 449,031 | 160,097 |
| FNMA | 649,346 | 100,863 | - | 260,079 | 105,044 | 183,360 |
| Negotiable CDs | 1,359,579 | 490,000 | 625,091 | 244,488 | - | - |
| STAR Ohio | 1,556,508 | 1,556,508 | - | - | - | - |
| Repurchase agreement | 4,970,000 | 4,970,000 | - | - | - | - |
| U.S. Treasury money markets | 14,400 | 14,400 | - | - | - | - |
| | \$ 12,438,237 | \$ 7,131,771 | \$ 1,287,004 | \$ 2,344,595 | \$ 554,075 | \$ 1,120,792 |

The weighted average maturity of investments is 0.64 years.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in the federal agency securities and U.S. Treasury money markets were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

Concentration of Credit Risk: The District's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

| <u>Investment type</u> | <u>Fair value</u> | <u>% of Total</u> |
|--------------------------------|----------------------|-------------------|
| FHLMC DN | \$ 459,233 | 3.69 |
| FHLMC | 1,905,148 | 15.32 |
| FHLB | 1,524,023 | 12.25 |
| FNMA | 649,346 | 5.22 |
| Negotiable CDs | 1,359,579 | 10.93 |
| STAR Ohio | 1,556,508 | 12.51 |
| Repurchase agreement | 4,970,000 | 39.96 |
| U.S. Treasury money markets | 14,400 | 0.12 |
| | <u>\$ 12,438,237</u> | <u>100.00</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

| <u>Cash and investments per note</u> | |
|--------------------------------------|-----------------------------|
| Carrying amount of deposits | \$ 2,751,829 |
| Investments | 12,438,237 |
| Cash on hand | <u>1,050</u> |
| Total | <u><u>\$ 15,191,116</u></u> |

| <u>Cash and investments per statement of net assets</u> | |
|---|-----------------------------|
| Governmental activities | \$ 15,081,371 |
| Private-purpose trust fund | 4,520 |
| Agency fund | <u>105,225</u> |
| Total | <u><u>\$ 15,191,116</u></u> |

NOTE 4 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|------------------------|-----------------------------|--------------------------|
| General | Nonmajor governmental funds | <u><u>\$ 738,557</u></u> |

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

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

B. Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

| | |
|--|------------------------|
| Transfers to nonmajor governmental funds from: | <u>Amount</u> |
| General fund | <u><u>\$ 3,743</u></u> |

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 - INTERFUND TRANSACTIONS - (Continued)

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

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

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Summit and Portage Counties. The County Fiscal Officer and County Auditor periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$3,462,057 in the general fund and \$71,095 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$2,881,222 in the general fund and \$58,991 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 5 - PROPERTY TAXES - (Continued)

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

| | 2010 Second Half Collections | | 2011 First Half Collections | |
|---|---------------------------------|----------------------|--------------------------------|----------------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/residential and other real estate | \$ 980,376,980 | 99.00 | \$ 980,064,930 | 99.08 |
| Public utility personal | 9,003,280 | 0.91 | 9,174,500 | 0.92 |
| Tangible personal property | <u>896,515</u> | <u>0.09</u> | <u>-</u> | <u>-</u> |
| Total | <u><u>\$ 990,276,775</u></u> | <u><u>100.00</u></u> | <u><u>\$ 989,239,430</u></u> | <u><u>100.00</u></u> |
| Tax rate per \$1,000 of assessed valuation | \$ 45.15 | | \$ 45.05 | |

NOTE 6 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables reported on the statement of net assets follows:

Governmental activities:

| | |
|---------------------------------|-----------------------------|
| Taxes | \$ 29,731,899 |
| Accounts | 15,355 |
| Intergovernmental: | |
| IDEA part B grant | 28,918 |
| Improving teacher quality grant | <u>29,730</u> |
| Total intergovernmental | 58,648 |
| Accrued interest | <u>10,196</u> |
| Total receivables | <u><u>\$ 29,816,098</u></u> |

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 7 - CAPITAL ASSETS

Capital assets have been restated to correct errors and omissions reported in prior years. The restatement decreased the net capital asset balance of the governmental activities by \$202,794 at June 30, 2010.

| | <u>Balance 6/30/10</u> | <u>Adjustments</u> | <u>Restated Balance 6/30/10</u> |
|---|----------------------------|---------------------|---|
| Governmental activities: | | | |
| <i>Capital assets, not being depreciated:</i> | | | |
| Land | \$ 563,915 | \$ - | \$ 563,915 |
| Total capital assets, not being depreciated | <u>563,915</u> | <u>-</u> | <u>563,915</u> |
| <i>Capital assets, being depreciated:</i> | | | |
| Land improvements | 3,589,090 | (1,378,250) | 2,210,840 |
| Building and improvements | 32,873,278 | (2,414,942) | 30,458,336 |
| Furniture, fixtures and equipment | 3,892,374 | (233,876) | 3,658,498 |
| Vehicles | <u>5,060,102</u> | <u>(1,044,737)</u> | <u>4,015,365</u> |
| Total capital assets, being depreciated | <u>45,414,844</u> | <u>(5,071,805)</u> | <u>40,343,039</u> |
| <i>Less: accumulated depreciation</i> | | | |
| Land improvements | (2,354,778) | 1,967,302 | (387,476) |
| Building and improvements | (20,895,611) | 812,251 | (20,083,360) |
| Furniture, fixtures and equipment | (3,299,976) | 1,400,168 | (1,899,808) |
| Vehicles | <u>(2,988,224)</u> | <u>689,290</u> | <u>(2,298,934)</u> |
| Total accumulated depreciation | <u>(29,538,589)</u> | <u>4,869,011</u> | <u>(24,669,578)</u> |
| Governmental activities capital assets, net | <u>\$ 16,440,170</u> | <u>\$ (202,794)</u> | <u>\$ 16,237,376</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 7 - CAPITAL ASSETS - (Continued)

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

| | Restated Balance 06/30/10 | Additions | Deductions | Balance 06/30/11 |
|---|---------------------------------|--------------------|-------------|----------------------|
| Governmental activities: | | | | |
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 563,915 | \$ - | \$ - | \$ 563,915 |
| Total capital assets, not being depreciated | <u>563,915</u> | <u>-</u> | <u>-</u> | <u>563,915</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Land improvements | 2,210,840 | 321,230 | - | 2,532,070 |
| Buildings and improvements | 30,458,336 | - | - | 30,458,336 |
| Furniture, fixtures and equipment | 3,658,498 | 482,785 | - | 4,141,283 |
| Vehicles | <u>4,015,365</u> | <u>287,564</u> | <u>-</u> | <u>4,302,929</u> |
| Total capital assets, being depreciated | <u>40,343,039</u> | <u>1,091,579</u> | <u>-</u> | <u>41,434,618</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Land improvements | (387,476) | (118,973) | - | (506,449) |
| Buildings and improvements | (20,083,360) | (544,986) | - | (20,628,346) |
| Furniture, fixtures and equipment | (1,899,808) | (179,876) | - | (2,079,684) |
| Vehicles | <u>(2,298,934)</u> | <u>(205,612)</u> | <u>-</u> | <u>(2,504,546)</u> |
| Total accumulated depreciation | <u>(24,669,578)</u> | <u>(1,049,447)</u> | <u>-</u> | <u>(25,719,025)</u> |
| Governmental activities capital assets, net | <u>\$ 16,237,376</u> | <u>\$ 42,132</u> | <u>\$ -</u> | <u>\$ 16,279,508</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------------|---------------------|
| <u>Instruction:</u> | |
| Regular | \$ 453,599 |
| Special | 3,731 |
| Vocational | 2,178 |
| <u>Support services:</u> | |
| Pupil | 326 |
| Instructional staff | 16,361 |
| Administration | 3,949 |
| Fiscal | 1,236 |
| Operations and maintenance | 259,492 |
| Pupil transportation | 219,378 |
| Other non-instructional services | 2,080 |
| Extracurricular activities | 81,108 |
| Food service operations | <u>6,009</u> |
| Total depreciation expense | <u>\$ 1,049,447</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 8 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2011, the following changes occurred in the governmental activities long-term obligations.

| | Balance 06/30/10 | Additions | Reductions | Balance 06/30/11 | Amounts Due in One Year |
|--|---------------------|-------------------|-----------------------|-----------------------------------|-------------------------------|
| Governmental activities: | | | | | |
| <u>General obligation bonds</u> | | | | | |
| 2006 bus acquisition/energy conservation, 4.00-5.00% | \$ 3,120,000 | \$ - | \$ (235,000) | \$ 2,885,000 | \$ 250,000 |
| Total general obligation bonds | <u>3,120,000</u> | <u>-</u> | <u>(235,000)</u> | <u>2,885,000</u> | <u>250,000</u> |
| <u>Other obligations:</u> | | | | | |
| Compensated absences | 4,389,163 | 783,147 | (905,511) | 4,266,799 | 474,560 |
| Total other obligations | <u>4,389,163</u> | <u>783,147</u> | <u>(905,511)</u> | <u>4,266,799</u> | <u>474,560</u> |
| Total governmental activities long-term obligations | <u>\$ 7,509,163</u> | <u>\$ 783,147</u> | <u>\$ (1,140,511)</u> | <u>7,151,799</u> | <u>\$ 724,560</u> |
| | | | | Add: unamortized premium on bonds | <u>67,510</u> |
| | | | | Total on statement of net assets | <u>\$ 7,219,309</u> |

Series 2006 Bus Acquisition/Energy Conservation Bonds

In fiscal year 2007, the District issued \$3,805,000 in general obligation bonds for the purpose of financing school bus acquisitions and energy conservation projects to various District buildings. These bonds mature December 1, 2021. These bonds are paid out of the general fund and the permanent improvement fund, a nonmajor governmental fund.

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

| Fiscal Year Ending | General Obligation Bonds | | |
|-----------------------|--------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2012 | \$ 250,000 | \$ 122,400 | \$ 372,400 |
| 2013 | 260,000 | 112,200 | 372,200 |
| 2014 | 265,000 | 101,369 | 366,369 |
| 2015 | 280,000 | 88,737 | 368,737 |
| 2016 | 295,000 | 74,362 | 369,362 |
| 2017 - 2021 | 1,270,000 | 187,430 | 1,457,430 |
| 2022 | <u>265,000</u> | <u>5,631</u> | <u>270,631</u> |
| Total | <u>\$ 2,885,000</u> | <u>\$ 692,129</u> | <u>\$ 3,577,129</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences

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

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$86,146,549 and an unvoted debt margin of \$989,239.

NOTE 9 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance in the past three years nor has insurance coverage been significantly reduced from 2010.

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

The District has contracted with Stark County Schools Council of Government (the "Consortium") to provide medical/surgical, dental, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The Consortium is a shared risk pool comprised of sixty-five members. The members pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating entities and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$300,000 per individual and a maximum aggregate stop-loss coverage liability of \$169,555,606.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 9 - RISK MANAGEMENT - (Continued)

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

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

| | <u>2011</u> | <u>2010</u> |
|-----------------------|---------------|---------------|
| Cash and investments | \$ 89,702,252 | \$ 69,203,189 |
| Actuarial liabilities | 13,719,000 | 12,937,000 |

C. Workers' Compensation

The District participates in the OSBA Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1.A.). Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

NOTE 10 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$953,972, \$1,039,686 and \$743,521, respectively; 51.80 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - PENSION PLANS - (Continued)

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$3,359,040, \$3,192,216 and \$3,106,675, respectively; 84.58 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements. Contributions to the DC and Combined Plans for fiscal year 2011 were \$117,068 made by the District and \$83,620 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$238,783, \$159,445 and \$504,242, respectively; 51.80 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining health care liability is presented as a component of "pension obligation payable" on the basic financial statements.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$61,390, \$61,828 and \$61,347, respectively; 51.80 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining Medicare Part B liability is presented as a component of "pension obligation payable" on the basic financial statements.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$258,388, \$245,555 and \$238,975, respectively; 84.58 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining health care liability is presented as a component of "pension obligation payable" on the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

| Net Change in Fund Balance | | <u>General fund</u> |
|---|--|----------------------------|
| Budget basis | | \$ (969,035) |
| Net adjustment for revenue accruals | | 608,748 |
| Net adjustment for expenditure accruals | | 107,413 |
| Net adjustment for other sources/uses | | 62,423 |
| Funds budgeted elsewhere | | (37,025) |
| Adjustment for encumbrances | | <u>754,128</u> |
| GAAP basis | | <u>\$ 526,652</u> |

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 13 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 14 - SET-ASIDES

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

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

| | <u>Textbooks</u> | <u>Capital Improvements</u> |
|---|-------------------|---------------------------------|
| Set-aside balance June 30, 2010 | \$ 540,027 | \$ - |
| Current year set-aside requirement | 881,919 | 881,919 |
| Contributions in excess of the current fiscal year set-aside requirement | - | - |
| Current year qualifying expenditures | (1,173,723) | (720,806) |
| Excess qualified expenditures from prior years | - | - |
| Current year offsets | - | (652,313) |
| Waiver granted by ODE | - | - |
| Prior year offset from bond proceeds | - | - |
| Total | <u>\$ 248,223</u> | <u>\$ (491,200)</u> |
| Balance carried forward to fiscal year 2012 | <u>\$ -</u> | <u>\$ -</u> |
| Set-aside balance June 30, 2011 | <u>\$ 248,223</u> | <u>\$ -</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 14 - SET-ASIDES - (Continued)

Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

NOTE 15 - OTHER COMMITMENTS

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

| <u>Fund</u> | <u>Year-End</u> |
|--------------------|---------------------|
| | <u>Encumbrances</u> |
| General fund | \$ 667,099 |
| Other governmental | <u>452,824</u> |
| Total | <u>\$ 1,119,923</u> |

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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

MAJOR FUND

General Fund

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio. A budgetary statement for the general fund is presented as part of the basic financial statements. The level of detail presented in that statement is greater than the legal level of budgetary control; therefore, a separate additional schedule is not presented.

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

Special Trust Fund

Section 5705.09, Revised Code

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

Uniform School Supplies Fund

Section 3313.811, Revised Code

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

Special Services Rotary Fund

Section 5705.12, Revised Code

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

Internal Service Rotary Fund

Section 5705.12, Revised Code

To account for operations that provide goods or services to other governmental units on a cost-reimbursement basis.

Public School Support Fund

Section 5705.12, Revised Code

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

Unclaimed Monies Fund

Section 9.39, Revised Code

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

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|------------------|--|
| <u>Special Trust Fund</u> | | | |
| Total expenditures and other financing uses | \$ 27,085 | \$ 27,085 | \$ - |
| Net change in fund balance | (27,085) | (27,085) | - |
| Fund balance at beginning of year | 26,299 | 26,299 | - |
| Prior year encumbrances appropriated | <u>786</u> | <u>786</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Uniform School Supplies Fund</u> | | | |
| Total revenues and other financing sources | \$ 176,486 | \$ 177,591 | \$ 1,105 |
| Total expenditures and other financing uses | <u>263,237</u> | <u>172,866</u> | <u>90,371</u> |
| Net change in fund balance | (86,751) | 4,725 | 91,476 |
| Fund balance at beginning of year | 77,154 | 77,154 | - |
| Prior year encumbrances appropriated | <u>9,597</u> | <u>9,597</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 91,476</u> | <u>\$ 91,476</u> |
| <u>Special Services Rotary Fund</u> | | | |
| Total revenues and other financing sources | \$ 26,038 | \$ 26,038 | \$ - |
| Total expenditures and other financing uses | <u>29,185</u> | <u>9,207</u> | <u>19,978</u> |
| Net change in fund balance | (3,147) | 16,831 | 19,978 |
| Fund balance at beginning of year | 2,827 | 2,827 | - |
| Prior year encumbrances appropriated | <u>320</u> | <u>320</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 19,978</u> | <u>\$ 19,978</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|-------------------|--|
| <u>Internal Service Rotary Fund</u> | | | |
| Total revenues and other financing sources | \$ - | \$ (5) | \$ (5) |
| Total expenditures and other financing uses | <u>6,712</u> | <u>6,712</u> | - |
| Net change in fund balance | (6,712) | (6,717) | (5) |
| Fund balance at beginning of year | 6,019 | 6,019 | - |
| Prior year encumbrances appropriated | <u>698</u> | <u>698</u> | - |
| Fund balance at end of year | <u>\$ 5</u> | <u>\$ -</u> | <u>\$ (5)</u> |
| <u>Public School Support Fund</u> | | | |
| Total revenues and other financing sources | \$ 211,135 | \$ 213,651 | \$ 2,516 |
| Total expenditures and other financing uses | <u>413,617</u> | <u>236,381</u> | <u>177,236</u> |
| Net change in fund balance | (202,482) | (22,730) | 179,752 |
| Fund balance at beginning of year | 192,630 | 192,630 | - |
| Prior year encumbrances appropriated | <u>9,852</u> | <u>9,852</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 179,752</u> | <u>\$ 179,752</u> |
| <u>Unclaimed Monies Fund</u> | | | |
| Total revenues and other financing sources | \$ - | \$ 3,066 | \$ 3,066 |
| Total expenditures and other financing uses | <u>21,420</u> | - | <u>21,420</u> |
| Net change in fund balance | (21,420) | 3,066 | 24,486 |
| Fund balance at beginning of year | <u>21,420</u> | <u>21,420</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 24,486</u> | <u>\$ 24,486</u> |

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

Nonmajor Special Revenue Funds

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

Food Service Fund

Section 3313.81, Revised Code

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

Other Grants Fund

Section 5705.09, Revised Code

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

District Managed Activity Fund

Section 3313.062, Revised Code

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

Auxiliary Services Fund

Current Budget Bill. appropriation line items 200-511 and 200-532

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

Management Information Systems Fund

Current Budget Bill. appropriation line item 200-446

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

Data Communication Fund

Current Budget Bill. appropriation line item 200-426

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

SchoolNet Professional Development Fund

Section 5705.09, Revised Code

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

Ohio Reads Fund

Current Budget Bill. appropriation line item 200-566

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

Education Jobs Fund

Catalog of Federal Domestic Assistance #84.410

A fund used to account for a federal program that provides assistance to save or create education jobs.

IDEA Part B Grants Fund

Catalog of Federal Domestic Assistance #84.027

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

Education Stabilization Fund

Catalog of Federal Domestic Assistance #84.394

To support and restore State funding for elementary, secondary, post-secondary education and, as applicable, early childhood programs.

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

Nonmajor Special Revenue Funds - (Continued)

Title II-D - Technology Fund

Catalog of Federal Domestic Assistance #84.386

To improve State academic achievement through technology in schools; to assist students in becoming technologically literate by the end of eighth grade, and; to encourage effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods.

Title III Limited English Proficiency Fund

Catalog of Federal Domestic Assistance #84.365

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

Title I Disadvantaged Children Fund

Catalog of Federal Domestic Assistance #84.010

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

Drug Free School Grant Fund

Catalog of Federal Domestic Assistance #84.186

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

IDEA Preschool-Handicapped Fund

Catalog of Federal Domestic Assistance #84.173

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

Improving Teacher Quality Fund

Catalog of Federal Domestic Assistance #84.367

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

Nonmajor Capital Projects Fund

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

Permanent Improvement Fund

Section 5705.10, Revised Code

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|---|---|--|
| Assets: | | | |
| Equity in pooled cash investments. | \$ 1,392,478 | \$ 271,754 | \$ 1,664,232 |
| Receivables: | | | |
| Taxes. | - | 595,651 | 595,651 |
| Accounts. | 6,575 | - | 6,575 |
| Intergovernmental | 58,648 | - | 58,648 |
| Materials and supplies inventory | 91,344 | - | 91,344 |
| Total assets. | \$ 1,549,045 | \$ 867,405 | \$ 2,416,450 |
| Liabilities: | | | |
| Accounts payable. | \$ 20,833 | \$ 1,832 | \$ 22,665 |
| Accrued wages and benefits | 194,465 | - | 194,465 |
| Compensated absences payable | 9,092 | - | 9,092 |
| Pension obligation payable. | 56,317 | - | 56,317 |
| Intergovernmental payable | 275,080 | - | 275,080 |
| Interfund payable | 738,557 | - | 738,557 |
| Deferred revenue | 29,730 | 17,634 | 47,364 |
| Unearned revenue | - | 506,922 | 506,922 |
| Total liabilities | 1,324,074 | 526,388 | 1,850,462 |
| Fund balances: | | | |
| Nonspendable: | | | |
| Materials and supplies inventory. | 91,344 | - | 91,344 |
| Restricted: | | | |
| Non-public schools. | 90,550 | - | 90,550 |
| Special education. | 11,019 | - | 11,019 |
| Targeted academic assistance. | 65,190 | - | 65,190 |
| Extracurricular | 89,904 | - | 89,904 |
| Other purposes. | 5,724 | - | 5,724 |
| Committed: | | | |
| Capital improvements. | - | 341,017 | 341,017 |
| Unassigned (deficit). | (128,760) | - | (128,760) |
| Total fund balances | 224,971 | 341,017 | 565,988 |
| Total liabilities and fund balances | \$ 1,549,045 | \$ 867,405 | \$ 2,416,450 |

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|---|---|--|
| Revenues: | | | |
| From local sources: | | | |
| Taxes. | \$ - | \$ 589,303 | \$ 589,303 |
| Earnings on investments. | 500 | - | 500 |
| Charges for services. | 747,688 | - | 747,688 |
| Extracurricular. | 262,500 | - | 262,500 |
| Other local revenues. | 18,653 | - | 18,653 |
| Intergovernmental - Intermediate. | - | 224 | 224 |
| Intergovernmental - State. | 394,790 | 74,890 | 469,680 |
| Intergovernmental - Federal. | 4,958,913 | - | 4,958,913 |
| Total revenues | 6,383,044 | 664,417 | 7,047,461 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular. | 2,135,660 | - | 2,135,660 |
| Special. | 946,965 | - | 946,965 |
| Other. | 80 | - | 80 |
| Support services: | | | |
| Pupil. | 428,728 | - | 428,728 |
| Instructional staff. | 70,779 | - | 70,779 |
| Board of education. | 44,862 | - | 44,862 |
| Administration. | 203,281 | - | 203,281 |
| Fiscal. | 14,355 | 12,143 | 26,498 |
| Operations and maintenance. | 14,668 | 17,847 | 32,515 |
| Pupil transportation. | 79,775 | - | 79,775 |
| Central. | 191,825 | - | 191,825 |
| Operation of non-instructional services: | | | |
| Food service operations. | 1,299,824 | - | 1,299,824 |
| Other non-instructional services. | 337,145 | 34,757 | 371,902 |
| Extracurricular activities. | 289,749 | - | 289,749 |
| Facilities acquisition and construction. | - | 354,190 | 354,190 |
| Debt service: | | | |
| Principal retirement. | - | 150,000 | 150,000 |
| Interest and fiscal charges. | - | 76,944 | 76,944 |
| Total expenditures | 6,057,696 | 645,881 | 6,703,577 |
| Excess of revenues over expenditures. | 325,348 | 18,536 | 343,884 |
| Other financing sources: | | | |
| Transfers in. | 3,743 | - | 3,743 |
| Net change in fund balances. | 329,091 | 18,536 | 347,627 |
| Fund balances (deficit) at beginning of year (restated). | | | |
| Fund balances at end of year | \$ 224,971 | \$ 341,017 | \$ 565,988 |

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

| | Food Service | Other Grants | District Managed Activity | Auxiliary Services |
|---|-------------------------|-------------------------|--|-------------------------------|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents. | \$ 14,524 | \$ 2,217 | \$ 83,404 | \$ 116,758 |
| Receivables: | | | | |
| Accounts. | - | - | 6,575 | - |
| Intergovernmental | - | - | - | - |
| Materials and supplies inventory | <u>91,344</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets. | <u>\$ 105,868</u> | <u>\$ 2,217</u> | <u>\$ 89,979</u> | <u>\$ 116,758</u> |
| Liabilities: | | | | |
| Accounts payable. | \$ 34 | \$ - | \$ - | \$ 11,693 |
| Accrued wages and benefits | 67,997 | - | - | 3,435 |
| Compensated absences payable | - | - | - | 9,092 |
| Pension obligation payable. | 42,353 | - | - | 1,768 |
| Intergovernmental payable | 2,751 | - | 75 | 220 |
| Interfund payable | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Total liabilities. | <u>113,135</u> | <u>-</u> | <u>75</u> | <u>26,208</u> |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Materials and supplies inventory. | 91,344 | - | - | - |
| Restricted: | | | | |
| Non-public schools. | - | - | - | 90,550 |
| Special education. | - | - | - | - |
| Targeted academic assistance. | - | - | - | - |
| Extracurricular | - | - | 89,904 | - |
| Other purposes. | - | 2,217 | - | - |
| Unassigned (deficit). | (98,611) | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances (deficits) | <u>(7,267)</u> | <u>2,217</u> | <u>89,904</u> | <u>90,550</u> |
| Total liabilities and fund balances. | <u>\$ 105,868</u> | <u>\$ 2,217</u> | <u>\$ 89,979</u> | <u>\$ 116,758</u> |

| Management Information Systems | Data Communication | IDEA Part B Grants | Title II-D Technology | Title III Limited English Proficiency | Title I Disadvantaged Children |
|---------------------------------------|---------------------------|---------------------------|------------------------------|--|---------------------------------------|
| \$ - | \$ 2,475 | \$ 394,817 | \$ 200 | \$ 832 | \$ 719,843 |
| - | - | - | - | - | - |
| - | - | 28,918 | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| \$ - | <u>\$ 2,475</u> | <u>\$ 423,735</u> | <u>\$ 200</u> | <u>\$ 832</u> | <u>\$ 719,843</u> |
| \$ - | \$ - | \$ 7,454 | \$ - | \$ - | \$ 47 |
| - | - | 54,281 | - | - | 58,366 |
| - | - | - | - | - | - |
| - | - | 3,416 | - | - | 7,318 |
| 27 | - | 68,350 | - | - | 176,478 |
| - | - | 280,738 | - | - | 412,444 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 27 | <u>-</u> | <u>414,239</u> | <u>-</u> | <u>-</u> | <u>654,653</u> |
| - - | - - | - - | - - | - - | - - |
| - - | - - | - - | - - | - - | - - |
| - - | - - | 9,496 | - | - | - |
| - - | - - | - - | - - | - | 65,190 |
| - - | - - | - - | - - | - | - |
| - | 2,475 | - | 200 | 832 | - |
| (27) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (27) | <u>2,475</u> | <u>9,496</u> | <u>200</u> | <u>832</u> | <u>65,190</u> |
| \$ - | <u>\$ 2,475</u> | <u>\$ 423,735</u> | <u>\$ 200</u> | <u>\$ 832</u> | <u>\$ 719,843</u> |

- continued

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

COMBINING BALANCE SHEET (CONCLUDED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

| | IDEA Preschool- Handicapped | Improving Teacher Quality | Total Nonmajor Special Revenue Funds |
|---|--|--|---|
| Assets: | | | |
| Equity in pooled cash and cash equivalents. | \$ 35,930 | \$ 21,478 | \$ 1,392,478 |
| Receivables: | | | |
| Accounts. | - | - | 6,575 |
| Intergovernmental. | - | 29,730 | 58,648 |
| Materials and supplies inventory | <u>-</u> | <u>-</u> | <u>91,344</u> |
| Total assets. | <u>\$ 35,930</u> | <u>\$ 51,208</u> | <u>\$ 1,549,045</u> |
| Liabilities: | | | |
| Accounts payable. | \$ 1,605 | \$ - | \$ 20,833 |
| Accrued wages and benefits | - | 10,386 | 194,465 |
| Compensated absences payable | - | - | 9,092 |
| Pension obligation payable. | - | 1,462 | 56,317 |
| Intergovernmental payable. | 26,657 | 522 | 275,080 |
| Interfund payable. | 6,145 | 39,230 | 738,557 |
| Deferred revenue | <u>-</u> | <u>29,730</u> | <u>29,730</u> |
| Total liabilities. | <u>34,407</u> | <u>81,330</u> | <u>1,324,074</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Materials and supplies inventory. | - | - | 91,344 |
| Restricted: | | | |
| Non-public schools. | - | - | 90,550 |
| Special education. | 1,523 | - | 11,019 |
| Targeted academic assistance. | - | - | 65,190 |
| Extracurricular. | - | - | 89,904 |
| Other purposes. | - | - | 5,724 |
| Unassigned (deficit). | <u>-</u> | <u>(30,122)</u> | <u>(128,760)</u> |
| Total fund balances (deficits) | <u>1,523</u> | <u>(30,122)</u> | <u>224,971</u> |
| Total liabilities and fund balances. | <u>\$ 35,930</u> | <u>\$ 51,208</u> | <u>\$ 1,549,045</u> |

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Food Service | Other Grants | District Managed Activity | Auxiliary Services |
|---|--------------------------|-------------------------|--|-------------------------------|
| Revenues: | | | | |
| From local sources: | | | | |
| Earnings on investments | \$ - | \$ - | \$ - | \$ 500 |
| Charges for services | 747,688 | - | - | - |
| Extracurricular | - | - | 262,500 | - |
| Other local revenues | - | - | 18,653 | - |
| Intergovernmental - State | 10,448 | - | - | 358,867 |
| Intergovernmental - Federal | 537,396 | - | - | - |
| Total revenues | <u>1,295,532</u> | <u>-</u> | <u>281,153</u> | <u>359,367</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | - | 455 | - | - |
| Special | - | - | - | - |
| Other | - | - | - | - |
| Support services: | | | | |
| Pupil | - | - | - | - |
| Instructional staff. | - | - | - | - |
| Board of education. | - | - | - | - |
| Administration | - | - | - | - |
| Fiscal. | - | - | - | 14,355 |
| Operations and maintenance | - | - | - | - |
| Pupil transportation | - | - | - | - |
| Central | - | - | - | - |
| Operation of non-instructional services: | | | | |
| Food service operations. | 1,299,824 | - | - | - |
| Other non-instructional services | - | - | - | 317,523 |
| Extracurricular activities | - | - | 289,749 | - |
| Total expenditures | <u>1,299,824</u> | <u>455</u> | <u>289,749</u> | <u>331,878</u> |
| Excess of revenues over (under) expenditures | <u>(4,292)</u> | <u>(455)</u> | <u>(8,596)</u> | <u>27,489</u> |
| Other financing sources: | | | | |
| Transfers in. | <u>3,743</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances. | <u>(549)</u> | <u>(455)</u> | <u>(8,596)</u> | <u>27,489</u> |
| Fund balances (deficits) | | | | |
| at beginning of year | <u>(6,718)</u> | <u>2,672</u> | <u>98,500</u> | <u>63,061</u> |
| Fund balances (deficits) at end of year | <u>\$ (7,267)</u> | <u>\$ 2,217</u> | <u>\$ 89,904</u> | <u>\$ 90,550</u> |

| Management Information Systems | Data Communication | SchoolNet Professional Development | Ohio Reads | Education Jobs | IDEA Part B Grants |
|---|-------------------------------|---|-----------------------|---------------------------|-----------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 5,000 | 20,475 | - | - | - | - |
| 5,000 | 20,475 | - | - | 816,070 | 1,786,619 |
| 5,000 | 20,475 | - | - | 816,070 | 1,786,619 |
| | | | | | |
| - | 38,577 | 220 | 15,210 | 816,070 | 11,536 |
| - | - | - | - | - | 748,754 |
| - | - | - | - | - | 80 |
| - | - | - | - | - | 416,644 |
| - | - | - | - | - | 33,200 |
| - | - | - | - | - | - |
| - | - | - | - | - | 199,515 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 79,775 |
| 4,980 | - | 775 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 18,425 |
| - | - | - | - | - | - |
| 4,980 | 38,577 | 995 | 15,210 | 816,070 | 1,507,929 |
| 20 | (18,102) | (995) | (15,210) | - | 278,690 |
| | | | | | |
| - | - | - | - | - | - |
| 20 | (18,102) | (995) | (15,210) | - | 278,690 |
| (47) | 20,577 | 995 | 15,210 | - | (269,194) |
| \$ (27) | \$ 2,475 | \$ - | \$ - | \$ - | \$ 9,496 |

-continued

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Education Stabilization | Title II-D Technology | Title III Limited English Proficiency | Title I Disadvantaged Children |
|---|------------------------------------|----------------------------------|--|---|
| Revenues: | | | | |
| From local sources: | | | | |
| Earnings on investments | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - |
| Extracurricular | - | - | - | - |
| Other local revenues | - | - | - | - |
| Intergovernmental - State | - | - | - | - |
| Intergovernmental - Federal | 1,147,980 | 3,921 | 24,930 | 506,659 |
| Total revenues | <u>1,147,980</u> | <u>3,921</u> | <u>24,930</u> | <u>506,659</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 653,573 | 4,522 | 23,334 | 438,274 |
| Special | 185,367 | - | - | - |
| Other | - | - | - | - |
| Support services: | | | | |
| Pupil | - | - | - | - |
| Instructional staff. | - | - | - | 31,241 |
| Board of education. | 44,862 | - | - | - |
| Administration | - | - | - | - |
| Fiscal. | - | - | - | - |
| Operations and maintenance | 14,668 | - | - | - |
| Pupil transportation | - | - | - | - |
| Central | 186,070 | - | - | - |
| Operation of non-instructional services: | | | | |
| Food service operations. | - | - | - | - |
| Other non-instructional services | - | - | 1,197 | - |
| Extracurricular activities | - | - | - | - |
| Total expenditures | <u>1,084,540</u> | <u>4,522</u> | <u>24,531</u> | <u>469,515</u> |
| Excess of revenues over (under) expenditures | <u>63,440</u> | <u>(601)</u> | <u>399</u> | <u>37,144</u> |
| Other financing sources: | | | | |
| Transfers in. | - | - | - | - |
| Net change in fund balances. | 63,440 | (601) | 399 | 37,144 |
| Fund balances (deficits) | | | | |
| at beginning of year | <u>(63,440)</u> | <u>801</u> | <u>433</u> | <u>28,046</u> |
| Fund balances (deficits) at end of year | <u>\$ -</u> | <u>\$ 200</u> | <u>\$ 832</u> | <u>\$ 65,190</u> |

| Drug Free School Grant | IDEA Preschool- Handicapped | Improving Teacher Quality | Total Nonmajor Special Revenue Funds |
|---------------------------------------|--|--|---|
| \$ - | \$ - | \$ - | \$ 500 |
| - | - | - | 747,688 |
| - | - | - | 262,500 |
| - | - | - | 18,653 |
| - | - | - | 394,790 |
| 7,391 | 25,746 | 102,201 | 4,958,913 |
| 7,391 | 25,746 | 102,201 | 6,383,044 |

| | | | |
|----------------|-----------------|--------------------|-------------------|
| 1,081 | - | 132,808 | 2,135,660 |
| - | 12,844 | - | 946,965 |
| - | - | - | 80 |
| - | 12,084 | - | 428,728 |
| 3,200 | - | 3,138 | 70,779 |
| - | - | - | 44,862 |
| - | - | 3,766 | 203,281 |
| - | - | - | 14,355 |
| - | - | - | 14,668 |
| - | - | - | 79,775 |
| - | - | - | 191,825 |
| - | - | - | 1,299,824 |
| - | - | - | 337,145 |
| - | - | - | 289,749 |
| 4,281 | 24,928 | 139,712 | 6,057,696 |
| 3,110 | 818 | (37,511) | 325,348 |
| - | - | - | 3,743 |
| 3,110 | 818 | (37,511) | 329,091 |
| (3,110) | 705 | 7,389 | (104,120) |
| \$ - | \$ 1,523 | \$ (30,122) | \$ 224,971 |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|-------------------------|------------------|--|
| <u>Food Service Fund</u> | | | |
| Total revenues and other financing sources | \$ 1,210,727 | \$ 1,215,217 | \$ 4,490 |
| Total expenditures and other financing uses | <u>1,273,582</u> | <u>1,263,702</u> | <u>9,880</u> |
| Net change in fund balance | (62,855) | (48,485) | 14,370 |
| Fund balance at beginning of year | 49,925 | 49,925 | - |
| Prior year encumbrances appropriated | <u>12,930</u> | <u>12,930</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 14,370</u> | <u>\$ 14,370</u> |
| <u>Other Grants Fund</u> | | | |
| Total expenditures and other financing uses | \$ 2,672 | \$ 455 | \$ 2,217 |
| Net change in fund balance | (2,672) | (455) | 2,217 |
| Fund balance at beginning of year | <u>2,672</u> | <u>2,672</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 2,217</u> | <u>\$ 2,217</u> |
| <u>District Managed Activity Fund</u> | | | |
| Total revenues and other financing sources | \$ 277,777 | \$ 278,009 | \$ 232 |
| Total expenditures and other financing uses | <u>379,496</u> | <u>306,043</u> | <u>73,453</u> |
| Net change in fund balance | (101,719) | (28,034) | 73,685 |
| Fund balance at beginning of year | 84,807 | 84,807 | - |
| Prior year encumbrances appropriated | <u>16,912</u> | <u>16,912</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 73,685</u> | <u>\$ 73,685</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|------------------|--|
| <u>Auxiliary Services Fund</u> | | | |
| Total revenues and other financing sources | \$ 394,735 | \$ 394,735 | \$ - |
| Total expenditures and other financing uses | <u>449,827</u> | <u>436,878</u> | <u>12,949</u> |
| Net change in fund balance | (55,092) | (42,143) | 12,949 |
| Fund balance at beginning of year | 32,175 | 32,175 | - |
| Prior year encumbrances appropriated | <u>22,917</u> | <u>22,917</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 12,949</u> | <u>\$ 12,949</u> |
| <u>Management Information Systems Fund</u> | | | |
| Total revenues and other financing sources | \$ 5,000 | \$ 5,000 | \$ - |
| Total expenditures and other financing uses | <u>5,000</u> | <u>5,000</u> | <u>-</u> |
| Net change in fund balance | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Data Communication Fund</u> | | | |
| Total revenues and other financing sources | \$ 20,475 | \$ 20,475 | \$ - |
| Total expenditures and other financing uses | <u>41,052</u> | <u>41,052</u> | <u>-</u> |
| Net change in fund balance | (20,577) | (20,577) | - |
| Fund balance at beginning of year | <u>20,577</u> | <u>20,577</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|----------------|--|
| <u>SchoolNet Professional Development Fund</u> | | | |
| Total expenditures and other financing uses | \$ 995 | \$ 995 | \$ - |
| Net change in fund balance | (995) | (995) | - |
| Fund balance at beginning of year | <u>995</u> | <u>995</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Ohio Reads Fund</u> | | | |
| Total expenditures and other financing uses | \$ 15,210 | \$ 15,210 | \$ - |
| Net change in fund balance | (15,210) | (15,210) | - |
| Fund balance at beginning of year | <u>15,210</u> | <u>15,210</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Education Jobs Fund</u> | | | |
| Total revenues and other financing sources | \$ 816,070 | \$ 816,070 | \$ - |
| Total expenditures and other financing uses | <u>816,070</u> | <u>816,070</u> | - |
| Net change in fund balance | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|-------------------|--|
| <u>IDEA Part B Grants Fund</u> | | | |
| Total revenues and other financing sources | \$ 1,771,079 | \$ 1,771,079 | \$ - |
| Total expenditures and other financing uses | <u>2,372,799</u> | <u>2,039,705</u> | <u>333,094</u> |
| Net change in fund balance | (601,720) | (268,626) | 333,094 |
| Fund balance at beginning of year | 432,734 | 432,734 | - |
| Prior year encumbrances appropriated | <u>168,986</u> | <u>168,986</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 333,094</u> | <u>\$ 333,094</u> |
| <u>Education Stabilization Fund</u> | | | |
| Total revenues and other financing sources | \$ 1,147,980 | \$ 1,147,980 | \$ - |
| Total expenditures and other financing uses | <u>1,162,648</u> | <u>1,162,648</u> | <u>-</u> |
| Net change in fund balance | (14,668) | (14,668) | - |
| Fund balance at beginning of year | - | - | - |
| Prior year encumbrances appropriated | <u>14,668</u> | <u>14,668</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Title II-D Technology Fund</u> | | | |
| Total revenues and other financing sources | \$ 10,487 | \$ 10,487 | \$ - |
| Total expenditures and other financing uses | <u>13,332</u> | <u>13,332</u> | <u>-</u> |
| Net change in fund balance | (2,845) | (2,845) | - |
| Fund balance at beginning of year | <u>2,845</u> | <u>2,845</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|-------------------------|-------------------|--|
| <u>Title III Limited English Proficiency Fund</u> | | | |
| Total revenues and other financing sources | \$ 24,931 | \$ 24,931 | \$ - |
| Total expenditures and other financing uses | <u>38,075</u> | <u>37,957</u> | <u>118</u> |
| Net change in fund balance | (13,144) | (13,026) | 118 |
| Fund balance at beginning of year | <u>13,144</u> | <u>13,144</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 118</u> | <u>\$ 118</u> |
| <u>Title I Disadvantaged Children Fund</u> | | | |
| Total revenues and other financing sources | \$ 1,093,832 | \$ 1,093,832 | \$ - |
| Total expenditures and other financing uses | <u>1,401,961</u> | <u>689,570</u> | <u>712,391</u> |
| Net change in fund balance | (308,129) | 404,262 | 712,391 |
| Fund balance at beginning of year | <u>279,851</u> | <u>279,851</u> | - |
| Prior year encumbrances appropriated | <u>28,278</u> | <u>28,278</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 712,391</u> | <u>\$ 712,391</u> |
| <u>Drug Free School Grant Fund</u> | | | |
| Total revenues and other financing sources | \$ 7,391 | \$ 7,391 | \$ - |
| Total expenditures and other financing uses | <u>11,672</u> | <u>11,672</u> | - |
| Net change in fund balance | (4,281) | (4,281) | - |
| Fund balance at beginning of year | <u>4,281</u> | <u>4,281</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|------------------|--|
| <u>IDEA Preschool-Handicapped Fund</u> | | | |
| Total revenues and other financing sources | \$ 58,548 | \$ 58,548 | \$ - |
| Total expenditures and other financing uses | <u>63,130</u> | <u>30,140</u> | <u>32,990</u> |
| Net change in fund balance | (4,582) | 28,408 | 32,990 |
| Fund balance at beginning of year | <u>4,582</u> | <u>4,582</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 32,990</u> | <u>\$ 32,990</u> |
| <u>Improving Teacher Quality Fund</u> | | | |
| Total revenues and other financing sources | \$ 141,431 | \$ 141,431 | \$ - |
| Total expenditures and other financing uses | <u>150,001</u> | <u>128,523</u> | <u>21,478</u> |
| Net change in fund balance | (8,570) | 12,908 | 21,478 |
| Fund balance at beginning of year | 7,783 | 7,783 | - |
| Prior year encumbrances appropriated | <u>787</u> | <u>787</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 21,478</u> | <u>\$ 21,478</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|----------------|--|
| <u>Permanent Improvement Fund</u> | | | |
| Total revenues and other financing sources | \$ 652,313 | \$ 652,313 | \$ - |
| Total expenditures and other financing uses | <u>923,138</u> | <u>923,138</u> | - |
| Net change in fund balance | (270,825) | (270,825) | - |
| Fund balance at beginning of year | 1,924 | 1,924 | - |
| Prior year encumbrances appropriated | <u>268,901</u> | <u>268,901</u> | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|-----------------|--|
| <u>Scholarship</u> | | | |
| Total revenues and other financing sources | \$ 750 | \$ 1,096 | \$ 346 |
| Total expenditures and other financing uses | <u>132,033</u> | <u>128,079</u> | <u>3,954</u> |
| Net change in fund balance | (131,283) | (126,983) | 4,300 |
| Fund balance at beginning of year | 131,173 | 131,173 | - |
| Prior year encumbrances appropriated | <u>110</u> | <u>110</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 4,300</u> | <u>\$ 4,300</u> |

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Beginning Balance July 1, 2010 | Additions | Deletions | Ending Balance June 30, 2011 |
|--|---|-------------------|-------------------|---|
| <u>Student Managed Activities</u> | | | | |
| Assets: | | | | |
| Equity in pooled cash and investments. | \$ 117,471 | \$ 168,199 | \$ 180,445 | \$ 105,225 |
| Receivables | | | | |
| Accounts | <u>2,283</u> | <u>32</u> | <u>2,283</u> | <u>32</u> |
| Total assets | <u>\$ 119,754</u> | <u>\$ 168,231</u> | <u>\$ 182,728</u> | <u>\$ 105,257</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 303 | \$ 1,655 | \$ 303 | \$ 1,655 |
| Due to students | <u>119,451</u> | <u>166,576</u> | <u>182,425</u> | <u>103,602</u> |
| Total liabilities. | <u>\$ 119,754</u> | <u>\$ 168,231</u> | <u>\$ 182,728</u> | <u>\$ 105,257</u> |

STATISTICAL SECTION

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

STATISTICAL SECTION

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

| <u>Contents</u> | <u>Page</u> |
|--|----------------|
| Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 98-111 |
| Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | 112-117 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | 118-121 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 122-123 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 124-136 |

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

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

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

| Governmental activities | 2011 | 2010 | 2009 | 2008 |
|---|----------------------|----------------------|----------------------|----------------------|
| Invested in capital assets, net of related debt | \$ 13,326,998 | \$ 13,043,385 | \$ 13,665,567 | \$ 14,413,341 |
| Restricted | 429,712 | 1,576,925 | 1,408,917 | 977,417 |
| Unrestricted (deficit) | 9,166,294 | 7,177,691 | 5,290,670 | 2,790,531 |
| Total governmental activities net assets | <u>\$ 22,923,004</u> | <u>\$ 21,798,001</u> | <u>\$ 20,365,154</u> | <u>\$ 18,181,289</u> |

Source: School District financial records.

Note: 2010 amounts have been restated.

| 2007 | 2006 | 2005 | 2004 | 2003 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 14,594,908 | \$ 13,822,667 | \$ 13,475,011 | \$ 13,566,347 | \$ 13,399,505 |
| 1,261,715 | 1,071,897 | 909,159 | 1,097,917 | 1,453,640 |
| 508,072 | (1,014,787) | (2,357,564) | (1,303,353) | (1,333,184) |
| <u>\$ 16,364,695</u> | <u>\$ 13,879,777</u> | <u>\$ 12,026,606</u> | <u>\$ 13,360,911</u> | <u>\$ 13,519,961</u> |

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

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

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

| | 2006 | 2005 | 2004 | 2003 |
|-------------------|-------------------|-------------------|-------------------|-------------|
| \$ 23,764,903 | \$ 25,450,276 | \$ 23,103,681 | \$ 21,278,031 | |
| 3,989,858 | 4,313,470 | 3,835,287 | 3,592,459 | |
| 1,541,980 | 1,847,273 | 1,297,268 | 1,254,799 | |
| - | - | 250 | 989 | |
| 940,423 | 737,074 | 936,811 | 1,048,792 | |
| 3,080,777 | 3,166,707 | 2,776,546 | 2,657,613 | |
| 2,624,390 | 2,985,883 | 2,650,470 | 2,269,340 | |
| 368,110 | 289,971 | 269,601 | 331,060 | |
| 2,992,001 | 3,191,741 | 2,945,966 | 2,628,576 | |
| 1,019,822 | 1,050,449 | 1,014,760 | 841,874 | |
| 588,952 | 445,583 | 488,385 | 378,808 | |
| 5,019,556 | 4,438,153 | 4,880,797 | 3,816,579 | |
| 2,922,388 | 2,960,741 | 2,894,856 | 2,462,800 | |
| 422,118 | 505,640 | 584,798 | 464,589 | |
| 1,403,937 | 1,386,922 | 1,444,664 | 1,275,325 | |
| 619,092 | 675,461 | 501,165 | 459,466 | |
| 1,351,955 | 1,302,681 | 1,214,993 | 948,190 | |
| 210,613 | 278,866 | 298,510 | 499,049 | |
| 52,860,875 | 55,026,891 | 51,138,808 | 46,208,339 | |

- - Continued

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

**CHANGES IN NET ASSETS (CONTINUED)
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

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

| 2006 | 2005 | 2004 | 2003 |
|------------------------|------------------------|------------------------|------------------------|
| \$ 809,107 | \$ 699,094 | \$ 317,194 | \$ 292,803 |
| - | - | 52,079 | 273,559 |
| 26,770 | 40,409 | 30,588 | 30,651 |
| - | - | 594 | 594 |
| 189,464 | 152,916 | 173,344 | 107,049 |
| 14,068 | 24,033 | 15,606 | 91 |
| - | - | 1,475 | 1,850 |
| - | - | - | 4,482 |
| - | - | 2,676 | - |
| 5,342 | 58,547 | - | - |
| - | 55,710 | - | 12,776 |
| - | - | - | - |
| 985,430 | 982,914 | 1,002,911 | 954,481 |
| 315,281 | 273,388 | 411,133 | 244,005 |
| 447,749 | 548,770 | 601,497 | 211,116 |
| 485,548 | 538,298 | 357,782 | 403,185 |
| 1,709 | 9,324 | 18,499 | 30,500 |
| - | - | - | - |
| 309,623 | 215,783 | 120,346 | 208,502 |
| 103,585 | 71,929 | 74,433 | 47,056 |
| 3,294 | 5,322 | 4,607 | 3,877 |
| 177,466 | 161,481 | 186,115 | 135,723 |
| - | 25,195 | - | - |
| - | - | - | - |
| - | - | - | - |
| - | 141,555 | - | - |
| 27,000 | 30,782 | 27,000 | 28,000 |
| 330,886 | 308,308 | 242,925 | 213,206 |
| 600,229 | 583,559 | 496,796 | 461,135 |
| 12,943 | 9,420 | 11,009 | 6,890 |
| - | 49,350 | - | 92,933 |
| - | - | 17,438 | 67,958 |
| <u>4,845,494</u> | <u>4,986,087</u> | <u>4,166,047</u> | <u>3,832,422</u> |
| <u>\$ (48,015,381)</u> | <u>\$ (50,040,804)</u> | <u>\$ (46,972,761)</u> | <u>\$ (42,375,917)</u> |

-- Continued

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

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

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| General revenues and other changes in net assets | | | | | |
| Governmental activities: | | | | | |
| Property taxes levied for: | | | | | |
| General purposes | \$ 29,094,194 | \$ 28,256,878 | \$ 29,435,567 | \$ 28,667,429 | \$ 29,939,799 |
| Debt service | - | - | 153,580 | 378,895 | 634,047 |
| Capital outlay | 593,938 | 575,728 | 594,342 | 570,303 | 346,716 |
| Payments in lieu of taxes | 62,280 | 19,242 | 125,406 | - | - |
| Grants and entitlements not restricted to specific programs | 18,641,456 | 19,148,037 | 19,385,420 | 18,755,169 | 17,957,172 |
| Investment earnings | 60,285 | 107,693 | 261,203 | 640,953 | 734,831 |
| Miscellaneous | 152,262 | 104,937 | 135,025 | 58,749 | 115,255 |
| Total governmental activities | <u>48,604,415</u> | <u>48,212,515</u> | <u>50,090,543</u> | <u>49,071,498</u> | <u>49,727,820</u> |
| Change in net assets | | | | | |
| Governmental activities | <u>\$ 1,125,003</u> | <u>\$ 1,635,641</u> | <u>\$ 2,183,865</u> | <u>\$ 1,816,594</u> | <u>\$ 2,484,918</u> |

Source: School District financial records.

Note: Operating grants and contributions offsetting special instruction and general revenues - grants and entitlements not restricted to specific programs have been restated to conform to 2011 presentation

| 2006 | 2005 | 2004 | 2003 |
|-------------------------|---------------------------|-------------------------|-------------------------|
| \$ 29,113,425 | \$ 28,523,107 | \$ 26,143,723 | \$ 26,032,094 |
| 1,065,835 | 1,157,845 | 1,025,310 | 1,117,393 |
| - | - | - | - |
| - | - | - | - |
| 19,088,996 | 18,713,795 | 19,347,434 | 18,695,113 |
| 489,912 | 263,326 | 115,986 | 138,041 |
| 110,384 | 48,426 | 181,258 | 427,354 |
| <u>49,868,552</u> | <u>48,706,499</u> | <u>46,813,711</u> | <u>46,409,995</u> |
| <u>\$ 1,853,171</u> | <u>\$ (1,334,305)</u> | <u>\$ (159,050)</u> | <u>\$ 4,034,078</u> |

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

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

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|--------------------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| General fund: | | | | | |
| Nonspendable | \$ 104,719 | \$ - | \$ - | \$ - | \$ - |
| Restricted | 248,223 | - | - | - | - |
| Committed | 161,805 | - | - | - | - |
| Assigned | 809,688 | - | - | - | - |
| Unassigned | 10,950,302 | - | - | - | - |
| Reserved | - | 4,588,028 | 3,947,840 | 2,731,642 | 3,021,818 |
| Unreserved (deficit) | - | 7,160,057 | 5,157,387 | 3,281,668 | 1,611,392 |
| Total general fund | <u>\$ 12,274,737</u> | <u>\$ 11,748,085</u> | <u>\$ 9,105,227</u> | <u>\$ 6,013,310</u> | <u>\$ 4,633,210</u> |
| All other governmental funds: | | | | | |
| Nonspendable | \$ 91,344 | \$ - | \$ - | \$ - | \$ - |
| Restricted | 262,387 | - | - | - | - |
| Committed | 341,017 | - | - | - | - |
| Unassigned (deficit) | (128,760) | - | - | - | - |
| Reserved | - | 618,720 | 473,295 | 714,893 | 803,864 |
| Unreserved (deficit), reported in: | | | | | |
| Special revenue funds | - | (402,283) | 65,836 | 204,163 | 355,740 |
| Capital projects funds | - | 1,924 | 166,443 | 110,968 | 210,285 |
| Debt service funds | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 565,988</u> | <u>\$ 218,361</u> | <u>\$ 705,574</u> | <u>\$ 1,030,024</u> | <u>\$ 1,369,889</u> |

Source: School District financial records.

Note: 2010 amounts have been restated due to GASB Statement No. 54.

| 2006 | 2005 | 2004 | 2003 | 2002 |
|---------------------|---------------------|---------------------|---------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 1,963,826 | 1,776,600 | 997,971 | 1,956,797 | 1,372,111 |
| 307,654 | (1,146,189) | 2,691,362 | 2,111,428 | (2,639,346) |
| \$ 2,271,480 | \$ 630,411 | \$ 3,689,333 | \$ 4,068,225 | \$ (1,267,235) |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 846,476 | 742,648 | 109,833 | 217,874 | 138,503 |
| 271,861 | 209,024 | 460,608 | 242,451 | 338,217 |
| 92,339 | 70,094 | 505,149 | 460,722 | (26,389) |
| - | - | 295,113 | 594,179 | 599,421 |
| \$ 1,210,676 | \$ 1,021,766 | \$ 1,370,703 | \$ 1,515,226 | \$ 1,049,752 |

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

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

| | 2011 | 2010 | 2009 | 2008 |
|--|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | |
| From local sources: | | | | |
| Taxes | \$ 29,460,525 | \$ 28,767,164 | \$ 30,384,088 | \$ 29,317,400 |
| Tuition | 1,978,965 | 1,770,239 | 1,267,229 | 1,249,518 |
| Earnings on investments | 65,127 | 131,808 | 273,193 | 651,284 |
| Charges for services | 747,688 | 802,499 | 858,272 | 901,262 |
| Extracurricular | 719,776 | 645,462 | 611,584 | 406,752 |
| Classroom materials and fees | 175,738 | 174,922 | 183,904 | 183,795 |
| Other local revenues | 295,030 | 213,650 | 422,966 | 331,768 |
| Intergovernmental - Intermediate | 15,337 | 20,855 | 24,748 | 28,578 |
| Intergovernmental - State | 19,774,764 | 20,415,976 | 21,159,032 | 20,654,799 |
| Intergovernmental - Federal | 4,997,913 | 3,890,920 | 2,020,049 | 1,747,793 |
| Total revenues | <u>58,230,863</u> | <u>56,833,495</u> | <u>57,205,065</u> | <u>55,472,949</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 26,353,173 | 25,165,939 | 24,432,390 | 23,988,547 |
| Special | 5,609,467 | 5,057,266 | 4,776,526 | 4,463,939 |
| Vocational | 1,594,424 | 1,624,270 | 1,635,991 | 1,705,596 |
| Adult/continuing | - | - | 4,031 | 14,550 |
| Other | 270,997 | 332,204 | 326,512 | 296,984 |
| Support services: | | | | |
| Pupil | 3,065,045 | 3,053,140 | 3,036,197 | 3,161,162 |
| Instructional staff | 2,446,433 | 2,423,157 | 2,490,848 | 2,592,951 |
| Board of education | 373,274 | 232,490 | 422,215 | 460,799 |
| Administration | 3,595,432 | 3,148,750 | 2,781,284 | 2,831,147 |
| Fiscal | 1,296,056 | 1,178,996 | 1,297,887 | 1,142,634 |
| Business | 61,971 | 162,635 | 489,492 | 552,632 |
| Operations and maintenance | 5,091,881 | 4,873,243 | 5,135,214 | 5,059,450 |
| Pupil transportation | 3,187,402 | 3,070,792 | 3,100,653 | 3,255,461 |
| Central | 609,170 | 658,618 | 593,674 | 838,344 |
| Operation of non-instructional services: | | | | |
| Food service operations | 1,299,824 | 1,237,292 | 1,229,437 | 1,275,691 |
| Other non-instructional services | 371,902 | 500,254 | 423,566 | 467,385 |
| Extracurricular activities | 1,159,404 | 1,101,773 | 1,114,396 | 1,095,834 |
| Facilities acquisitions and construction | 603,629 | 488,886 | 335,075 | 341,507 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 235,000 | 235,000 | 650,000 | 640,000 |
| Interest and fiscal charges | 132,100 | 141,500 | 162,210 | 258,452 |
| Bond issuance costs | - | - | - | - |
| Total expenditures | <u>57,356,584</u> | <u>54,686,205</u> | <u>54,437,598</u> | <u>54,443,065</u> |
| Excess of revenues over (under) expenditures | \$ 874,279 | \$ 2,147,290 | \$ 2,767,467 | \$ 1,029,884 |

| | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| \$ | 30,875,950 | \$ 30,165,879 | \$ 29,702,046 | \$ 27,048,879 | \$ 27,423,545 | \$ 23,393,218 |
| 685,399 | 589,338 | 508,996 | 631,116 | 314,206 | 212,566 | |
| 716,891 | 491,407 | 251,929 | 118,392 | 139,306 | 224,224 | |
| 911,688 | 985,430 | 982,914 | 1,006,187 | 959,054 | - | |
| 425,574 | 379,140 | 487,552 | 471,428 | 383,344 | 317,148 | |
| 172,174 | 162,876 | 156,784 | - | - | - | |
| 386,297 | 382,040 | 215,829 | 377,775 | 510,143 | 203,932 | |
| - | - | - | - | - | - | |
| 20,049,641 | 19,692,736 | 19,534,663 | 21,552,374 | 20,399,767 | 18,889,960 | |
| 2,005,425 | 1,837,816 | 1,857,907 | - | - | - | |
| 56,229,039 | 54,686,662 | 53,698,620 | 51,206,151 | 50,129,365 | 43,241,048 | |
| | | | | | | |
| 22,768,780 | 22,883,452 | 24,700,303 | 22,295,969 | 20,547,614 | 22,021,235 | |
| 4,384,329 | 3,996,276 | 4,297,974 | 3,805,316 | 3,602,048 | 3,001,700 | |
| 1,467,657 | 1,538,598 | 1,862,192 | 1,295,383 | 1,228,066 | 1,092,600 | |
| - | - | - | 250 | 989 | - | |
| 900,478 | 928,589 | 737,074 | 936,811 | 1,048,792 | 551,454 | |
| 3,317,294 | 3,050,080 | 3,151,380 | 2,738,814 | 2,654,942 | 2,479,132 | |
| 2,815,881 | 2,601,998 | 3,000,488 | 2,632,278 | 2,285,101 | 2,464,966 | |
| 310,104 | 368,110 | 289,971 | 303,015 | 297,815 | 187,969 | |
| 2,808,089 | 2,910,525 | 3,095,215 | 2,892,625 | 2,514,907 | 2,347,729 | |
| 1,105,427 | 1,020,454 | 1,049,369 | 1,016,790 | 881,642 | 811,215 | |
| 548,016 | 577,389 | 435,379 | 509,438 | 368,961 | 419,944 | |
| 4,858,766 | 4,668,455 | 4,410,011 | 4,605,046 | 3,669,549 | 3,298,239 | |
| 2,869,203 | 3,694,489 | 3,706,834 | 2,872,125 | 2,316,596 | 1,797,336 | |
| 759,073 | 437,537 | 509,889 | 568,325 | 498,893 | 516,893 | |
| 1,338,914 | 1,381,034 | 1,362,198 | 1,383,232 | 1,146,741 | - | |
| 622,949 | 616,974 | 663,072 | 500,743 | 466,145 | 485,176 | |
| 1,211,090 | 1,164,548 | 1,096,598 | 1,136,442 | 873,341 | 732,197 | |
| 1,602,885 | 382,551 | 1,997,407 | - | - | - | |
| - | - | - | 434,633 | - | 1,313,963 | |
| 5,992,000 | 3,045,000 | 3,789,000 | 2,522,000 | 3,080,941 | 1,030,510 | |
| 196,329 | 200,324 | 271,518 | 339,331 | 446,099 | 577,659 | |
| 79,507 | - | - | - | - | - | |
| 59,956,771 | 55,466,383 | 60,425,872 | 52,788,566 | 47,929,182 | 45,129,917 | |
| \$ (3,727,732) | \$ (779,721) | \$ (6,727,252) | \$ (1,582,415) | \$ 2,200,183 | \$ (1,888,869) | |

-- Continued

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

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

| | 2011 | 2010 | 2009 | 2008 |
|---|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Other financing sources (uses) | | | | |
| Transfers in | \$ 3,743 | \$ - | \$ 16,575 | \$ 52,265 |
| Transfers (out) | (3,743) | - | (16,575) | (52,265) |
| Refund of prior year expenditure | - | - | - | - |
| Sale of assets | - | 8,355 | - | 10,351 |
| Issuance of bonds | - | - | - | - |
| Premium on bonds sold | - | - | - | - |
| Issuance of notes | - | - | - | - |
| Total other financing sources (uses) | <hr/> <hr/> - | <hr/> <hr/> 8,355 | <hr/> <hr/> - | <hr/> <hr/> 10,351 |
| Net change in fund balances | <hr/> <hr/> <u>\$ 874,279</u> | <hr/> <hr/> <u>\$ 2,155,645</u> | <hr/> <hr/> <u>\$ 2,767,467</u> | <hr/> <hr/> <u>\$ 1,040,235</u> |
| Debt service as a percentage of noncapital expenditures | 0.65% | 0.70% | 1.50% | 1.68% |

Source: School District financial records.

| 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
| \$ 93,967 | \$ 80,096 | \$ 109,324 | \$ 202,300 | \$ 46,410 | \$ 136,235 |
| (93,967) | (80,096) | (109,324) | (202,300) | (46,410) | (142,497) |
| - | - | - | - | - | (6,130) |
| - | 9,700 | - | - | - | - |
| 3,805,000 | - | - | - | - | - |
| 96,675 | - | - | - | - | - |
| 2,347,000 | 2,600,000 | 3,750,000 | 1,059,000 | 1,542,000 | - |
| <u>6,248,675</u> | <u>2,609,700</u> | <u>3,750,000</u> | <u>1,059,000</u> | <u>1,542,000</u> | <u>(12,392)</u> |
| <u>\$ 2,520,943</u> | <u>\$ 1,829,979</u> | <u>\$ (2,977,252)</u> | <u>\$ (523,415)</u> | <u>\$ 3,742,183</u> | <u>\$ (1,901,261)</u> |
| 10.71% | 5.99% | 7.08% | 5.47% | 7.38% | 3.70% |

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

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

| Collection Year | Real Property (a) | | Tangible Personal Property (b) | | Public Utility (c) | |
|------------------------|--------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------|-------------------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value |
| 2011 | \$ 980,064,930 | \$2,800,185,514 | \$ - | \$ - | \$ 9,174,500 | \$ 26,212,857 |
| 2010 | 980,376,980 | 2,801,077,086 | 896,515 | 3,586,060 | 9,003,280 | 25,723,657 |
| 2009 | 968,320,290 | 2,766,629,400 | 1,912,955 | 7,651,820 | 8,363,990 | 23,897,114 |
| 2008 | 935,897,171 | 2,673,991,917 | 15,028,968 | 60,115,872 | 8,103,640 | 23,153,257 |
| 2007 | 914,974,050 | 2,614,211,571 | 38,891,955 | 155,567,820 | 11,754,660 | 33,584,743 |
| 2006 | 911,792,170 | 2,605,120,486 | 38,613,915 | 154,455,660 | 11,718,780 | 33,482,229 |
| 2005 | 838,347,610 | 2,395,278,886 | 52,633,230 | 210,532,920 | 13,080,400 | 37,372,571 |
| 2004 | 816,206,050 | 2,332,017,286 | 56,950,308 | 227,801,232 | 12,819,450 | 36,627,000 |
| 2003 | 799,925,210 | 2,285,500,600 | 60,365,970 | 241,463,880 | 13,556,590 | 38,733,114 |
| 2002 | 708,833,710 | 2,025,239,171 | 60,132,970 | 240,531,880 | 12,646,960 | 36,134,171 |

Source: Summit County Fiscal Office

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

| Total | | | | |
|---------------------------|---------------------------------------|----------|--------------------------------------|-------|
| Assessed Value | Estimated Actual Value | % | Total Direct Tax Rate | |
| \$ 989,239,430 | \$ 2,826,398,371 | 35.00% | \$ | 45.05 |
| 990,276,775 | 2,830,386,803 | 34.99% | | 45.15 |
| 978,597,235 | 2,798,178,334 | 34.97% | | 45.49 |
| 959,029,779 | 2,757,261,046 | 34.78% | | 45.93 |
| 965,620,665 | 2,803,364,134 | 34.45% | | 45.62 |
| 962,124,865 | 2,793,058,375 | 34.45% | | 48.73 |
| 904,061,240 | 2,643,184,377 | 34.20% | | 47.88 |
| 885,975,808 | 2,596,445,518 | 34.12% | | 47.93 |
| 873,847,770 | 2,565,697,594 | 34.06% | | 48.32 |
| 781,613,640 | 2,301,905,222 | 33.96% | | 45.74 |

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

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

| Tax Year/ Collection Year | Overlapping Rates | | | | Direct Rates | | | | | |
|---------------------------------|-------------------|---------|--|----------|--------------|---------|----------|--|--|--|
| | | | Stow-Munroe Falls Public Library | | Voted | | | | | |
| | County | City | General | Bond | Unvoted | Total | | | | |
| 2010/2011 | \$ 14.16 | \$ 9.50 | \$ 2.00 | \$ 39.65 | \$ - | \$ 5.40 | \$ 45.05 | | | |
| 2009/2010 | 14.16 | 9.50 | 1.00 | 39.75 | - | 5.40 | 45.15 | | | |
| 2008/2009 | 14.16 | 9.50 | 1.00 | 40.09 | - | 5.40 | 45.49 | | | |
| 2007/2008 | 14.26 | 9.50 | 1.00 | 40.09 | 0.44 | 5.40 | 45.93 | | | |
| 2006/2007 | 14.57 | 9.50 | 1.00 | 39.80 | 0.42 | 5.40 | 45.62 | | | |
| 2005/2006 | 13.07 | 9.50 | 1.00 | 42.20 | 1.13 | 5.40 | 48.73 | | | |
| 2004/2005 | 13.07 | 9.50 | - | 41.08 | 1.40 | 5.40 | 47.88 | | | |
| 2003/2004 | 13.07 | 9.50 | - | 41.13 | 1.40 | 5.40 | 47.93 | | | |
| 2002/2003 | 13.07 | 9.50 | - | 41.57 | 1.35 | 5.40 | 48.32 | | | |
| 2001/2002 | 13.07 | 9.50 | - | 38.76 | 1.58 | 5.40 | 45.74 | | | |

Source: Summit County Fiscal Office

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

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2010 AND DECEMBER 31, 2004

| December 31, 2010 | | | |
|----------------------------------|---------------------------------------|-------------|--|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value |
| Wyndham Ridge LTD | \$ 8,142,390 | 1 | 0.82% |
| Heron Springs Associates LLC | 7,832,080 | 2 | 0.79% |
| Ohio Edison | 7,319,640 | 3 | 0.74% |
| DDR Ohio Opportunity II LLC | 7,033,140 | 4 | 0.71% |
| Stow-Glen Properties LLC | 4,894,380 | 5 | 0.49% |
| JVM Hidden Lake Apartments LLC | 4,636,380 | 6 | 0.47% |
| Morgan Adhesive Co. | 4,550,320 | 7 | 0.46% |
| SFC Enterprises LTD | 4,485,470 | 8 | 0.45% |
| Steels Corners Apartment Co. LTD | 3,915,990 | 9 | 0.40% |
| NHF RE 2 LLC | 3,600,770 | 10 | 0.36% |
| Total | <u>\$ 56,410,560</u> | | <u>5.69%</u> |

| December 31, 2004 | | | |
|--|---------------------------------------|-------------|--|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value |
| Heron Springs Associates LLC | \$ 8,776,140 | 1 | 0.99% |
| DDR Ohio Opportunity II LLC | 7,671,140 | 2 | 0.87% |
| Wyndham Ridge LTD | 7,031,850 | 3 | 0.79% |
| Ohio Edison | 5,556,210 | 4 | 0.63% |
| Stow-Glen Properties LLC | 4,388,800 | 5 | 0.50% |
| Morgan Adhesive Co. | 4,109,550 | 6 | 0.46% |
| Steels Corners Apartment Co. LTD | 4,078,020 | 7 | 0.46% |
| Marchliff Hidden Lake Apartments Limited | 3,863,760 | 8 | 0.44% |
| Stow Associates | 3,569,890 | 9 | 0.40% |
| Risman William B. Trustee | 2,933,420 | 10 | 0.33% |
| Total | <u>\$ 51,978,780</u> | | <u>5.87%</u> |

Source: Summit County Fiscal Office

Note: Information on principal property tax payers prior to December 31, 2004 was unavailable.

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

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

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

| Tax Year/ Collection Year | Current Levy | Delinquent Levy | Total Levy | Current Collection | Percent of Current Levy Collected |
|--|-------------------------|----------------------------|-----------------------|-------------------------------|--|
| 2010/2011 | \$ 32,593,674 | \$ 1,027,241 | \$ 33,620,915 | \$ 31,566,433 | 96.85% |
| 2009/2010 | 32,385,217 | 938,227 | 33,323,444 | 31,446,990 | 97.10% |
| 2008/2009 | 32,592,041 | 925,526 | 33,517,567 | 31,666,516 | 97.16% |
| 2007/2008 | 32,843,109 | 933,518 | 33,776,627 | 31,909,592 | 97.16% |
| 2006/2007 | 33,277,434 | 776,598 | 34,054,032 | 32,500,835 | 97.67% |
| 2005/2006 | 33,283,700 | 451,231 | 33,734,931 | 32,832,469 | 98.64% |
| 2004/2005 | 29,823,368 | 725,697 | 30,549,065 | 29,097,672 | 97.57% |
| 2003/2004 | 31,794,416 | 873,524 | 32,667,940 | 30,920,892 | 97.25% |
| 2002/2003 | 31,861,265 | 1,055,847 | 32,917,112 | 30,850,154 | 96.83% |
| 2001/2002 | 26,615,496 | 693,246 | 27,308,742 | 25,922,250 | 97.40% |

Source: Summit County Fiscal Office

| Delinquent Collection | Total Collection | Total Collection As a Percent of Total Levy |
|----------------------------------|-----------------------------|--|
| \$ 701,626 | \$ 32,268,059 | 95.98% |
| 793,929 | 32,240,919 | 96.75% |
| 1,137,363 | 32,803,879 | 97.87% |
| 730,891 | 32,640,483 | 96.64% |
| 449,506 | 32,950,341 | 96.76% |
| 404,077 | 33,236,546 | 98.52% |
| 858,085 | 29,955,757 | 98.06% |
| 802,139 | 31,723,031 | 97.11% |
| 753,795 | 31,603,949 | 96.01% |
| 760,037 | 26,682,287 | 97.71% |

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

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

| Fiscal Year | Governmental Activities | | | (a) Total Primary Government | (b) Per Capita | (b) Percentage of Personal Income | (b) Per ADM |
|--------------------|---------------------------------|--------------------------------|-----------------------|---|---------------------------|--|------------------------|
| | General Obligation Bonds | Bond Anticipation Notes | Capital Leases | | | | |
| 2011 | \$ 2,885,000 | \$ - | \$ - | \$ 2,885,000 | \$ 83 | 0.271% | \$ 509 |
| 2010 | 3,120,000 | - | - | 3,120,000 | 92 | 0.285% | 567 |
| 2009 | 3,355,000 | - | - | 3,355,000 | 99 | 0.259% | 608 |
| 2008 | 4,005,000 | - | - | 4,005,000 | 116 | 0.317% | 713 |
| 2007 | 4,645,000 | - | - | 4,645,000 | 135 | 0.393% | 784 |
| 2006 | 1,885,000 | 2,600,000 | - | 4,485,000 | 130 | 0.402% | 754 |
| 2005 | 2,910,000 | 2,020,000 | - | 4,930,000 | 143 | 0.462% | 830 |
| 2004 | 3,910,000 | 1,059,000 | - | 4,969,000 | 144 | 0.482% | 833 |
| 2003 | 4,890,000 | 1,542,000 | - | 6,432,000 | 188 | 0.638% | 1,103 |
| 2002 | 5,850,000 | 2,025,000 | 95,941 | 7,970,941 | 236 | 0.798% | 1,377 |

Sources:

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

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

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

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

| Fiscal Year | General Bonded Debt Outstanding | | Percentage of Actual Taxable Value of Property | Per Capita |
|--------------------|--|--------------|---|-------------------|
| | General Obligation Bonds | Total | | |
| 2011 | \$ 2,885,000 | \$ 2,885,000 | 0.29% | \$ 83 |
| 2010 | 3,120,000 | 3,120,000 | 0.32% | 92 |
| 2009 | 3,355,000 | 3,355,000 | 0.34% | 99 |
| 2008 | 4,005,000 | 4,005,000 | 0.15% | 116 |
| 2007 | 4,645,000 | 4,645,000 | 0.17% | 135 |
| 2006 | 1,885,000 | 1,885,000 | 0.07% | 55 |
| 2005 | 2,910,000 | 2,910,000 | 0.11% | 85 |
| 2004 | 3,910,000 | 3,910,000 | 0.15% | 114 |
| 2003 | 4,890,000 | 4,890,000 | 0.19% | 143 |
| 2002 | 5,850,000 | 5,850,000 | 0.25% | 173 |

Source: District financial records.

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|--|------------------------------|--|--|
| Direct: | | | |
| Stow-Munroe City School District | \$ 2,885,000 | 100.00% | \$ 2,885,000 |
| Overlapping debt: | | | |
| Summit County | 55,840,000 | 7.85% | 4,383,440 |
| Portage County | 27,226,278 | 0.10% | 27,226 |
| Akron Metro Regional Transit Authority | 395,000 | 7.85% | 31,008 |
| City of Cuyahoga Falls | 15,870,000 | 0.24% | 38,088 |
| City of Hudson | 37,454,750 | 0.29% | 108,619 |
| City of Tallmadge | 9,187,603 | 0.01% | 919 |
| City of Stow | 29,685,000 | 100.00% | 29,685,000 |
| City of Munroe Falls | 1,035,000 | 99.34% | 1,028,169 |
| Total overlapping debt | <u>176,693,631</u> | | <u>35,302,469</u> |
| Total direct and overlapping debt | <u><u>\$ 179,578,631</u></u> | | <u><u>\$ 38,187,469</u></u> |

Source: Ohio Municipal Advisory Council

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

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

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

| Fiscal Year | Unvoted Debt Limit | Voted Debt Limit | Total Debt Applicable to Limit | Debt Service Available Balance | Net Debt Applicable to Limit | Voted Legal Debt Margin | Total Net Debt Applicable to Limit as a Percentage of Debt Limit |
|--------------------|---------------------------|-------------------------|---------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|---|
| 2011 | \$ 989,239 | \$ 89,031,549 | \$ 2,885,000 | \$ - | \$ 2,885,000 | \$ 86,146,549 | 3.24% |
| 2010 | 990,277 | 89,044,149 | 3,120,000 | - | 3,120,000 | 85,924,149 | 3.50% |
| 2009 | 978,597 | 87,898,539 | 3,355,000 | - | 3,355,000 | 84,543,539 | 3.82% |
| 2008 | 959,030 | 84,952,077 | 4,005,000 | 236,139 | 3,768,861 | 81,183,216 | 4.44% |
| 2007 | 965,621 | 86,905,860 | 4,645,000 | 346,911 | 4,298,089 | 82,607,771 | 4.95% |
| 2006 | 962,125 | 86,591,238 | 1,885,000 | 692,278 | 1,192,722 | 85,398,516 | 1.38% |
| 2005 | 904,061 | 81,365,512 | 2,910,000 | 612,306 | 2,297,694 | 79,067,818 | 2.82% |
| 2004 | 885,976 | 79,737,823 | 3,910,000 | 505,149 | 3,404,851 | 76,332,972 | 4.27% |
| 2003 | 873,848 | 78,646,299 | 4,890,000 | 594,179 | 4,295,821 | 74,350,478 | 5.46% |
| 2002 | 781,614 | 70,345,228 | 5,850,000 | 626,013 | 5,223,987 | 65,121,241 | 7.43% |

Source: Summit County Fiscal Office and District financial records

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

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

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

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| Year | Population (1) | Per Capita Personal Income (4) | Total Personal Income | Median Age (5) | School Enrollment (2) | Unemployment Rates (3) | | |
|-------------|-----------------------|---------------------------------------|------------------------------|-----------------------|------------------------------|-------------------------------|-------------|----------------------|
| | | | | | | Summit County | Ohio | United States |
| 2011 | 34,837 | \$ 30,521 | \$ 1,063,260,077 | 39.7 | 5,666 | 8.7% | 8.8% | 9.2% |
| 2010 | 33,873 | 32,274 | 1,093,217,202 | 36.9 | 5,507 | 10.4% | 10.5% | 9.5% |
| 2009 | 34,051 | 38,060 | 1,295,981,060 | 36.9 | 5,517 | 10.5% | 11.2% | 9.7% |
| 2008 | 34,550 | 36,596 | 1,264,391,800 | 36.9 | 5,617 | 6.2% | 6.6% | 5.9% |
| 2007 | 34,335 | 34,395 | 1,180,952,325 | 36.9 | 5,927 | 5.1% | 5.9% | 4.7% |
| 2006 | 34,404 | 32,462 | 1,116,822,648 | 36.9 | 5,949 | 4.6% | 5.1% | 4.4% |
| 2005 | 34,394 | 31,017 | 1,066,798,698 | 36.9 | 5,937 | 5.4% | 5.9% | 5.0% |
| 2004 | 34,394 | 29,999 | 1,031,785,606 | 36.9 | 5,966 | 6.1% | 5.7% | 5.1% |
| 2003 | 34,222 | 29,456 | 1,008,043,232 | 36.9 | 5,830 | 6.2% | 5.5% | 5.7% |
| 2002 | 33,771 | 29,590 | 999,283,890 | 36.9 | 5,787 | 6.0% | 5.3% | 6.0% |

Sources:

(1) U. S. Census Bureau

(2) District records

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

(4) State Department of Labor

(5) State Department of Commerce

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

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

| Employer | December 31, 2010 | | |
|--|--------------------------|-------------|--|
| | Employees | Rank | Percentage of Total City Employment |
| Stow-Munroe Falls City Schools | 675 | 1 | 3.81% |
| MACTac - Morgan Adhesives | 323 | 2 | 1.82% |
| Akron General Health & Wellness Center | 250 | 3 | 1.41% |
| City of Stow | 242 | 4 | 1.37% |
| Matco Tools Corporation | 235 | 5 | 1.33% |
| Wrayco Industries Inc | 161 | 6 | 0.91% |
| J.D. Clunk & Associates | 142 | 7 | 0.80% |
| Audio Technica | 100 | 8 | 0.56% |
| Spectrum Surgical | 93 | 9 | 0.53% |
| Centimark Corporation | 92 | 10 | 0.52% |
| Total | <u><u>2,313</u></u> | | <u><u>13.06%</u></u> |
| Total City Employment | <u><u>17,700</u></u> | | |
| December 31, 2001 | | | |
| Employer | Employees | Rank | Percentage of Total City Employment |
| Stow-Munroe Falls City Schools | 639 | 1 | 3.69% |
| MACTAC | 400 | 2 | 2.31% |
| Goodyear Stow Mold Plant | 230 | 3 | 1.33% |
| Oak Technical | 223 | 4 | 1.29% |
| Matco Tools | 170 | 5 | 0.98% |
| Eagle Plastics Division-Plastics Components Inc. | 150 | 6 | 0.87% |
| National Machine Company | 140 | 7 | 0.81% |
| Norton Chemical Process-St. Gobain Norpro Corp | 130 | 8 | 0.75% |
| Wrayco Industries Inc | 115 | 9 | 0.66% |
| Audio Technica | <u><u>114</u></u> | 10 | <u><u>0.66%</u></u> |
| Total | <u><u>2,311</u></u> | | <u><u>13.35%</u></u> |
| Total City Employment | <u><u>17,300</u></u> | | |

Source: City of Stow

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

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

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

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

| Type | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Professional staff: | | | | | | | |
| Teaching staff: | | | | | | | |
| Elementary | 109 | 116 | 116 | 122 | 120 | 139 | 154 |
| Intermediate | 47 | 44 | 47 | 60 | 48 | 57 | 58 |
| Middle | 52 | 51 | 55 | 54 | 55 | 58 | 62 |
| High | 101 | 101 | 106 | 113 | 100 | 120 | 130 |
| Tutors | 16 | 17 | 12 | 18 | 17 | 18 | 19 |
| Librarians | 4 | 4 | 4 | 8 | 4 | 4 | 5 |
| Others | 2 | 2 | 2 | 2 | 1 | 1 | 2 |
| Administration: | | | | | | | |
| District | 28 | 28 | 28 | 29 | 30 | 35 | 38 |
| Board members | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Auxiliary positions: | | | | | | | |
| Counselors | 9 | 9 | 9 | 11 | 10 | 11 | 11 |
| Speech | 5 | 5 | 5 | 6 | 5 | 5 | 7 |
| Mental health specialists | 5 | 5 | 5 | 5 | 5 | 16 | 7 |
| Support staff: | | | | | | | |
| Secretarial | 33 | 36 | 38 | 41 | 41 | 41 | 40 |
| Aides | 47 | 33 | 50 | 56 | 57 | 57 | 60 |
| Hall monitor/security | 7 | 25 | 18 | 20 | 18 | 19 | 17 |
| Cooks | 17 | 15 | 27 | 19 | 18 | 20 | 20 |
| Custodial | 37 | 34 | 37 | 41 | 37 | 38 | 36 |
| Maintenance | 8 | 8 | 8 | 13 | 14 | 12 | 11 |
| Bus driver | 34 | 27 | 39 | 35 | 36 | 36 | 37 |
| Mechanics | 4 | 3 | 5 | 4 | 4 | 5 | 4 |
| Extracurricular | 257 | 272 | 268 | 262 | 287 | 239 | 207 |
| Total | 827 | 840 | 884 | 924 | 912 | 936 | 930 |

| <u>2004</u> | <u>2003</u> | <u>2002</u> |
|-------------|-------------|-------------|
| 148 | 147 | 144 |
| 58 | 49 | 46 |
| 64 | 59 | 56 |
| 121 | 120 | 119 |
| 17 | 20 | 24 |
| 5 | 5 | 6 |
| 2 | 2 | - |
| | | |
| 35 | 32 | 33 |
| 5 | 5 | 5 |
| | | |
| 10 | 9 | 10 |
| 7 | 7 | 6 |
| 6 | 6 | 5 |
| | | |
| 39 | 48 | 43 |
| 63 | 63 | 63 |
| 17 | 23 | 18 |
| 19 | 21 | 20 |
| 37 | 38 | 28 |
| 10 | 11 | 9 |
| 36 | 38 | 41 |
| 5 | 5 | 4 |
| <u>196</u> | <u>191</u> | <u>174</u> |
| | | |
| <u>900</u> | <u>899</u> | <u>854</u> |

-- Continued

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

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

| Function | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction: | | | | | | | |
| Regular | 265 | 265 | 286 | 317 | 229 | 269 | 275 |
| Special | 53 | 56 | 39 | 42 | 39 | 46 | 37 |
| Vocational | 11 | 12 | 15 | 16 | 14 | 13 | 19 |
| Other | 21 | 21 | 21 | 24 | 39 | 62 | 88 |
| Support services: | | | | | | | |
| Pupil | 36 | 36 | 37 | 40 | 43 | 35 | 33 |
| Instructional staff | 55 | 60 | 77 | 76 | 112 | 115 | 114 |
| Administration | 41 | 41 | 41 | 42 | 35 | 40 | 43 |
| Fiscal | 7 | 7 | 7 | 7 | 5 | 6 | 6 |
| Business | 2 | 2 | 2 | 3 | - | - | - |
| Operations and maintenance | 44 | 44 | 44 | 48 | 69 | 70 | 67 |
| Pupil transportation | 35 | 35 | 49 | 40 | 40 | 41 | 41 |
| Extracurricular activities | 257 | 261 | 266 | 269 | 287 | 239 | 207 |
| Total governmental activities | 827 | 840 | 884 | 924 | 912 | 936 | 930 |

Source: School District records

Note: Amounts for 2008-2010 have been revised.

| 2004 | 2003 | 2002 |
|-------------|-------------|-------------|
| 271 | 269 | 267 |
| 39 | 40 | 33 |
| 17 | 19 | 20 |
| 75 | 79 | 66 |
| 31 | 30 | 37 |
| 118 | 114 | 111 |
| 40 | 38 | 38 |
| 6 | 6 | 6 |
| - | - | - |
| 66 | 70 | 57 |
| 41 | 43 | 45 |
| 196 | 191 | 174 |
| 900 | 899 | 854 |

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

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

| Function | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction: | | | | | | |
| Regular and special | | | | | | |
| Enrollment (students) | 5,666 | 5,507 | 5,517 | 5,617 | 5,927 | 5,949 |
| Graduates | 443 | 465 | 456 | 466 | 460 | 463 |
| Support services: | | | | | | |
| Board of education | | | | | | |
| Regular meetings per year | 20 | 17 | 20 | 24 | 20 | 20 |
| Special meetings per year | 12 | 14 | 10 | 29 | 52 | 54 |
| Administration | | | | | | |
| Student attendance rate | 95.5% | 95.3% | 95.4% | 95.5% | 96.1% | 95.3% |
| Fiscal | | | | | | |
| Nonpayroll checks issued | 5,361 | 5,171 | 6,052 | 5,654 | 7,196 | 6,504 |
| Operations and maintenance | | | | | | |
| Work orders completed | 2,733 | 3,008 | 3,005 | 3,010 | 3,000 | 3,100 |
| Square footage maintained | 760,409 | 760,409 | 760,409 | 760,409 | 760,409 | 760,409 |
| Pupil transportation | | | | | | |
| Avg. students transported daily | 3,731 | 2,757 | 4,005 | 4,005 | 4,344 | 4,161 |
| Food service operations: | | | | | | |
| Meals served to students | 363,678 | 341,453 | 317,884 | 113,654 | 320,200 | 284,036 |
| Percentage of students receiving reduced cost or free lunches | 21.0% | 20.0% | 16.6% | 14.5% | 12.2% | 11.2% |

Source: District records

N/A = information not available.

| 2005 | 2004 | 2003 | 2002 |
|-------------|-------------|-------------|-------------|
| 5,937 | 5,966 | 5,830 | 5,787 |
| 480 | 447 | 431 | 420 |
| 20 | 20 | 19 | 20 |
| 56 | 43 | 17 | 20 |
| 95.0% | 95.4% | 94.8% | 94.8% |
| 6,328 | 5,899 | 6,163 | 5,938 |
| 3,000 | 2,800 | 2,600 | 2,500 |
| 760,409 | 760,409 | 760,409 | 760,409 |
| 4,573 | 4,367 | 2,372 | 4,585 |
| 267,880 | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A |

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

**CAPITAL ASSET STATISTICS
LAST NINE FISCAL YEARS**

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | |
| Land | \$ 563,915 | \$ 563,915 | \$ 563,915 | \$ 563,915 | \$ 563,915 |
| Land improvements | 2,025,621 | 1,823,364 | 1,121,641 | 1,113,416 | 849,451 |
| Buildings and improvements | 9,829,990 | 10,374,976 | 12,547,638 | 13,294,731 | 12,473,045 |
| Furniture, fixtures and equipment | 2,061,599 | 1,758,690 | 623,141 | 704,982 | 844,283 |
| Vehicles | 1,798,383 | 1,716,431 | 2,244,704 | 2,326,738 | 2,304,370 |
| Construction in progress | - | - | - | - | 1,381,436 |
| Total governmental activities capital assets, net | <u>\$ 16,279,508</u> | <u>\$ 16,237,376</u> | <u>\$ 17,101,039</u> | <u>\$ 18,003,782</u> | <u>\$ 18,416,500</u> |

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

Note: The District implemented GASB 34 in fiscal year 2003; therefore, capital assets are not presented prior to 2003.

Note: The District restated 2010 capital assets.

| 2006 | 2005 | 2004 | 2003 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 563,915 | \$ 563,915 | \$ 563,915 | \$ 563,915 |
| 938,762 | 898,026 | 911,288 | 1,029,337 |
| 13,248,043 | 13,884,899 | 12,742,746 | 13,369,991 |
| 992,038 | 1,123,191 | 1,142,721 | 1,334,209 |
| 2,564,909 | 1,934,980 | 1,224,677 | 1,249,053 |
| - | - | - | - |
| <u>\$ 18,307,667</u> | <u>\$ 18,405,011</u> | <u>\$ 16,585,347</u> | <u>\$ 17,546,505</u> |

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Echo Hills Elementary (1963) | | | | | | |
| Square feet | 38,285 | 38,285 | 38,285 | 38,285 | 38,285 | 38,285 |
| Capacity (students) | 550 | 550 | 550 | 550 | 550 | 550 |
| Enrollment | 365 | 354 | 354 | 364 | 408 | 407 |
| Fishcreek Elementary (1960) | | | | | | |
| Square feet | 32,153 | 32,153 | 32,153 | 32,153 | 32,153 | 32,153 |
| Capacity (students) | 500 | 500 | 500 | 500 | 500 | 500 |
| Enrollment | 363 | 356 | 357 | 377 | 386 | 389 |
| Highland Elementary (1938) | | | | | | |
| Square feet | 33,324 | 33,324 | 33,324 | 33,324 | 33,324 | 33,324 |
| Capacity (students) | 500 | 500 | 500 | 500 | 500 | 500 |
| Enrollment | 348 | 344 | 351 | 347 | 358 | 360 |
| Indian Trail Elementary (1969) | | | | | | |
| Square feet | 41,600 | 41,600 | 41,600 | 41,600 | 41,600 | 41,600 |
| Capacity (students) | 500 | 500 | 500 | 500 | 500 | 500 |
| Enrollment | 352 | 293 | 302 | 292 | 381 | 383 |
| Riverview Elementary (1954) | | | | | | |
| Square feet | 23,277 | 23,277 | 23,277 | 23,277 | 23,277 | 23,277 |
| Capacity (students) | 575 | 575 | 575 | 575 | 575 | 575 |
| Enrollment | 286 | 280 | 273 | 266 | 286 | 290 |
| Woodland Elementary (1954) | | | | | | |
| Square feet | 23,277 | 23,277 | 23,277 | 23,277 | 23,277 | 23,277 |
| Capacity (students) | 525 | 525 | 525 | 525 | 525 | 525 |
| Enrollment | 324 | 293 | 284 | 285 | 322 | 333 |
| Lakeview Intermediate (1959) | | | | | | |
| Square feet | 178,882 | 178,882 | 178,882 | 178,882 | 178,882 | 178,882 |
| Capacity (students) | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 |
| Enrollment | 855 | 846 | 841 | 843 | 864 | 867 |
| Kimpton Middle School (1970) | | | | | | |
| Square feet | 117,500 | 117,500 | 117,500 | 117,500 | 117,500 | 117,500 |
| Capacity (students) | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 | 1,125 |
| Enrollment | 862 | 862 | 879 | 904 | 913 | 918 |
| High School (1987) | | | | | | |
| Square feet | 254,514 | 254,514 | 254,514 | 254,514 | 254,514 | 254,514 |
| Capacity (students) | 2,050 | 2,050 | 2,050 | 2,050 | 2,050 | 2,050 |
| Enrollment | 1,854 | 1,879 | 1,876 | 1,938 | 1,999 | 2,002 |
| Central office (1996) | | | | | | |
| Square feet | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| Transportation and warehouse (1987) | | | | | | |
| Square feet | 6,597 | 6,597 | 6,597 | 6,597 | 6,597 | 6,597 |

Source: District records

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

| 2005 | 2004 | 2003 | 2002 |
|-------------|-------------|-------------|-------------|
| 38,285 | 38,285 | 38,285 | 38,285 |
| 550 | 550 | 550 | 550 |
| 377 | 382 | 378 | 367 |
| 32,153 | 32,153 | 32,153 | 32,153 |
| 500 | 500 | 500 | 500 |
| 310 | 296 | 321 | 305 |
| 33,324 | 33,324 | 33,324 | 33,324 |
| 500 | 500 | 500 | 500 |
| 323 | 335 | 330 | 314 |
| 41,600 | 41,600 | 41,600 | 41,600 |
| 500 | 500 | 500 | 500 |
| 323 | 299 | 309 | 347 |
| 23,277 | 23,277 | 23,277 | 23,277 |
| 575 | 575 | 575 | 575 |
| 301 | 319 | 305 | 331 |
| 23,277 | 23,277 | 23,277 | 23,277 |
| 525 | 525 | 525 | 525 |
| 320 | 306 | 297 | 305 |
| 178,882 | 178,882 | 178,882 | 178,882 |
| 1,050 | 1,050 | 1,050 | 1,050 |
| 917 | 941 | 932 | 932 |
| 117,500 | 117,500 | 117,500 | 117,500 |
| 1,125 | 1,125 | 1,125 | 1,125 |
| 973 | 955 | 940 | 954 |
| 254,514 | 254,514 | 254,514 | 254,514 |
| 2,050 | 2,050 | 2,050 | 2,050 |
| 1,985 | 1,987 | 1,916 | 1,892 |
| 11,000 | 11,000 | 11,000 | 11,000 |
| 6,597 | 6,597 | 6,597 | 6,597 |

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

| Fiscal Year | General Government | | Governmental Activities (2) | | Enrollment |
|--------------------|---------------------------|-----------------------|------------------------------------|-----------------------|-------------------|
| | Expenditures (1) | Cost per pupil | Expenses (1) | Cost per pupil | |
| 2011 | \$ 56,989,484 | \$ 10,058 | \$ 56,953,782 | \$ 10,052 | 5,666 |
| 2010 | 54,309,705 | 9,862 | 55,208,624 | 10,025 | 5,507 |
| 2009 | 53,625,388 | 9,720 | 54,807,990 | 9,934 | 5,517 |
| 2008 | 53,544,613 | 9,533 | 53,725,002 | 9,565 | 5,617 |
| 2007 | 53,688,935 | 9,058 | 53,638,741 | 9,050 | 5,927 |
| 2006 | 52,221,059 | 8,778 | 52,650,262 | 8,850 | 5,949 |
| 2005 | 56,365,354 | 9,494 | 54,748,025 | 9,221 | 5,937 |
| 2004 | 49,927,235 | 8,368 | 50,840,298 | 8,521 | 5,966 |
| 2003 | 44,402,142 | 7,616 | 45,709,290 | 7,841 | 5,830 |
| 2002 | 43,521,748 | 7,521 | N/A | N/A | 5,787 |

Source: District records

(1) Debt service totals have been excluded.

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

| Percent Change | Teaching Staff | Pupil/Teacher Ratio | Student Attendance Percentage |
|-----------------------|-----------------------|----------------------------|--------------------------------------|
| 2.89% | 369 | 15.36 | 95.50% |
| -0.18% | 359 | 15.34 | 95.30% |
| -1.78% | 379 | 14.56 | 95.40% |
| -5.23% | 383 | 14.67 | 95.50% |
| -0.37% | 344 | 17.23 | 96.10% |
| 0.20% | 380 | 15.66 | 95.30% |
| -0.49% | 396 | 14.99 | 95.00% |
| 2.35% | 393 | 15.18 | 95.40% |
| 0.75% | 322 | 18.10 | 94.80% |
| 0.14% | 349 | 16.58 | 94.80% |

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

**TEACHER STATISTICS
JUNE 30, 2011**

| Degree | Number of Teachers | Percentage of Total |
|-------------------|-----------------------------------|------------------------------------|
| Bachelor's Degree | 205 | 55.56% |
| Master's Degree | 163 | 44.17% |
| Ph.D. | 1 | 0.27% |
| | <u>369</u> | <u>100.00%</u> |

| Years of Experience | Number of Teachers | Percentage of Total |
|----------------------------|-----------------------------------|------------------------------------|
| 0 - 5 | 61 | 16.53% |
| 6 - 10 | 80 | 21.68% |
| 11 and over | 228 | 61.79% |
| | <u>369</u> | <u>100.00%</u> |

Source: School District Personnel Records



Dave Yost • Auditor of State

STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 12, 2012**