

STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

STOW-MUNROE FALLS CITY
SCHOOL DISTRICT

SUMMIT COUNTY, OHIO

FOR THE

FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY
TREASURER'S DEPARTMENT
TREVOR GUMMERE, TREASURER

4350 ALLEN ROAD

STOW, OHIO 44224

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Stow-Munroe Falls City School District
4350 Allen Rd
Stow, OH 44224

We have reviewed the *Independent Auditor's Report* of the Stow-Munroe Falls City School District, Summit County, prepared by Julian & Grube, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2021

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

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The logo for Stow-Munroe Falls City Schools is a maroon banner with a white outline. The text "STOW-MUNROE FALLS" is in white, all-caps, sans-serif font, and "CITY SCHOOLS" is in yellow, all-caps, sans-serif font. The banner is set against a background of a yellow horizontal bar above a maroon horizontal bar.

**STOW-MUNROE FALLS
CITY SCHOOLS**

Ph: 330.689.5445 Fax: 330.688.1629 ¶ www.smfschools.org

February 5, 2021

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, 2020 is hereby submitted. This CAFR includes financial statements and other financial and statistical data that conforms to accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

State statute requires an annual audit by independent auditors. The firm of Julian & Grube, Inc. conducted the audit for fiscal year 2020. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with Federal and State laws and regulations. The Independent Auditor’s Report is included in this CAFR.

In addition to the financial audit, a single audit was performed as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The single audit report is not included in the CAFR.

As a part of the District’s independent audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

This transmittal letter is designed to provide historical information about the District, as well as complement the required Management’s Discussion and Analysis (MD&A). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The District’s MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Accountants’ Report. This transmittal letter should be read in conjunction with the MD&A, which can be found beginning on page 13.

District Vision: Providing inspiration to make a difference in the world.

PROFILE OF STOW-MUNROE FALLS CITY SCHOOL DISTRICT

The District ranks as the second largest school district in Summit County, Ohio. As of the end of the fiscal year, the average daily membership (ADM) was 5,305 students attending nine schools. Enrollment is expected to remain consistent for the near future.

The District has 631 full and part-time employees (not including supplemental positions). The District employs 353 certificated employees, 23 certificated and non-certificated administrators and 255 non-certificated staff members.

The District's instructional buildings range in age from 31 years to 80 years. Detailed information about the District's buildings is presented in the statistical section of the CAFR.

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

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

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

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

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

Employees

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2020-21 school year) for a teacher with a bachelor's degree is \$41,063, and the maximum salary for a teacher with a master's degree plus 15 graduate hours and 27 years of experience is \$88,959.

The District's certificated employees, excluding administration, are members of the Stow Teachers Association (STA), a labor organization affiliated with the Ohio Education Association. The contract between the Board of Education and the STA expires June 30, 2020.

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, 2020.

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

The Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District (the primary government) and its potential component units. Based upon the application of these criteria, the District has no component units and is not itself a component unit of another government. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

Budgetary Controls

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

Unencumbered amounts lapse at year-end. A complete description of the District's budgetary process can be found in Note 1.E. to the basic financial statements. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The general fund balance was \$15,694,943 at June 30, 2020 as can be seen on the budgetary statement on page 32.

ECONOMIC CONDITION

Local Economy

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

The District is served by diversified transportation facilities including immediate access to two State highways and Interstate 80 (Ohio Turnpike). Major commercial banks with offices within the District include PNC Bank, First Merit Bank, Huntington Bank, Fifth Third Bank and Charter One Bank. Three daily newspapers and one weekly newspaper serve the District. The District falls within the broadcast area of six television stations and numerous AM/FM radio stations. Within commuting distance of the District are numerous public and private two and four-year colleges and universities including Kent State University, Akron University, Cleveland State University, Youngstown State University, Walsh University, and Mount Union University.

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

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

Long-Term Financial Planning

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

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in improvements in the District's financial condition include the passage of a 1.99 mill, permanent improvement levy in November 2016.

Major Initiatives for the Year

The District purchased three new buses to continue the fleet upgrade.

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

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

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

The District continued upgrades of all flooring, including the High School auditorium and hallways.

The District changed online payment platforms to Payschools for a more streamlined process on staff and parent ends

A section of the high school roof and windows were replaced.

Major Initiatives for the Future

The District will continue making security upgrades at all buildings.

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

The District plans to convert all student and employee's information to digital format and move to eFinance plus as our software backbone.

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

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

The District will continue replacement of another high school roof and window section.

The District will continue upgrades of all flooring.

INDEPENDENT AUDIT

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

AWARDS

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stow-Munroe Falls City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. 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, 2019, 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, 2020, 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,



Trevor Gummere
Treasurer



Thomas Bratten
Superintendent

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

PRINCIPAL OFFICERS
JUNE 30, 2020

Board of Education

Jason Whitacre - President

Lisa Johnson-Bowers - Vice President

Gerry Bettio

Nancy Brown

Jessica Wright

Superintendent

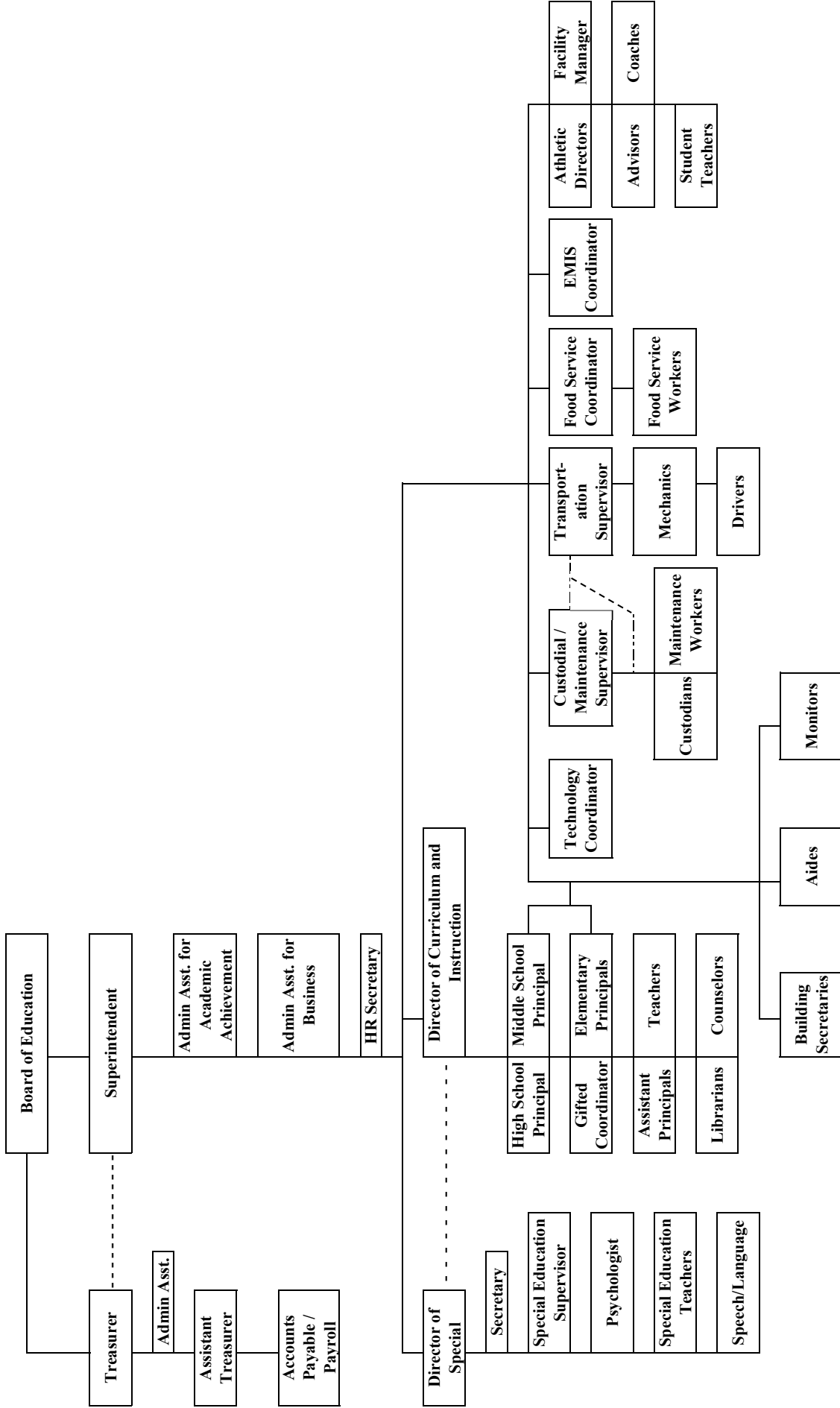
Thomas Bratten

Treasurer/CFO

Trevor Gummere

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Stow-Munroe Falls City School District
Ohio**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Stow-Munroe Falls City School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

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FINANCIAL SECTION

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Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Stow-Munroe Falls City School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stow-Munroe Falls City School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of June 30, 2020, and the respective changes in financial position, thereof and the budgetary comparison for the general fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 2 to the financial statements, in 2020, the Stow-Munroe Falls City School District adopted new accounting guidance, GASBS No. 84, *Fiduciary Activities*. As described in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Stow-Munroe Falls City School District. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, and schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions* listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stow-Munroe Falls City School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021, on our consideration of the Stow-Munroe Falls City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Stow-Munroe Falls City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stow-Munroe Falls City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
February 5, 2021

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. 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 2020 are as follows:

- The District's net position of governmental activities decreased \$8,891,848 which represents a 26.83% decrease from 2019's restated net position.
- General revenues accounted for \$52,884,153 in revenue or 83.84% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,194,650 or 16.16% of total revenues of \$63,078,803.
- The District had \$71,970,651 in expenses related to governmental activities; \$10,194,650 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$52,884,153 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$56,757,271 in revenues and \$61,493,655 in expenditures. During fiscal year 2020, the general fund's fund balance decreased \$4,763,384 from a balance of \$17,569,937 to \$12,833,553.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. This activity is reported in a custodial fund. This activity is 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2020 and June 30, 2019. The net position for June 30, 2019 has been restated as described in Note 3.

	Net Position	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 57,250,697	\$ 60,276,252
Net OPEB asset	3,985,579	3,752,864
Capital assets, net	<u>22,394,326</u>	<u>22,016,973</u>
Total assets	<u>83,630,602</u>	<u>86,046,089</u>
<u>Deferred outflows of resources</u>		
Pension	15,252,004	19,173,057
OPEB	<u>1,989,609</u>	<u>1,316,054</u>
Total deferred outflows of resources	<u>17,241,613</u>	<u>20,489,111</u>
<u>Liabilities</u>		
Current liabilities	8,317,856	7,961,765
Long-term liabilities:		
Due within one year	1,316,188	1,232,806
Due in more than one year:		
Net pension liability	69,190,299	65,894,735
Net OPEB liability	6,875,503	7,163,751
Other amounts	<u>8,971,853</u>	<u>9,190,269</u>
Total liabilities	<u>94,671,699</u>	<u>91,443,326</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	35,296,804	33,158,406
Pension	5,050,825	7,237,376
OPEB	<u>7,889,830</u>	<u>7,841,187</u>
Total deferred inflows of resources	<u>48,237,459</u>	<u>48,236,969</u>
<u>Net position</u>		
Net investment in capital assets	16,610,369	16,032,952
Restricted	844,086	862,953
Unrestricted (deficit)	<u>(59,491,398)</u>	<u>(50,041,000)</u>
Total net position	<u>\$ (42,036,943)</u>	<u>\$ (33,145,095)</u>

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's liabilities and deferred outflows of resources exceeded assets and deferred inflows of resources by \$42,036,943. Of this total, \$844,086 is restricted in use.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

At year-end, capital assets represented 26.78% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2020, was \$16,610,369. 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.

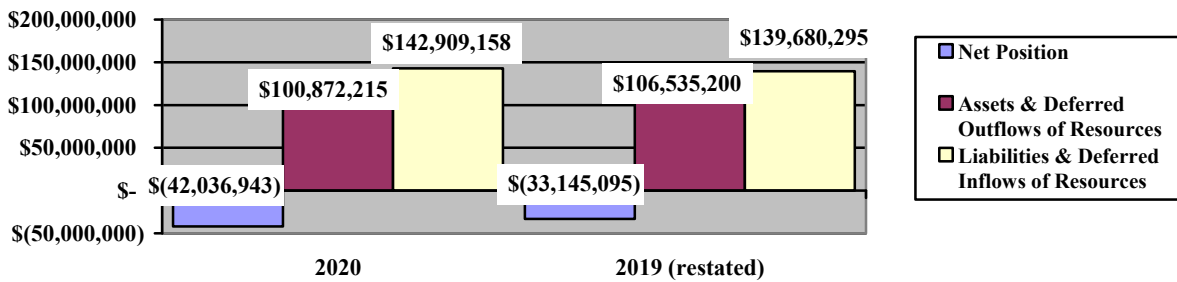
Current and other assets decreased because the District had to spend a portion of the general fund cash balance carried over from the prior year. This is because expenditures exceeded revenues in the general fund.

Long-term liabilities increased primarily due to an increase in the net pension liability. The net pension liability and net OPEB liability are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

A portion of the District's net position, \$844,086 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$59,491,398.

The graph below illustrates the District's governmental activities assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and net position at June 30, 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.

Governmental Activities



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The table below shows the changes in net position for governmental activities between 2020 and 2019. Information for fiscal year 2019 has been restated as described in Note 3.

Change in Net Position

	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 5,322,789	\$ 5,091,671
Operating grants and contributions	4,871,861	5,092,193
General revenues:		
Property taxes	36,539,624	37,051,924
Payments in lieu of taxes	86,437	470,372
Grants and entitlements	15,409,042	17,265,753
Investment earnings	621,255	500,418
Miscellaneous	<u>227,795</u>	<u>381,638</u>
 Total revenues	 <u>63,078,803</u>	 <u>65,853,969</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 31,759,998	\$ 25,908,537
Special	9,902,672	7,879,333
Vocational	2,192,148	2,057,046
Other	396,196	282,008
Support services:		
Pupil	4,741,731	4,068,441
Instructional staff	1,915,132	1,469,959
Board of education	320,972	318,331
Administration	4,346,630	3,444,250
Fiscal	1,336,438	1,099,225
Business	348,227	275,519
Operations and maintenance	6,063,454	5,637,407
Pupil transportation	3,493,558	2,819,026
Central	1,099,698	878,283
Operations of non-instructional services:		
Food service operations	1,602,322	1,374,937
Other non-instructional services	304,955	358,069
Extracurricular activities	1,960,224	1,535,853
Interest and fiscal charges	<u>186,296</u>	<u>208,926</u>
Total expenses	<u>71,970,651</u>	<u>59,615,150</u>
Changes in net position	(8,891,848)	6,238,819
Net position at beginning of year (restated)	<u>(33,145,095)</u>	<u>(39,383,914)</u>
Net position at end of year	<u>\$ (42,036,943)</u>	<u>\$ (33,145,095)</u>

Governmental Activities

Total governmental expenses of \$71,970,651 were offset by program revenues of \$10,194,650 and general revenues of \$52,884,153. Program revenues supported 14.17% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$12,355,501 or 20.73%. This increase is primarily the result of an increase in pension expense and OPEB expense in fiscal year 2020.

On an accrual basis, the District reported \$10,516,507 and \$5,782,986 in pension expense for fiscal year 2020 and 2019, respectively. In addition, the District reported (\$963,547) and (\$7,821,086) in OPEB expense for governmental activities for fiscal year 2020 and 2019, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2019 to fiscal year 2020 was \$11,591,060. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

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

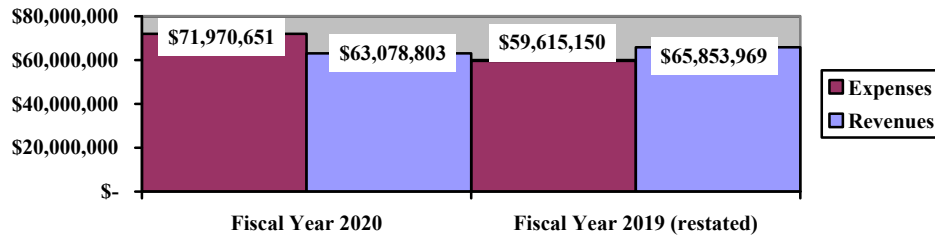
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 82.36% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$44,251,014 or 61.48% of total governmental expenses for fiscal year 2020.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2020 and 2019. Information for fiscal year 2019 has been restated as described in Note 3.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows, for governmental activities, the total cost of services and the net cost of services for 2020 and 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

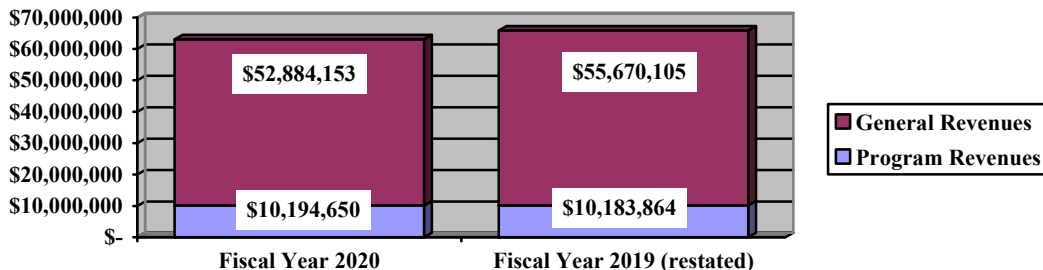
Governmental Activities

	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Restated Total Cost of Services <u>2019</u>	Restated Net Cost of Services <u>2019</u>
Program expenses				
Instruction:				
Regular	\$ 31,759,998	\$ 28,222,549	\$ 25,908,537	\$ 22,785,688
Special	9,902,672	6,840,022	7,879,333	4,712,845
Vocational	2,192,148	1,852,116	2,057,046	1,633,328
Other	396,196	364,583	282,008	243,385
Support services:				
Pupil	4,741,731	4,004,278	4,069,241	3,595,736
Instructional staff	1,915,132	1,751,173	1,469,159	1,364,681
Board of education	320,972	320,972	318,331	318,331
Administration	4,346,630	4,196,271	3,444,250	3,217,715
Fiscal	1,336,438	1,336,438	1,099,225	1,086,961
Business	348,227	348,227	275,519	275,519
Operations and maintenance	6,063,454	6,010,865	5,637,407	5,606,641
Pupil transportation	3,493,558	3,436,362	2,819,026	2,691,814
Central	1,099,698	1,098,119	878,283	859,562
Operations of non-instructional services:				
Food service operations	1,602,322	428,559	1,374,937	74,303
Other non-instructional services	304,955	8,557	358,069	(7,920)
Extracurricular activities	1,960,224	1,370,614	1,535,853	763,771
Interest and fiscal charges	<u>186,296</u>	<u>186,296</u>	<u>208,926</u>	<u>208,926</u>
Total expenses	<u>\$ 71,970,651</u>	<u>\$ 61,776,001</u>	<u>\$ 59,615,150</u>	<u>\$ 49,431,286</u>

The dependence upon tax and other general revenues for governmental activities is apparent as 84.25% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.83%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.

Governmental Activities - General and Program Revenues



General revenues decreased \$2,785,952 or 5.00% from fiscal 2019 to 2020 and program revenues increased \$10,876 or 0.11% from restated fiscal year 2019 to fiscal year 2020.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The District's Funds

The District's governmental funds reported a combined fund balance of \$12,578,395, which is less than last year's restated total of \$17,866,954. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019. The fund balance at June 30, 2019 has been restated as described in Note 3.

	Fund Balance (deficit) <u>June 30, 2020</u>	Restated Fund Balance <u>June 30, 2019</u>	Increase (Decrease)	Percentage Change
General	\$ 12,833,553	\$ 17,569,937	\$ (4,736,384)	(26.96) %
Other Governmental	<u>(255,158)</u>	<u>297,017</u>	<u>(552,175)</u>	(185.91) %
Total	<u>\$ 12,578,395</u>	<u>\$ 17,866,954</u>	<u>\$ (5,288,559)</u>	(29.60) %

General Fund

The District's general fund balance decreased \$4,736,384. Revenues decreased from the prior year by \$2,379,707, or 4.02%, while expenditures increased \$84,320, or 0.14%, from the prior year. An analysis of the general fund's revenues and expenditures is provided below.

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

	<u>2020 Amount</u>	<u>2019 Amount</u>	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 34,204,931	\$ 34,578,549	\$ (373,618)	(1.08) %
Earnings on investments	608,033	496,890	111,143	22.37 %
Intergovernmental	17,176,452	19,261,615	(2,085,163)	(10.83) %
Other revenues	<u>4,767,855</u>	<u>4,799,924</u>	<u>(32,069)</u>	(0.67) %
Total	<u>\$ 56,757,271</u>	<u>\$ 59,136,978</u>	<u>\$ (2,379,707)</u>	(4.02) %
<u>Expenditures</u>				
Instruction	\$ 39,489,124	\$ 39,162,291	\$ 326,833	0.83 %
Support services	20,022,086	20,139,045	(116,959)	(0.58) %
Non-instructional services	7,705	54,139	(46,434)	(85.77) %
Extracurricular activities	1,283,827	1,002,457	281,370	28.07 %
Facilities acquisition and construction	211,115	275,601	(64,486)	(23.40) %
Debt service	<u>479,798</u>	<u>775,802</u>	<u>(296,004)</u>	(38.15) %
Total	<u>\$ 61,493,655</u>	<u>\$ 61,409,335</u>	<u>\$ 84,320</u>	0.14 %

Intergovernmental revenue decreased \$2,085,163 or 10.83%. This decrease is due to cuts to State Foundation funding because of the COVID-19 pandemic. All other revenues remained consistent with the prior year.

The increase in instruction expenditures of \$326,833 or 0.83% is primarily due to customary wage and benefit increases.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$65,112,942. Final budgeted revenues and other financing sources were increased to \$64,135,113. Actual revenues and other financing sources for fiscal year 2020 were \$58,467,316. This was \$5,667,797 less than the final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$61,379,079 were unchanged in the final appropriations. The actual budget basis expenditures for fiscal year 2020 totaled \$62,483,635, which was \$1,104,556 more than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2020, the District had \$22,394,326 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2020 balances compared to 2019:

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

	Governmental Activities	
	2020	2019
Land	\$ 563,915	\$ 563,915
Construction in progress	458,683	219,144
Land improvements	1,995,996	2,164,804
Building and improvements	13,565,757	13,424,941
Furniture, fixtures and equipment	3,297,081	3,177,865
Vehicles	2,512,894	2,466,304
Total	\$ 22,394,326	\$ 22,016,973

Total additions to capital assets for fiscal year 2020 were \$2,287,912. Depreciation expense recorded for the fiscal year totaled \$1,896,364. The District also reported capital asset disposals of \$14,195 (net of accumulated depreciation) for fiscal year 2020.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Debt Administration

At June 30, 2020, the District had \$5,316,093 in general obligation bonds, energy conservation bonds and lease purchase obligations outstanding. Of this total, \$776,583 is due within one year and \$4,539,510 is due in greater than one year. The table on the following page summarizes the bond and lease purchase obligations outstanding.

Outstanding Bonds, at Year End

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
General obligation bonds	\$ 520,000	\$ 765,000
Energy conservation bonds	2,911,810	3,130,520
Lease purchase obligations	<u>1,884,283</u>	<u>1,853,695</u>
 Total	 <u>\$ 5,316,093</u>	 <u>\$ 5,749,215</u>

See Note 9 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.

Due to unsettled issues in the school funding, and the COVID-19 pandemic, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

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

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 17,852,063
Receivables:	
Taxes	38,936,096
Accounts.	2,702
Accrued interest	32,002
Intergovernmental	367,656
Materials and supplies inventory.	22,977
Inventory held for resale.	37,201
Net OPEB asset.	3,985,579
Capital assets:	
Nondepreciable capital assets	1,022,598
Depreciable capital assets, net.	21,371,728
Capital assets, net.	22,394,326
Total assets.	83,630,602
 Deferred outflows of resources:	
Pension	15,252,004
OPEB	1,989,609
Total deferred outflows of resources	17,241,613
 Liabilities:	
Accounts payable.	209,987
Contracts payable.	458,683
Accrued wages and benefits	6,191,324
Intergovernmental payable	322,412
Pension and postemployment obligation payable.	1,045,147
Accrued interest payable	74,078
Unearned revenue	16,225
Long-term liabilities:	
Due within one year.	1,316,188
Due in more than one year:	
Other amounts due in more than one year	8,971,853
Net pension liability	69,190,299
Net OPEB liability	6,875,503
Total liabilities	94,671,699
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	35,296,804
Pension.	5,050,825
OPEB.	7,889,830
Total deferred inflows of resources	48,237,459
 Net position:	
Net investment in capital assets	16,610,369
Restricted for:	
Capital projects	529,589
Locally funded programs	32,711
State funded programs.	63,138
Federally funded programs	19,396
Student activities	182,290
Other purposes	16,962
Unrestricted (deficit)	(59,491,398)
Total net position.	\$ (42,036,943)

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, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 31,759,998	\$ 3,231,229	\$ 306,220	\$ (28,222,549)
Special	9,902,672	755,209	2,307,441	(6,840,022)
Vocational	2,192,148	29,106	310,926	(1,852,116)
Other	396,196	-	31,613	(364,583)
Support services:				
Pupil.	4,741,731	119,800	617,653	(4,004,278)
Instructional staff	1,915,132	-	163,959	(1,751,173)
Board of education	320,972	-	-	(320,972)
Administration.	4,346,630	-	150,359	(4,196,271)
Fiscal.	1,336,438	-	-	(1,336,438)
Business.	348,227	-	-	(348,227)
Operations and maintenance	6,063,454	52,589	-	(6,010,865)
Pupil transportation.	3,493,558	-	57,196	(3,436,362)
Central	1,099,698	1,579	-	(1,098,119)
Operation of non-instructional services:				
Food service operations	1,602,322	550,906	622,857	(428,559)
Other non-instructional services	304,955	-	296,398	(8,557)
Extracurricular activities.	1,960,224	582,371	7,239	(1,370,614)
Interest and fiscal charges	186,296	-	-	(186,296)
Total governmental activities	\$ 71,970,651	\$ 5,322,789	\$ 4,871,861	(61,776,001)
General revenues:				
Property taxes levied for:				
General purposes				34,199,510
Capital outlay.				2,340,114
Payments in lieu of taxes.				86,437
Grants and entitlements not restricted				
to specific programs				15,409,042
Investment earnings				621,255
Miscellaneous.				227,795
Total general revenues.				52,884,153
Change in net position				(8,891,848)
Net position at beginning of year (restated).				(33,145,095)
Net position at end of year				\$ (42,036,943)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments.	\$ 16,965,376	\$ 886,687	\$ 17,852,063
Receivables:			
Taxes.	36,503,456	2,432,640	38,936,096
Accounts	2,702	-	2,702
Accrued interest	32,002	-	32,002
Intergovernmental.	42,661	324,995	367,656
Materials and supplies inventory.	16,368	6,609	22,977
Inventory held for resale.	21,196	16,005	37,201
Due from other funds	532,992	-	532,992
Total assets	<u>\$ 54,116,753</u>	<u>\$ 3,666,936</u>	<u>\$ 57,783,689</u>
Liabilities:			
Accounts payable	\$ 179,999	\$ 29,988	\$ 209,987
Contracts payable.	-	458,683	458,683
Accrued wages and benefits	5,952,242	239,082	6,191,324
Compensated absences payable	251,625	-	251,625
Intergovernmental payable	282,379	40,033	322,412
Pension and postemployment obligation payable.	992,706	52,441	1,045,147
Due to other funds	-	532,992	532,992
Unearned revenue.	16,225	-	16,225
Total liabilities.	<u>7,675,176</u>	<u>1,353,219</u>	<u>9,028,395</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	33,081,865	2,214,939	35,296,804
Delinquent property tax revenue not available.	457,179	28,941	486,120
Intergovernmental revenue not available.	36,978	324,995	361,973
Accrued interest not available.	32,002	-	32,002
Total deferred inflows of resources	<u>33,608,024</u>	<u>2,568,875</u>	<u>36,176,899</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	16,368	6,609	22,977
Unclaimed monies.	7,123	-	7,123
Restricted:			
Capital improvements	-	102,730	102,730
Non-public schools	-	24,807	24,807
Targeted academic assistance	-	4,484	4,484
Extracurricular.	-	182,290	182,290
Other purposes.	-	71,368	71,368
Committed:			
Capital improvements	-	159,861	159,861
Assigned:			
Student instruction	121,973	-	121,973
Student and staff support.	961,821	-	961,821
Extracurricular activities	698	-	698
Facilities acquisition and construction	6,541	-	6,541
Other purposes.	109,323	-	109,323
Unassigned (deficit).	11,609,706	(807,307)	10,802,399
Total fund balances (deficit).	<u>12,833,553</u>	<u>(255,158)</u>	<u>12,578,395</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 54,116,753</u>	<u>\$ 3,666,936</u>	<u>\$ 57,783,689</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total governmental fund balances		\$	12,578,395
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			22,394,326
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Taxes receivable	\$	486,120	
Accrued interest receivable		32,002	
Intergovernmental receivable		361,973	
Total		880,095	880,095
Unamortized premiums on bonds issued are not recognized in the funds.			(9,181)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(74,078)
The net pension/OPEB asset & liabilities are not due and payable in the current period; therefore, the asset & liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		15,252,004	
Deferred inflows - pension		(5,050,825)	
Net pension liability		(69,190,299)	
Deferred outflows - OPEB		1,989,609	
Deferred inflows - OPEB		(7,889,830)	
Net OPEB asset		3,985,579	
Net OPEB liability		(6,875,503)	
Total		(67,779,265)	(67,779,265)
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		(520,000)	
Energy conservation bonds		(2,911,810)	
Lease purchase obligations		(1,884,283)	
Compensated absences		(4,711,142)	
Total		(10,027,235)	(10,027,235)
Net position of governmental activities		\$	(42,036,943)

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, 2020

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 34,204,931	\$ 2,340,502	\$ 36,545,433
Tuition	3,901,474	-	3,901,474
Earnings on investments	608,033	-	608,033
Charges for services	-	552,527	552,527
Extracurricular	338,886	408,547	747,433
Classroom materials and fees	67,187	-	67,187
Other local revenues	460,308	42,983	503,291
Intergovernmental - intermediate	16,738	853	17,591
Intergovernmental - state	17,120,714	693,842	17,814,556
Intergovernmental - federal	39,000	2,429,693	2,468,693
Total revenues	<u>56,757,271</u>	<u>6,468,947</u>	<u>63,226,218</u>
Expenditures:			
Current:			
Instruction:			
Regular	28,512,809	453,761	28,966,570
Special	8,532,608	715,671	9,248,279
Vocational	2,103,452	-	2,103,452
Other	340,255	30,568	370,823
Support services:			
Pupil	3,853,519	659,880	4,513,399
Instructional staff	1,615,258	161,869	1,777,127
Board of education	317,753	18,448	336,201
Administration	3,863,107	171,018	4,034,125
Fiscal	1,231,225	38,946	1,270,171
Business	323,926	-	323,926
Operations and maintenance	4,988,849	26,824	5,015,673
Pupil transportation	2,930,953	61,465	2,992,418
Central	897,496	388,743	1,286,239
Operation of non-instructional services:			
Food service operations	-	1,366,008	1,366,008
Other non-instructional services	7,705	289,803	297,508
Extracurricular activities	1,283,827	487,780	1,771,607
Facilities acquisition and construction	211,115	1,678,158	1,889,273
Capital outlay	-	325,809	325,809
Debt service:			
Principal retirement	370,803	388,128	758,931
Interest and fiscal charges	108,995	84,052	193,047
Total expenditures	<u>61,493,655</u>	<u>7,346,931</u>	<u>68,840,586</u>
Excess of expenditures over revenues	<u>(4,736,384)</u>	<u>(877,984)</u>	<u>(5,614,368)</u>
Other financing sources:			
Lease purchase transaction	-	325,809	325,809
Total other financing sources	<u>-</u>	<u>325,809</u>	<u>325,809</u>
Net change in fund balances	(4,736,384)	(552,175)	(5,288,559)
Fund balances at beginning of year (restated)	<u>17,569,937</u>	<u>297,017</u>	<u>17,866,954</u>
Fund balances (deficit) at end of year	<u>\$ 12,833,553</u>	<u>\$ (255,158)</u>	<u>\$ 12,578,395</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$	(5,288,559)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 2,287,912	
Current year depreciation	(1,896,364)	
Total		391,548
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(14,195)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(5,809)	
Earnings on investments	13,222	
Intergovernmental	(333,461)	
Total		(326,048)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		758,931
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(325,809)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities:		
Decrease in accrued interest payable	270	
Amortization of bond premiums	6,481	
Total		6,751
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	5,486,441	
OPEB	182,328	
Total		5,668,769
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset & liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(10,516,507)	
OPEB	963,547	
Total		(9,552,960)
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.		
		(210,276)
Change in net position of governmental activities	\$	(8,891,848)

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Taxes	\$ 39,260,784	\$ 38,671,188	\$ 35,253,709	\$ (3,417,479)
Tuition.	4,387,104	4,321,221	3,939,343	(381,878)
Earnings on investments	397,276	391,310	356,729	(34,581)
Extracurricular.	193,986	191,073	174,187	(16,886)
Other local revenues	527,735	519,810	473,873	(45,937)
Intergovernmental - intermediate	18,641	18,361	16,738	(1,623)
Intergovernmental - state	19,107,069	18,820,130	17,156,943	(1,663,187)
Intergovernmental - federal	43,433	42,781	39,000	(3,781)
Total revenues	<u>63,936,028</u>	<u>62,975,874</u>	<u>57,410,522</u>	<u>(5,565,352)</u>
Expenditures:				
Current:				
Instruction:				
Regular	28,451,653	28,451,653	28,963,659	(512,006)
Special.	8,361,385	8,361,385	8,511,853	(150,468)
Vocational.	2,010,954	2,010,954	2,047,142	(36,188)
Other.	327,629	327,629	333,525	(5,896)
Support services:				
Pupil.	4,044,857	4,044,857	4,117,647	(72,790)
Instructional staff	1,574,570	1,574,570	1,602,905	(28,335)
Board of education	417,163	417,163	424,670	(7,507)
Administration.	3,819,755	3,819,755	3,888,494	(68,739)
Fiscal	1,220,900	1,220,900	1,242,871	(21,971)
Business	321,401	321,401	327,185	(5,784)
Operations and maintenance.	5,115,082	5,115,082	5,207,131	(92,049)
Pupil transportation	2,873,525	2,873,525	2,925,236	(51,711)
Central.	896,650	896,650	912,786	(16,136)
Other non-instructional services	7,569	7,569	7,705	(136)
Extracurricular activities.	1,250,861	1,250,861	1,273,371	(22,510)
Facilities acquisition and construction	213,809	213,809	217,657	(3,848)
Debt service:				
Principal retirement	364,248	364,248	370,803	(6,555)
Interest and fiscal charges.	107,068	107,068	108,995	(1,927)
Total expenditures	<u>61,379,079</u>	<u>61,379,079</u>	<u>62,483,635</u>	<u>(1,104,556)</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>2,556,949</u>	<u>1,596,795</u>	<u>(5,073,113)</u>	<u>(6,669,908)</u>
Other financing sources:				
Refund of prior year's expenditures	455,255	448,418	408,790	(39,628)
Advances in.	703,687	693,119	631,866	(61,253)
Sale of assets	17,972	17,702	16,138	(1,564)
Total other financing sources.	<u>1,176,914</u>	<u>1,159,239</u>	<u>1,056,794</u>	<u>(102,445)</u>
Net change in fund balance	3,733,863	2,756,034	(4,016,319)	(6,772,353)
Fund balance at beginning of year	18,590,428	18,590,428	18,590,428	-
Prior year encumbrances appropriated	1,120,834	1,120,834	1,120,834	-
Fund balance at end of year	<u>\$ 23,445,125</u>	<u>\$ 22,467,296</u>	<u>\$ 15,694,943</u>	<u>\$ (6,772,353)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Extracurricular collections for OHSAA.	\$ 20,299
Total additions	20,299
 Deductions:	
Extracurricular distributions to OHSAA.	20,299
Total deductions	20,299
 Change in net position	 -
Net position at beginning of year (restated)	-
 Net position at end of year	 \$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 255 full-time and part-time non-certified employees, 353 certified teaching personnel and 23 administrators. The District provides services to 5,305 students and other community members.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

RELATED ORGANIZATION

Stow-Munroe Falls Public Library

The Stow-Munroe Falls Public Library (the "Library") is a related organization to the District. The District's Board of Education is responsible for appointing all the trustees of the Library; however, the District's Board of Education cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District serves as the taxing authority and may issue tax related debt on behalf of the Library, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during the fiscal year 2020.

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

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

The Council employs an Executive Director who works cooperatively with a seven-member Board of Directors consisting of four superintendents, the ESC superintendent, one member of the treasurers' committee and one member of the technology committee. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors, who exercises total control over the operation of NEOnet including budgeting, appropriating, contracting and designating management. All revenues are generated from State funding and an annual fee per student to participating districts. The Metropolitan Regional Services Council and NEOnet are located at 700 Graham Road, Cuyahoga Falls, Ohio 44221. During the current fiscal year, the District contributed \$1,047,561 to NEOnet.

Six District Educational Compact

The Six District Educational Compact is a jointly governed organization to provide for the vocational and special education needs of the students of six participating school districts. The six member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. The District paid \$668,514 to the Six District Educational Compact for services during fiscal year 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 2020, the District paid \$104,511 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 all over Ohio 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, 6057 Strip Ave. NW, North Canton, Ohio 44720.

Ohio Schools' Council Workers' Compensation Group Rating Program

The Ohio Schools' Council Workers' Compensation Group Rating Program (the "Plan") is an insurance purchasing pool (see Note 10.C.). The plan is intended to reduce premiums for the participants. The Worker's Compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial 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 has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for monies collected on behalf and disbursed to the Ohio High School Athletic Association (OHSAA).

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Certain indirect costs are included in program expense reported for individual functions and activities. 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. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

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

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

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 11 and 12 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 11 and 12 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budget documents within an established timetable. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. All funds, other than custodial 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, 2020**

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 2020, investments were limited to federal agency securities, U.S. Treasury money market funds, negotiable certificates of deposit, U.S Treasury notes, commercial paper and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

STAR Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings are assigned to the general fund except those specifically related to certain trust funds, unless the Board of Education specifically directs interest to be recorded in other funds. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$608,033 which includes \$34,604 assigned from other District funds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintained a capitalization threshold of \$5,000 for its general capital assets during fiscal year 2020. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

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

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

I. Interfund Balances

Interfund loans that are used to cover negative cash balances or are due to another fund for services provided are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities columns of the statement of net position.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2020 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. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds and lease purchase obligations are recognized as a liability on the fund financial statements when due.

L. Estimates

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

M. Fund Balance

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

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, 2020

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 Position

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

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

O. Interfund Activity

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2020, the District did not incur any transactions that would be classified as an extraordinary item or special item.

R. Unamortized Bond Premiums

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

S. Fair Value

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

T. Prepayments

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

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its fiduciary funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

B. Restatement of Net Position and Fund Balances

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at June 30, 2020:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance as previously reported	\$ 17,569,937	\$ 132,310	\$ 17,702,247
GASB Statement No. 84	<u>-</u>	<u>164,707</u>	<u>164,707</u>
Restated Fund Balance, at June 30, 2019	<u>\$ 17,569,937</u>	<u>\$ 297,017</u>	<u>\$ 17,866,954</u>

The implementation of GASB Statement No. 84 had the following effect on the net position as reported at June 30, 2019:

	<u>Governmental Activities</u>
Net position as previously reported	\$ (33,309,802)
GASB Statement No. 84	<u>164,707</u>
Restated net position at June 30, 2019	<u>\$ (33,145,095)</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting private-purpose trust funds and agency funds. At June 30, 2019, the private-purpose trust fund reported a net position of \$4,077 and agency funds reported assets and liabilities of \$161,065.

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 280,418
IDEA Part B grants	413,883
Title I disadvantaged children	90,280
IDEA handicapped preschool	16,117

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

D. Budgetary Noncompliance

The District had appropriations in excess of estimated resources, in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36

The District had appropriations that were greater than actual resources, in noncompliance with Ohio Revised Code Section 5705.36(A)(4).

The District had disbursements that were greater than appropriations, in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, and Government National Mortgage 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made on through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2020, the carrying amount of all District deposits was \$4,407,377. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2020, \$4,524,791 of the District’s bank balance of \$4,774,791 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the District’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although 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, 2020, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>value</u>	Investment maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater Than <u>24 months</u>
<i>Fair value:</i>						
FHLB	\$ 532,776	\$ -	\$ -	\$ -	\$ -	\$ 532,776
FFCB	851,753	-	-	-	299,491	552,262
U.S. Treasury notes	368,992	-	368,992	-	-	-
Negotiable CDs	7,464,925	-	2,008,479	-	2,303,870	3,152,576
Commercial paper	1,733,341	1,184,652	548,689	-	-	-
U.S. Treasury money market	6,723	6,723	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	<u>2,485,126</u>	<u>2,485,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,443,636</u>	<u>\$ 3,676,501</u>	<u>\$ 2,926,160</u>	<u>\$ -</u>	<u>\$ 2,603,361</u>	<u>\$ 4,237,614</u>

The weighted average maturity of investments is 1.51 years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper were rated A-1+ or A-1 and P-1 by Standard and Poor's and Moody's Investor Services, respectively. The District's investments in U.S. Treasury money market mutual funds and negotiable CD's are not rated. 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, U.S. Treasury notes and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The negotiable CDs are covered by FDIC. 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, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FHLB	\$ 532,776	3.96
FFCB	851,753	6.34
U.S. Treasury notes	368,992	2.74
Negotiable CD's	7,464,925	55.53
Commercial paper	1,733,341	12.89
U.S. Treasury money market	6,723	0.05
<i>Amortized cost:</i>		
STAR Ohio	<u>2,485,126</u>	<u>18.49</u>
	<u>\$ 13,443,636</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, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,407,377
Investments	13,443,636
Cash on hand	<u>1,050</u>
Total	<u>\$ 17,852,063</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 17,852,063</u>

NOTE 4 - INTERFUND TRANSACTIONS

Interfund balances consisted of the following due to/from other funds at June 30, 2020, as reported on the fund statements:

<u>Due to the general fund from:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 532,992</u>

The primary purpose of the interfund loans due to the general fund is to cover negative cash balances in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, 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 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - PROPERTY TAXES - (Continued)

The District receives property taxes from Summit and Portage Counties. The County Fiscal Officer and County Auditor, respectively, periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$2,964,412 in the general fund and \$188,760 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2019 was \$4,013,190 in the general fund and \$255,903 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, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 978,314,020	98.57	\$ 981,843,560	98.48
Public utility personal	<u>14,149,890</u>	<u>1.43</u>	<u>15,177,660</u>	<u>1.52</u>
Total	<u>\$ 992,463,910</u>	<u>100.00</u>	<u>\$ 997,021,220</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 53.87		\$ 53.84	

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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, 2020

NOTE 6 - RECEIVABLES

Receivables at June 30, 2020 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables reported on the statement of net position follows:

Governmental activities:

Taxes	\$ 38,936,096
Accounts	2,702
Intergovernmental:	
Foundation adjustments	42,661
Miscellaneous state grants	25,000
IDEA part B grant	219,603
Title III limited English proficiency grant	9,723
Title I disadvantaged children grant	51,204
IDEA handicapped preschool grant	15,796
Improving teacher quality grant	1,869
Miscellaneous federal grants	<u>1,800</u>
Total intergovernmental	367,656
Accrued interest	<u>32,002</u>
Total receivables	<u><u>\$ 39,338,456</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.

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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, 2020

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance <u>06/30/19</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/20</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 563,915	\$ -	\$ -	\$ 563,915
Construction in progress	<u>219,144</u>	<u>1,125,126</u>	<u>(885,587)</u>	<u>458,683</u>
Total capital assets, not being depreciated	<u>783,059</u>	<u>1,125,126</u>	<u>(885,587)</u>	<u>1,022,598</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,174,786	52,350	-	4,227,136
Buildings and improvements	39,467,623	1,011,246	-	40,478,869
Furniture, fixtures and equipment	7,833,179	658,968	-	8,492,147
Vehicles	<u>5,576,945</u>	<u>325,809</u>	<u>(191,300)</u>	<u>5,711,454</u>
Total capital assets, being depreciated	<u>57,052,533</u>	<u>2,048,373</u>	<u>(191,300)</u>	<u>58,909,606</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,009,982)	(221,158)	-	(2,231,140)
Buildings and improvements	(26,042,682)	(870,430)	-	(26,913,112)
Furniture, fixtures and equipment	(4,655,314)	(539,752)	-	(5,195,066)
Vehicles	<u>(3,110,641)</u>	<u>(265,024)</u>	<u>177,105</u>	<u>(3,198,560)</u>
Total accumulated depreciation	<u>(35,818,619)</u>	<u>(1,896,364)</u>	<u>177,105</u>	<u>(37,537,878)</u>
Governmental activities capital assets, net	<u>\$ 22,016,973</u>	<u>\$ 1,277,135</u>	<u>\$ (899,782)</u>	<u>\$ 22,394,326</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 448,338
Special	4,602
Vocational	4,702
<u>Support services:</u>	
Pupil	1,942
Instructional staff	21,755
Board of education	662
Administration	2,304
Fiscal	12,600
Business	631
Operations and maintenance	798,378
Pupil transportation	281,660
Central	23,987
Other non-instructional services	2,644
Extracurricular activities	107,645
Food service operations	<u>184,514</u>
Total depreciation expense	<u>\$ 1,896,364</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - LEASE PURCHASE AGREEMENTS - LESSEE DISCLOSURE

During fiscal year 2016, the District entered into a lease-purchase agreement with First Merit Bank for 5 new school buses. During fiscal year 2017, the District entered into a lease-purchase agreement with Huntington Bank for 6 new school buses. During fiscal year 2018, the District entered into a lease-purchase agreement with Huntington Bank for energy conservation improvements. During fiscal year 2020, the District entered into a lease-purchase agreement with Santander Bank for 4 new school buses.

Capital assets consisting of, buildings and improvement and vehicles have been capitalized in the amount of \$1,517,340 and \$1,227,041, respectively. Accumulated depreciation on the energy conservation improvements as of June 30, 2020 was \$75,867, leaving a current book value of \$1,441,473. Accumulated depreciation on the vehicles as of June 30, 2020 was \$213,398, leaving a current book value of \$1,013,643. Principal and interest payments for the buses totaled \$220,455 and \$14,645, respectively, in fiscal year 2020. Principal and interest payments for the energy conservation improvements totaled \$74,766 and \$55,930, respectively, in fiscal year 2020. The payments are made from the general fund and the permanent improvement fund (a nonmajor governmental fund).

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2020.

<u>Fiscal year ending June 30,</u>	<u>Energy</u>	<u>Buses</u>	<u>Total</u>
2021	\$ 130,696	\$ 235,100	\$ 365,796
2022	130,696	158,124	288,820
2023	130,695	158,125	288,820
2024	130,696	69,178	199,874
2025	130,696	-	130,696
2026 - 2030	653,476	-	653,476
2031 - 2033	392,087	-	392,087
Total minimum lease payment	1,699,042	620,527	2,319,569
Less amount representing interest	(399,613)	(35,673)	(435,286)
Total	<u>\$ 1,299,429</u>	<u>\$ 584,854</u>	<u>\$ 1,884,283</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2020, the following changes occurred in the governmental activities long-term obligations.

	Balance 06/30/19	Additions	Reductions	Balance 06/30/20	Amounts Due in One Year
Governmental activities:					
<u>General obligation bonds:</u>					
2006 bus acquisition/energy conservation, 4.00-5.00%	\$ 765,000	\$ -	\$ (245,000)	\$ 520,000	\$ 255,000
<u>Energy conservation bonds:</u>					
2015 energy conservation bonds	3,130,520	-	(218,710)	2,911,810	225,599
<u>Other obligations:</u>					
Lease purchase - buses	479,500	325,809	(220,455)	584,854	218,175
Lease purchase - energy	1,374,195	-	(74,766)	1,299,429	77,809
Net pension liability	65,894,735	3,295,564	-	69,190,299	-
Net OPEB liability	7,163,751	-	(288,248)	6,875,503	-
Compensated absences	4,658,198	618,511	(313,942)	4,962,767	539,605
Total other obligations	79,570,379	4,239,884	(897,411)	82,912,852	835,589
Total governmental activities long-term obligations	\$ 83,465,899	\$ 4,239,884	\$ (1,361,121)	86,344,662	\$ 1,316,188
				Add: unamortized premium on bonds	9,181
				Total on statement of net position	\$ 86,353,843

Lease Purchase Obligations

The interest rates on the school bus lease purchase obligations is 3.19% for the fiscal year 2016 lease, 2.75% for the fiscal year 2017 lease and 2.95% for the fiscal year 2020 lease. The interest rate on the energy lease purchase obligation is 4.07%.

The lease-purchase agreements are considered direct borrowings. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. The buses and improvements are collateral for the debt as, in the event of default or "Nonappropriation of Funds", the Bank shall have all legal and equitable rights to take possession of the buses and improvements. The lease purchase agreements have no significant finance-related terms related to events of default, termination events, or subjective acceleration clauses except to state that there shall be no right under any circumstances to accelerate the maturities of rent payments or otherwise declare any rent not then past due or in default to be immediately due and payable.

For more detail on the lease purchase obligations, see Note 8.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences

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

Net Pension Liability

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

Net OPEB Liability/Asset

The District's net OPEB liability/asset is described in Note 12. The District pays obligations related to employee compensation from the fund benefitting from their service, which, for the District, is primarily the general fund.

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
2021	\$ 255,000	\$ 16,681	\$ 271,681
2022	265,000	5,631	270,631
Total	<u>\$ 520,000</u>	<u>\$ 22,312</u>	<u>\$ 542,312</u>

Series 2015 Energy Conservation Bonds

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending	Energy Conservation Bonds		
	Principal	Interest	Total
2021	\$ 225,599	\$ 88,168	\$ 313,767
2022	232,705	80,951	313,656
2023	240,036	73,504	313,540
2024	247,597	65,824	313,421
2025	255,396	57,903	313,299
2026 - 2030	1,402,846	161,668	1,564,514
2031	307,631	4,846	312,477
Total	<u>\$ 2,911,810</u>	<u>\$ 532,864</u>	<u>\$ 3,444,674</u>

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, 2020, are a voted debt margin of \$89,211,910, an unvoted debt margin of \$997,021, and an energy conservation debt margin of \$6,061,381.

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance in the past three years nor has insurance coverage been significantly reduced from 2019.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 10 - RISK MANAGEMENT - (Continued)

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

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

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

C. Workers' Compensation

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$1,335,986 for fiscal year 2020. Of this amount, \$136,787 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$4,150,455 for fiscal year 2020. Of this amount, \$714,972 is reported pension and postemployment obligation payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.25392850%	0.23354717%	
Proportion of the net pension liability current measurement date	<u>0.26698470%</u>	<u>0.24064021%</u>	
Change in proportionate share	<u>0.01305620%</u>	<u>0.00709304%</u>	
Proportionate share of the net pension liability	\$ 15,974,163	\$ 53,216,136	\$ 69,190,299
Pension expense	\$ 2,324,846	\$ 8,191,661	\$ 10,516,507

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 405,070	\$ 433,270	\$ 838,340
Changes of assumptions	-	6,251,264	6,251,264
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	728,183	1,947,776	2,675,959
Contributions subsequent to the measurement date	<u>1,335,986</u>	<u>4,150,455</u>	<u>5,486,441</u>
Total deferred outflows of resources	<u>\$ 2,469,239</u>	<u>\$ 12,782,765</u>	<u>\$ 15,252,004</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 230,362	\$ 230,362
Net difference between projected and actual earnings on pension plan investments	205,048	2,600,917	2,805,965
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>429,160</u>	<u>1,585,338</u>	<u>2,014,498</u>
Total deferred inflows of resources	<u>\$ 634,208</u>	<u>\$ 4,416,617</u>	<u>\$ 5,050,825</u>

\$5,486,441 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ 609,697	\$ 3,587,520	\$ 4,197,217
2022	(213,294)	724,789	511,495
2023	(13,645)	(655,743)	(669,388)
2024	<u>116,287</u>	<u>559,127</u>	<u>675,414</u>
Total	<u>\$ 499,045</u>	<u>\$ 4,215,693</u>	<u>\$ 4,714,738</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 22,385,513	\$ 15,974,163	\$ 10,597,443

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 77,769,455	\$ 53,216,136	\$ 32,430,495

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$182,328.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$182,328 for fiscal year 2020. Of this amount, \$182,328 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.25822110%	0.23354717%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.27340270%</u>	<u>0.24064021%</u>	
Change in proportionate share	<u>0.01518160%</u>	<u>0.00709304%</u>	
Proportionate share of the net OPEB liability	\$ 6,875,503	\$ -	\$ 6,875,503
Proportionate share of the net OPEB asset	\$ -	\$ 3,985,579	\$ 3,985,579
OPEB expense	\$ 286,741	\$ (1,250,288)	\$ (963,547)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 100,927	\$ 361,323	\$ 462,250
Net difference between projected and actual earnings on OPEB plan investments	16,504	-	16,504
Changes of assumptions	502,177	83,775	585,952
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	501,757	240,818	742,575
Contributions subsequent to the measurement date	<u>182,328</u>	<u>-</u>	<u>182,328</u>
Total deferred outflows of resources	<u>\$ 1,303,693</u>	<u>\$ 685,916</u>	<u>\$ 1,989,609</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,510,501	\$ 202,773	\$ 1,713,274
Net difference between projected and actual earnings on OPEB plan investments	-	250,320	250,320
Changes of assumptions	385,283	4,369,726	4,755,009
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>762,233</u>	<u>408,994</u>	<u>1,171,227</u>
Total deferred inflows of resources	<u>\$ 2,658,017</u>	<u>\$ 5,231,813</u>	<u>\$ 7,889,830</u>

\$182,328 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ (370,620)	\$ (981,455)	\$ (1,352,075)
2022	(307,933)	(981,454)	(1,289,387)
2023	(303,089)	(881,129)	(1,184,218)
2024	(303,877)	(845,938)	(1,149,815)
2025	(195,462)	(874,180)	(1,069,642)
Thereafter	<u>(55,671)</u>	<u>18,259</u>	<u>(37,412)</u>
Total	<u>\$ (1,536,652)</u>	<u>\$ (4,545,897)</u>	<u>\$ (6,082,549)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 8,345,557	\$ 6,875,503	\$ 5,706,638

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 5,508,671	\$ 6,875,503	\$ 8,688,958

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 3,400,898	\$ 3,985,579

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 4,519,464	\$ 3,985,579

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (4,016,319)
Net adjustment for revenue accruals	(889,282)
Net adjustment for expenditure accruals	(66,735)
Net adjustment for other sources/uses	(1,056,794)
Funds budgeted elsewhere	47,491
Adjustment for encumbrances	1,245,255
GAAP basis	<u>\$ (4,736,384)</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2020.

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 15 - SET-ASIDES

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

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

	Capital <u>Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	929,532
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(213,044)
Excess qualified expenditures from prior years	-
Current year offsets	(2,564,847)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (1,848,359)</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 959,120
Other governmental	<u>226,518</u>
 Total	 <u>\$ 1,185,638</u>

NOTE 17 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Stow (the "City") has established Community Reinvestment Areas (CRAs) that gives the City the ability to attract, retain and expand businesses located in the City. Residential abatements are provided to encourage investment in certain areas of the City where repair of existing structures or construction of new structures has been discouraged. Pursuant to the Ohio Revised Code Chapter 5709, the City established three (3) Community Reinvestment Areas. The areas were created after 1994. The City provides both commercial and residential abatements under certain circumstances outlined in the legislation. Under the agreements, the property owner's property taxes assessed to the District have been abated. During fiscal year 2020, the District's property taxes were reduced by \$742,554.

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 19 - SUBSEQUENT EVENT

On November 10, 2020, the District issued \$2,530,000 in various purpose refunding general obligation bonds. The bonds are being issued to currently refund a portion of the 2015 energy conservation bonds. The refunding bonds bear interest rates ranging from 3.00% to 4.00% with final maturity on December 1, 2030.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.26698470%	0.25392850%	0.29126430%	0.26656490%
District's proportionate share of the net pension liability	\$ 15,974,163	\$ 14,542,956	\$ 17,402,399	\$ 19,510,091
District's covered payroll	\$ 9,214,267	\$ 8,045,800	\$ 9,558,143	\$ 8,359,921
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.36%	180.75%	182.07%	233.38%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

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

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.26848000%	0.27675100%	0.27675100%
\$ 15,319,729	\$ 14,006,211	\$ 16,457,494
\$ 8,082,640	\$ 8,039,921	\$ 8,015,145
189.54%	174.21%	205.33%
69.16%	71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.24064021%	0.23354717%	0.24731980%	0.24077678%
District's proportionate share of the net pension liability	\$ 53,216,136	\$ 51,351,779	\$ 58,751,349	\$ 80,595,246
District's covered payroll	\$ 28,304,293	\$ 26,701,086	\$ 27,330,150	\$ 25,429,314
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.01%	192.32%	214.97%	316.94%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

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

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.23713628%	0.23200257%	0.23200257%
\$ 65,537,532	\$ 56,431,054	\$ 67,220,303
\$ 24,741,200	\$ 23,704,254	\$ 22,812,646
264.89%	238.06%	294.66%
72.10%	74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,335,986	\$ 1,243,926	\$ 1,086,183	\$ 1,338,140
Contributions in relation to the contractually required contribution	<u>(1,335,986)</u>	<u>(1,243,926)</u>	<u>(1,086,183)</u>	<u>(1,338,140)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,542,757	\$ 9,214,267	\$ 8,045,800	\$ 9,558,143
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,170,389	\$ 1,065,292	\$ 1,114,333	\$ 1,109,296	\$ 1,049,278	\$ 1,015,362
<u>(1,170,389)</u>	<u>(1,065,292)</u>	<u>(1,114,333)</u>	<u>(1,109,296)</u>	<u>(1,049,278)</u>	<u>(1,015,362)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,359,921	\$ 8,082,640	\$ 8,039,921	\$ 8,015,145	\$ 7,801,323	\$ 8,077,661
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,150,455	\$ 3,962,601	\$ 3,738,152	\$ 3,826,221
Contributions in relation to the contractually required contribution	<u>(4,150,455)</u>	<u>(3,962,601)</u>	<u>(3,738,152)</u>	<u>(3,826,221)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 29,646,107	\$ 28,304,293	\$ 26,701,086	\$ 27,330,150
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 3,560,104	\$ 3,463,768	\$ 3,081,553	\$ 2,965,644	\$ 3,110,483	\$ 3,359,040
<u>(3,560,104)</u>	<u>(3,463,768)</u>	<u>(3,081,553)</u>	<u>(2,965,644)</u>	<u>(3,110,483)</u>	<u>(3,359,040)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 25,429,314	\$ 24,741,200	\$ 23,704,254	\$ 22,812,646	\$ 23,926,792	\$ 25,838,769
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.27340270%	0.25822110%	0.29325740%	0.26940328%
District's proportionate share of the net OPEB liability	\$ 6,875,503	\$ 7,163,751	\$ 7,870,258	\$ 7,678,990
District's covered payroll	\$ 9,214,267	\$ 8,045,800	\$ 9,558,143	\$ 8,359,921
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.62%	89.04%	82.34%	91.85%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.24064021%	0.23354717%	0.24731980%	0.24077678%
District's proportionate share of the net OPEB liability/(asset)	\$ (3,985,579)	\$ (3,752,864)	\$ 9,649,506	\$ 12,876,805
District's covered payroll	\$ 28,304,293	\$ 26,701,086	\$ 27,330,150	\$ 25,429,314
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.08%	14.06%	35.31%	50.64%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 182,328	\$ 211,991	\$ 182,444	\$ 149,154
Contributions in relation to the contractually required contribution	<u>(182,328)</u>	<u>(211,991)</u>	<u>(182,444)</u>	<u>(149,154)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,542,757	\$ 9,214,267	\$ 8,045,800	\$ 9,558,143
Contributions as a percentage of covered payroll	1.91%	2.30%	2.27%	1.56%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 133,183	\$ 203,950	\$ 146,928	\$ 130,637	\$ 164,312	\$ 238,783
<u>(133,183)</u>	<u>(203,950)</u>	<u>(146,928)</u>	<u>(130,637)</u>	<u>(164,312)</u>	<u>(238,783)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,359,921	\$ 8,082,640	\$ 8,039,921	\$ 8,015,145	\$ 7,801,323	\$ 8,077,661
1.59%	2.52%	1.83%	1.63%	2.11%	2.96%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 29,646,107	\$ 28,304,293	\$ 26,701,086	\$ 27,330,150
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 237,043	\$ 228,126	\$ 239,268	\$ 258,388
-	-	(237,043)	(228,126)	(239,268)	(258,388)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 25,429,314	\$ 24,741,200	\$ 23,704,254	\$ 22,812,646	\$ 23,926,792	\$ 25,838,769
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2020.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: Medical Pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; Medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; Prescription Drug Pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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

MAJOR FUND

General Fund

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

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

Uniform School Supplies Fund

Section 3313.811, Revised Code

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

Special Services Rotary Fund

Section 5705.12, Revised Code

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

Public School Support Fund

Section 5705.12, Revised Code

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

Unclaimed Monies Fund

Section 9.39, Revised Code

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Uniform School Supplies Fund</u>			
Total revenues and other financing sources	\$ 160,000	\$ 67,345	\$ (92,655)
Total expenditures and other financing uses	<u>119,849</u>	<u>58,928</u>	<u>60,921</u>
Net change in fund balance	40,151	8,417	(31,734)
Fund balance at beginning of year	60,613	60,613	-
Prior year encumbrances appropriated	<u>473</u>	<u>473</u>	<u>-</u>
Fund balance at end of year	<u>\$ 101,237</u>	<u>\$ 69,503</u>	<u>\$ (31,734)</u>
<u>Special Services Rotary Fund</u>			
Total revenues and other financing sources	\$ 45,000	\$ 17,551	\$ (27,449)
Total expenditures and other financing uses	<u>282</u>	<u>437</u>	<u>(155)</u>
Net change in fund balance	44,718	17,114	(27,604)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 44,718</u>	<u>\$ 17,114</u>	<u>\$ (27,604)</u>
<u>Public School Support Fund</u>			
Total revenues and other financing sources	\$ 182,000	\$ 151,293	\$ (30,707)
Total expenditures and other financing uses	<u>222,733</u>	<u>134,958</u>	<u>87,775</u>
Net change in fund balance	(40,733)	16,335	57,068
Fund balance at beginning of year	112,822	112,822	-
Prior year encumbrances appropriated	<u>4,435</u>	<u>4,435</u>	<u>-</u>
Fund balance at end of year	<u>\$ 76,524</u>	<u>\$ 133,592</u>	<u>\$ 57,068</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Unclaimed Monies Fund</u>			
Fund balance at beginning of year	\$ 7,123	\$ 7,123	\$ -
Fund balance at end of year	<u>\$ 7,123</u>	<u>\$ 7,123</u>	<u>\$ -</u>

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

Nonmajor Special Revenue Funds

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

Food Service Fund

Section 3313.81, Revised Code

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

Other Grants Fund

Section 5705.09, Revised Code

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

District Managed Activity Fund

Section 3313.062, Revised Code

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

Auxiliary Services Fund

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

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

Data Communication Fund

Current Budget Bill. appropriation line item 200-426

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

Miscellaneous State Grants Fund

Section 5705.12, Revised Code

A fund used to account for various monies received from State agencies not classified elsewhere.

IDEA Part B Grants Fund

Catalog of Federal Domestic Assistance #84.027

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

Title III Limited English Proficiency Fund

Catalog of Federal Domestic Assistance #84.365

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

Title I Disadvantaged Children Fund

Catalog of Federal Domestic Assistance #84.010

A fund used to account for monies to State and Local educational agencies to meet the special needs of educationally deprived children.

IDEA Handicapped Preschool 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.

Miscellaneous Federal Grants Fund

Section 5705.12, Revised Code

A fund used to account for various monies received from the federal government directly or through state agencies which are not classified elsewhere.

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

Nonmajor Special Revenue Funds - Continued

Special Trust Fund

Section 5705.09, Revised Code

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

Student Managed Activity Fund

Section 3313.062, Revised Code

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

Student Wellness and Success Fund

Section 3317.26, Revised Code

This fund accounts for state monies that are restricted for specific purposes related to student wellness including mental health services, services for homeless youth, services for child welfare involved youth, community liaisons, physical health care services, mentoring programs, family engagement and support services, city connects programming, professional development regarding the provision of trauma informed care, and professional development regarding cultural competence.

Nonmajor Capital Projects Funds

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

Permanent Improvement Fund

Section 5705.10, Revised Code

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

Building Fund

Section 5705.09, Revised Code

A fund used to account for the receipts and expenditures related to all special bond funds in the District.

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 341,184	\$ 545,503	\$ 886,687
Receivables:			
Taxes.	-	2,432,640	2,432,640
Intergovernmental	324,995	-	324,995
Materials and supplies inventory.	6,609	-	6,609
Inventory held for resale	16,005	-	16,005
Total assets.	<u>\$ 688,793</u>	<u>\$ 2,978,143</u>	<u>\$ 3,666,936</u>
Liabilities:			
Accounts payable.	\$ 16,999	\$ 12,989	\$ 29,988
Contracts payable.	-	458,683	458,683
Accrued wages and benefits	239,082	-	239,082
Pension and postemployment obligation payable	52,441	-	52,441
Intergovernmental payable	40,033	-	40,033
Due to other funds.	532,992	-	532,992
Total liabilities	<u>881,547</u>	<u>471,672</u>	<u>1,353,219</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	-	2,214,939	2,214,939
Delinquent property tax revenue not available.	-	28,941	28,941
Intergovernmental revenue not available.	324,995	-	324,995
Total deferred inflows of resources	<u>324,995</u>	<u>2,243,880</u>	<u>2,568,875</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	6,609	-	6,609
Restricted:			
Non-public schools.	24,807	-	24,807
Targeted academic assistance.	4,484	-	4,484
Extracurricular	182,290	-	182,290
Capital improvements.	-	102,730	102,730
Other purposes.	71,368	-	71,368
Committed:			
Capital improvements.	-	159,861	159,861
Unassigned (deficit).	<u>(807,307)</u>	<u>-</u>	<u>(807,307)</u>
Total fund balances (deficit)	<u>(517,749)</u>	<u>262,591</u>	<u>(255,158)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 688,793</u>	<u>\$ 2,978,143</u>	<u>\$ 3,666,936</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ -	\$ 2,340,502	\$ 2,340,502
Charges for services	552,527	-	552,527
Extracurricular	408,547	-	408,547
Other local revenues	38,983	4,000	42,983
Intergovernmental - intermediate	-	853	853
Intergovernmental - state	541,493	152,349	693,842
Intergovernmental - federal	2,429,693	-	2,429,693
Total revenues	3,971,243	2,497,704	6,468,947
Expenditures:			
Current:			
Instruction:			
Regular	342,578	111,183	453,761
Special	715,671	-	715,671
Other	30,568	-	30,568
Support services:			
Pupil	659,880	-	659,880
Instructional staff	161,869	-	161,869
Board of education	-	18,448	18,448
Administration	171,018	-	171,018
Fiscal	-	38,946	38,946
Operations and maintenance	-	26,824	26,824
Pupil transportation	-	61,465	61,465
Central	-	388,743	388,743
Operation of non-instructional services:			
Food service operations	1,366,008	-	1,366,008
Other non-instructional services	289,803	-	289,803
Extracurricular activities	487,780	-	487,780
Facilities acquisition and construction	-	1,678,158	1,678,158
Capital outlay	-	325,809	325,809
Debt service:			
Principal retirement	-	388,128	388,128
Interest and fiscal charges	-	84,052	84,052
Total expenditures	4,225,175	3,121,756	7,346,931
Excess of expenditures over revenues	(253,932)	(624,052)	(877,984)
Other financing sources:			
Lease purchase transaction	-	325,809	325,809
Total other financing sources	-	325,809	325,809
Net change in fund balances	(253,932)	(298,243)	(552,175)
Fund balances (deficit)			
at beginning of year (restated)	(263,817)	560,834	297,017
Fund balances (deficit) at end of year	\$ (517,749)	\$ 262,591	\$ (255,158)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Food Service	Other Grants	District Managed Activity	Auxiliary Services
Assets:				
Equity in pooled cash and investments	\$ -	\$ 32,711	\$ 29,662	\$ 49,954
Receivables:				
Intergovernmental	-	-	-	-
Materials and supplies inventory	6,609	-	-	-
Inventory held for resale	16,005	-	-	-
Total assets.	\$ 22,614	\$ 32,711	\$ 29,662	\$ 49,954
Liabilities:				
Accounts payable.	\$ 128	\$ -	\$ 3,351	\$ 3,320
Accrued wages and benefits	81,530	-	-	8,321
Pension and postemployment obligation payable	22,684	-	-	1,819
Intergovernmental payable	1,182	-	-	11,687
Due to other funds.	197,508	-	-	-
Total liabilities.	303,032	-	3,351	25,147
Deferred inflows of resources:				
Intergovernmental revenue not available.	-	-	-	-
Fund balances:				
Nonspendable:				
Materials and supplies inventory	6,609	-	-	-
Restricted:				
Non-public schools.	-	-	-	24,807
Targeted academic assistance.	-	-	-	-
Extracurricular	-	-	26,311	-
Other purposes.	-	32,711	-	-
Unassigned (deficit).	(287,027)	-	-	-
Total fund balances (deficits)	(280,418)	32,711	26,311	24,807
Total liabilities, deferred inflows of resources and fund balances	\$ 22,614	\$ 32,711	\$ 29,662	\$ 49,954

<u>Data Communication</u>	<u>Miscellaneous State Grants</u>	<u>IDEA Part B Grants</u>	<u>Title III Limited English Proficiency</u>	<u>Title I Disadvantaged Children</u>	<u>IDEA Handicapped Preschool</u>
\$ 16,470	\$ 28,705	\$ -	\$ 1,520	\$ -	\$ -
-	25,000	219,603	9,723	51,204	15,796
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 16,470</u>	<u>\$ 53,705</u>	<u>\$ 219,603</u>	<u>\$ 11,243</u>	<u>\$ 51,204</u>	<u>\$ 15,796</u>
\$ -	\$ -	\$ 5,463	\$ -	\$ -	\$ -
-	-	99,843	-	49,388	-
-	-	19,368	-	8,570	-
-	25,000	1,448	-	716	-
-	-	287,761	-	31,606	16,117
-	<u>25,000</u>	<u>413,883</u>	-	<u>90,280</u>	<u>16,117</u>
-	25,000	219,603	9,723	51,204	15,796
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,470	3,705	-	1,520	-	-
-	-	(413,883)	-	(90,280)	(16,117)
<u>16,470</u>	<u>3,705</u>	<u>(413,883)</u>	<u>1,520</u>	<u>(90,280)</u>	<u>(16,117)</u>
<u>\$ 16,470</u>	<u>\$ 53,705</u>	<u>\$ 219,603</u>	<u>\$ 11,243</u>	<u>\$ 51,204</u>	<u>\$ 15,796</u>

-continued

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)
JUNE 30, 2020

	Improving Teacher Quality	Miscellaneous Federal Grants	Special Trust	Student Managed Activity
Assets:				
Equity in pooled cash and investments	\$ 4,484	\$ -	\$ 16,962	\$ 160,716
Receivables:				
Intergovernmental	1,869	1,800	-	-
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
Total assets.	\$ 6,353	\$ 1,800	\$ 16,962	\$ 160,716
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ -	\$ 4,737
Accrued wages and benefits	-	-	-	-
Pension and postemployment obligation payable	-	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds.	-	-	-	-
Total liabilities.	-	-	-	4,737
Deferred inflows of resources:				
Intergovernmental revenue not available.	1,869	1,800	-	-
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	-	-
Restricted:				
Non-public schools.	-	-	-	-
Targeted academic assistance.	4,484	-	-	-
Extracurricular	-	-	-	155,979
Other purposes.	-	-	16,962	-
Unassigned (deficit).	-	-	-	-
Total fund balances (deficits)	4,484	-	16,962	155,979
Total liabilities, deferred inflows of resources and fund balances	\$ 6,353	\$ 1,800	\$ 16,962	\$ 160,716

**Total
Nonmajor
Special Revenue
Funds**

\$ 341,184
324,995
6,609
16,005
\$ 688,793

\$ 16,999
239,082
52,441
40,033
532,992
881,547

324,995

6,609
24,807
4,484
182,290
71,368
(807,307)
(517,749)

\$ 688,793

**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, 2020

	Food Service	Other Grants	District Managed Activity	Auxiliary Services
Revenues:				
From local sources:				
Charges for services	\$ 550,906	\$ -	\$ -	\$ -
Extracurricular	-	-	274,174	-
Other local revenues	-	18,094	6,935	-
Intergovernmental - state	-	-	-	287,314
Intergovernmental - federal	622,857	-	-	-
Total revenues	<u>1,173,763</u>	<u>18,094</u>	<u>281,109</u>	<u>287,314</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	25,538	-	-
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,366,008	-	-	-
Other non-instructional services	-	-	-	280,100
Extracurricular activities	-	-	346,909	-
Total expenditures	<u>1,366,008</u>	<u>25,538</u>	<u>346,909</u>	<u>280,100</u>
Net change in fund balances	(192,245)	(7,444)	(65,800)	7,214
Fund balances (deficits)				
at beginning of year (restated)	(88,173)	40,155	92,111	17,593
Fund balances (deficits) at end of year	<u>\$ (280,418)</u>	<u>\$ 32,711</u>	<u>\$ 26,311</u>	<u>\$ 24,807</u>

Data Communication	Miscellaneous State Grants	IDEA Part B Grants	Title III Limited English Proficiency	Title I Disadvantaged Children	IDEA Handicapped Preschool
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
16,200	-	-	-	-	-
-	-	1,173,156	3,837	449,997	9,017
<u>16,200</u>	<u>-</u>	<u>1,173,156</u>	<u>3,837</u>	<u>449,997</u>	<u>9,017</u>
3,000	-	-	-	314,040	-
-	500	688,910	1,127	-	25,134
-	-	-	-	-	-
-	25,000	395,390	288	458	-
-	-	-	481	84,827	-
-	-	120,727	-	31,230	-
-	-	-	-	-	-
-	-	-	-	5,684	-
-	-	-	-	-	-
<u>3,000</u>	<u>25,500</u>	<u>1,205,027</u>	<u>1,896</u>	<u>436,239</u>	<u>25,134</u>
13,200	(25,500)	(31,871)	1,941	13,758	(16,117)
3,270	29,205	(382,012)	(421)	(104,038)	-
<u>\$ 16,470</u>	<u>\$ 3,705</u>	<u>\$ (413,883)</u>	<u>\$ 1,520</u>	<u>\$ (90,280)</u>	<u>\$ (16,117)</u>

-continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Improving Teacher Quality	Miscellaneous Federal Grants	Special Trust	Student Managed Activity
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ 1,621
Extracurricular	-	-	-	134,373
Other local revenues	-	-	13,650	304
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	121,542	49,287	-	-
Total revenues	121,542	49,287	13,650	136,298
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	-	-	-
Other	-	30,568	-	-
Support services:				
Pupil	-	-	765	-
Instructional staff	76,561	-	-	-
Administration	19,061	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	4,019	-	-	-
Extracurricular activities	-	-	-	140,871
Total expenditures	99,641	30,568	765	140,871
Net change in fund balances	21,901	18,719	12,885	(4,573)
Fund balances (deficits)				
at beginning of year (restated)	(17,417)	(18,719)	4,077	160,552
Fund balances (deficits) at end of year	\$ 4,484	\$ -	\$ 16,962	\$ 155,979

<u>Student Wellness and Success</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 552,527
-	408,547
-	38,983
237,979	541,493
-	2,429,693
237,979	3,971,243
-	342,578
-	715,671
-	30,568
237,979	659,880
-	161,869
-	171,018
-	1,366,008
-	289,803
-	487,780
237,979	4,225,175
-	(253,932)
-	(263,817)
\$ -	\$ (517,749)

**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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Food Service Fund</u>			
Total revenues and other financing sources	\$ 1,357,000	\$ 1,076,211	\$ (280,789)
Total expenditures and other financing uses	<u>1,383,905</u>	<u>1,316,641</u>	<u>67,264</u>
Net change in fund balance	(26,905)	(240,430)	(213,525)
Fund balance at beginning of year	656	656	-
Prior year encumbrances appropriated	<u>956</u>	<u>956</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (25,293)</u>	<u>\$ (238,818)</u>	<u>\$ (213,525)</u>
<u>Other Grants Fund</u>			
Total revenues and other financing sources	\$ 56,000	\$ 18,094	\$ (37,906)
Total expenditures and other financing uses	<u>13,553</u>	<u>25,562</u>	<u>(12,009)</u>
Net change in fund balance	42,447	(7,468)	(49,915)
Fund balance at beginning of year	39,405	39,405	-
Prior year encumbrances appropriated	<u>750</u>	<u>750</u>	<u>-</u>
Fund balance at end of year	<u>\$ 82,602</u>	<u>\$ 32,687</u>	<u>\$ (49,915)</u>
<u>District Managed Activity Fund</u>			
Total revenues and other financing sources	\$ 457,000	\$ 264,252	\$ (192,748)
Total expenditures and other financing uses	<u>433,037</u>	<u>336,429</u>	<u>96,608</u>
Net change in fund balance	23,963	(72,177)	(96,140)
Fund balance at beginning of year	85,876	85,876	-
Prior year encumbrances appropriated	<u>11,927</u>	<u>11,927</u>	<u>-</u>
Fund balance at end of year	<u>\$ 121,766</u>	<u>\$ 25,626</u>	<u>\$ (96,140)</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Auxiliary Services Fund</u>			
Total revenues and other financing sources	\$ 295,000	\$ 288,225	\$ (6,775)
Total expenditures and other financing uses	<u>343,370</u>	<u>286,508</u>	<u>56,862</u>
Net change in fund balance	(48,370)	1,717	50,087
Fund balance at beginning of year	15,573	15,573	-
Prior year encumbrances appropriated	<u>19,185</u>	<u>19,185</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (13,612)</u>	<u>\$ 36,475</u>	<u>\$ 50,087</u>
<u>Data Communication Fund</u>			
Total revenues and other financing sources	\$ 16,200	\$ 16,200	\$ -
Total expenditures and other financing uses	<u>22,200</u>	<u>3,000</u>	<u>19,200</u>
Net change in fund balance	(6,000)	13,200	19,200
Fund balance at beginning of year	270	270	-
Prior year encumbrances appropriated	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (2,730)</u>	<u>\$ 16,470</u>	<u>\$ 19,200</u>
<u>Miscellaneous State Grants Fund</u>			
Total revenues and other financing sources	\$ 26,814	\$ -	\$ (26,814)
Total expenditures and other financing uses	<u>25,000</u>	<u>25,500</u>	<u>(500)</u>
Net change in fund balance	1,814	(25,500)	(27,314)
Fund balance at beginning of year	<u>29,205</u>	<u>29,205</u>	<u>-</u>
Fund balance at end of year	<u>\$ 31,019</u>	<u>\$ 3,705</u>	<u>\$ (27,314)</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>IDEA Part B Grants Fund</u>			
Total revenues and other financing sources	\$ 1,451,382	\$ 1,174,067	\$ (277,315)
Total expenditures and other financing uses	<u>1,512,743</u>	<u>1,913,655</u>	<u>(400,912)</u>
Net change in fund balance	(61,361)	(739,588)	(678,227)
Fund balance at beginning of year	338,711	338,711	-
Prior year encumbrances appropriated	<u>20,748</u>	<u>20,748</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ 298,098</u></u>	<u><u>\$ (380,129)</u></u>	<u><u>\$ (678,227)</u></u>
<u>Title III Limited English Proficiency Fund</u>			
Total revenues and other financing sources	\$ 31,500	\$ 3,837	\$ (27,663)
Total expenditures and other financing uses	<u>20,511</u>	<u>19,110</u>	<u>1,401</u>
Net change in fund balance	10,989	(15,273)	(26,262)
Fund balance at beginning of year	3,223	3,223	-
Prior year encumbrances appropriated	<u>50</u>	<u>50</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ 14,262</u></u>	<u><u>\$ (12,000)</u></u>	<u><u>\$ (26,262)</u></u>
<u>Title I Disadvantaged Children Fund</u>			
Total revenues and other financing sources	\$ 580,479	\$ 451,820	\$ (128,659)
Total expenditures and other financing uses	<u>522,863</u>	<u>617,866</u>	<u>(95,003)</u>
Net change in fund balance	57,616	(166,046)	(223,662)
Fund balance at beginning of year	<u>132,317</u>	<u>132,317</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ 189,933</u></u>	<u><u>\$ (33,729)</u></u>	<u><u>\$ (223,662)</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>IDEA Handicapped Preschool Fund</u>			
Total revenues and other financing sources	\$ 82,474	\$ 9,017	\$ (73,457)
Total expenditures and other financing uses	<u>49,338</u>	<u>39,323</u>	<u>10,015</u>
Net change in fund balance	33,136	(30,306)	(63,442)
Fund balance at beginning of year	<u>12,304</u>	<u>12,304</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 45,440</u>	<u>\$ (18,002)</u>	<u>\$ (63,442)</u>
<u>Improving Teacher Quality Fund</u>			
Total revenues and other financing sources	\$ 138,550	\$ 121,542	\$ (17,008)
Total expenditures and other financing uses	<u>116,941</u>	<u>129,673</u>	<u>(12,732)</u>
Net change in fund balance	21,609	(8,131)	(29,740)
Fund balance at beginning of year	<u>9,199</u>	<u>9,199</u>	<u>-</u>
Fund balance at end of year	<u>\$ 30,808</u>	<u>\$ 1,068</u>	<u>\$ (29,740)</u>
<u>Miscellaneous Federal Grants Fund</u>			
Total revenues and other financing sources	\$ 62,495	\$ 49,287	\$ (13,208)
Total expenditures and other financing uses	<u>58,275</u>	<u>65,980</u>	<u>(7,705)</u>
Net change in fund balance	4,220	(16,693)	(20,913)
Fund balance at beginning of year	14,308	14,308	-
Prior year encumbrances appropriated	<u>532</u>	<u>532</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 19,060</u>	<u>\$ (1,853)</u>	<u>\$ (20,913)</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Special Trust Fund</u>			
Total revenues and other financing sources	\$ 5,000	\$ 13,650	\$ 8,650
Total expenditures and other financing uses	<u>39,036</u>	<u>865</u>	<u>38,171</u>
Net change in fund balance	(34,036)	12,785	46,821
Fund balance at beginning of year	3,977	3,977	-
Prior year encumbrances appropriated	<u>100</u>	<u>100</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (29,959)</u>	<u>\$ 16,862</u>	<u>\$ 46,821</u>
<u>Student Managed Activity Fund</u>			
Total revenues and other financing sources	\$ 315,000	\$ 142,748	\$ (172,252)
Total expenditures and other financing uses	<u>205,720</u>	<u>141,605</u>	<u>64,115</u>
Net change in fund balance	109,280	1,143	(108,137)
Fund balance at beginning of year	153,612	153,612	-
Prior year encumbrances appropriated	<u>5,900</u>	<u>5,900</u>	<u>-</u>
Fund balance at end of year	<u>\$ 268,792</u>	<u>\$ 160,655</u>	<u>\$ (108,137)</u>
<u>Student Wellness and Success Grant Fund</u>			
Total revenues and other financing sources	\$ 463,014	\$ 237,979	\$ (225,035)
Total expenditures and other financing uses	<u>-</u>	<u>237,979</u>	<u>(237,979)</u>
Net change in fund balance	463,014	-	(463,014)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 463,014</u>	<u>\$ -</u>	<u>\$ (463,014)</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 402,807	\$ 142,696	\$ 545,503
Receivables:			
Taxes	<u>2,432,640</u>	<u>-</u>	<u>2,432,640</u>
Total assets.	<u><u>\$ 2,835,447</u></u>	<u><u>\$ 142,696</u></u>	<u><u>\$ 2,978,143</u></u>
Liabilities:			
Accounts payable.	\$ 12,989	\$ -	\$ 12,989
Contracts payable.	<u>458,683</u>	<u>-</u>	<u>458,683</u>
Total liabilities.	<u>471,672</u>	<u>-</u>	<u>471,672</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	2,214,939	-	2,214,939
Delinquent property tax revenue not available.	<u>28,941</u>	<u>-</u>	<u>28,941</u>
Total deferred inflows of resources	<u>2,243,880</u>	<u>-</u>	<u>2,243,880</u>
Fund balances:			
Restricted:			
Capital improvements.	90,034	12,696	102,730
Committed:			
Capital improvements.	<u>29,861</u>	<u>130,000</u>	<u>159,861</u>
Total fund balances	<u>119,895</u>	<u>142,696</u>	<u>262,591</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,835,447</u></u>	<u><u>\$ 142,696</u></u>	<u><u>\$ 2,978,143</u></u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Taxes	\$ 2,340,502	\$ -	\$ 2,340,502
Other local revenues	4,000	-	4,000
Intergovernmental - intermediate	853	-	853
Intergovernmental - state	152,349	-	152,349
Total revenues	2,497,704	-	2,497,704
Expenditures:			
Current:			
Instruction:			
Regular	111,183	-	111,183
Support services:			
Board of education	18,448	-	18,448
Fiscal	38,946	-	38,946
Operations and maintenance	26,824	-	26,824
Pupil transportation	61,465	-	61,465
Central	388,743	-	388,743
Facilities acquisition and construction	1,666,544	11,614	1,678,158
Capital outlay	325,809	-	325,809
Debt service:			
Principal retirement	388,128	-	388,128
Interest and fiscal charges	84,052	-	84,052
Total expenditures	3,110,142	11,614	3,121,756
Excess (deficiency) of revenues over (under) expenditures	(612,438)	(11,614)	(624,052)
Other financing sources:			
Lease purchase transaction	325,809	-	325,809
Total other financing sources	325,809	-	325,809
Net change in fund balances	(286,629)	(11,614)	(298,243)
Fund balances at beginning of year	406,524	154,310	560,834
Fund balances at end of year	\$ 119,895	\$ 142,696	\$ 262,591

**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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Permanent Improvement Fund</u>			
Total revenues and other financing sources	\$ 2,666,863	\$ 2,564,847	\$ (102,016)
Total expenditures and other financing uses	<u>2,764,783</u>	<u>2,652,839</u>	<u>111,944</u>
Net change in fund balance	(97,920)	(87,992)	9,928
Fund balance at beginning of year	2,948	2,948	-
Prior year encumbrances appropriated	<u>380,501</u>	<u>380,501</u>	<u>-</u>
Fund balance at end of year	<u>\$ 285,529</u>	<u>\$ 295,457</u>	<u>\$ 9,928</u>
<u>Building Fund</u>			
Total revenues and other financing sources	\$ 26,000	\$ -	\$ (26,000)
Total expenditures and other financing uses	<u>977,204</u>	<u>11,614</u>	<u>965,590</u>
Net change in fund balance	(951,204)	(11,614)	939,590
Fund balance at beginning of year	118,386	118,386	-
Prior year encumbrances appropriated	<u>35,924</u>	<u>35,924</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (796,894)</u>	<u>\$ 142,696</u>	<u>\$ 939,590</u>

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

FIDUCIARY FUND DESCRIPTIONS

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust and custodial funds. Private purpose trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no private purpose trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

Custodial Fund

Tournament Fund

Section 5705.12, Revised Code

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

STATISTICAL SECTION

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

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	122-135
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	136-143
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.	144-147
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.	148-149
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.	150-162

SUMMIT COUNTY, OHIO

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

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 16,610,369	\$ 16,032,952	\$ 15,411,578	\$ 15,200,038
Restricted	844,086	862,953	271,023	646,129
Unrestricted (deficit)	(59,491,398)	(50,041,000)	(55,226,064)	(83,220,951)
Total governmental activities net position	<u>\$ (42,036,943)</u>	<u>\$ (33,145,095)</u>	<u>\$ (39,543,463)</u>	<u>\$ (67,374,784)</u>

Source: School District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 84 which was implemented in 2020.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 14,348,345	\$ 14,150,823	\$ 13,694,422	\$ 13,010,519	\$ 13,352,253	\$ 13,326,998
225,039	185,245	217,986	116,936	201,134	429,712
(50,718,948)	(51,922,600)	(56,182,134)	15,369,460	11,864,381	9,166,294
<u>\$ (36,145,564)</u>	<u>\$ (37,586,532)</u>	<u>\$ (42,269,726)</u>	<u>\$ 28,496,915</u>	<u>\$ 25,417,768</u>	<u>\$ 22,923,004</u>

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

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

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 31,759,998	\$ 25,908,537	\$ 14,654,859	\$ 30,762,207
Special	9,902,672	7,879,333	4,857,377	8,470,582
Vocational	2,192,148	2,057,046	1,538,598	2,278,827
Other instructional	396,196	282,008	108,328	404,302
Support services:				
Pupil	4,741,731	4,068,441	2,835,953	4,349,723
Instructional staff	1,915,132	1,469,959	830,530	1,613,151
Board of education	320,972	318,331	350,826	326,929
Administration	4,346,630	3,444,250	2,087,483	3,880,055
Fiscal	1,336,438	1,099,225	869,266	1,389,520
Business	348,227	275,519	160,032	264,717
Operations and maintenance	6,063,454	5,637,407	4,099,244	6,223,204
Pupil transportation	3,493,558	2,819,026	1,711,744	3,435,537
Central	1,099,698	878,283	739,423	1,062,436
Operation of non-instructional services:				
Food service operations	1,602,322	1,374,937	1,097,818	1,396,191
Other non-instructional services	304,955	358,069	352,842	455,657
Extracurricular activities	1,960,224	1,535,853	844,301	1,585,561
Interest and fiscal charges	186,296	208,926	195,096	194,882
Total governmental activities expenses	<u>71,970,651</u>	<u>59,615,150</u>	<u>37,333,720</u>	<u>68,093,481</u>

2016	2015	2014	2013	2012	2011
\$ 27,939,539	\$ 27,052,752	\$ 26,142,430	\$ 24,059,541	\$ 24,818,358	\$ 26,866,739
6,849,397	6,956,911	6,275,524	5,059,066	4,578,782	5,529,916
1,998,781	1,972,573	1,927,610	1,947,538	1,594,810	1,602,735
177,133	223,883	154,966	154,464	795,323	265,404
3,868,484	3,872,314	3,333,198	3,236,206	2,924,738	3,048,577
1,248,109	988,923	562,413	2,685,844	2,099,634	2,366,096
527,289	522,732	692,639	748,634	554,243	373,274
3,408,342	3,110,141	3,008,993	3,118,716	3,386,624	3,591,133
1,305,665	962,132	1,288,905	1,323,704	1,472,498	1,304,844
249,733	251,158	155,361	66,133	80,341	47,052
5,321,944	5,528,552	5,482,826	5,138,022	5,042,203	5,327,855
3,074,708	3,100,765	3,133,486	3,374,244	3,412,539	3,105,971
921,569	775,673	625,585	496,342	616,663	632,010
1,325,315	1,360,657	1,339,638	1,380,094	1,269,711	1,313,065
271,661	458,375	252,098	475,514	351,300	338,433
1,462,393	1,388,292	1,337,472	1,235,215	1,201,505	1,240,678
237,386	103,097	99,211	155,073	120,443	130,192
<u>60,187,448</u>	<u>58,628,930</u>	<u>55,812,355</u>	<u>54,654,350</u>	<u>54,319,715</u>	<u>57,083,974</u>

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

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

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>
Program revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 3,231,229	\$ 2,752,772	\$ 2,912,571	\$ 2,451,712
Special	755,209	637,550	706,454	599,689
Vocational	29,106	124,163	109,722	103,080
Support services:				
Pupil	119,800	119,566	134,571	124,188
Administration	-	-	-	-
Fiscal	-	12,264	12,353	13,519
Operations and maintenance	52,589	30,766	30,050	30,914
Pupil transportation	-	-	-	23
Central	1,579	2,179	2,548	2,983
Operation of non-instructional services:				
Food service operations	550,906	654,266	581,603	600,096
Extracurricular activities	582,371	758,145	566,176	558,005
Operating grants and contributions:				
Instruction:				
Regular	306,220	370,077	384,776	620,420
Special	2,307,441	2,528,938	2,313,800	2,230,876
Vocational	310,926	299,555	303,130	185,215
Other	31,613	38,623	16,144	13,564
Support services:				
Pupil	617,653	353,939	193,471	120,011
Instructional staff	163,959	104,478	69,520	79,002
Board of education	-	-	-	-
Administration	150,359	226,535	181,279	151,284
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	57,196	127,212	164,731	142,810
Central	-	16,542	931	-
Operation of non-instructional services:				
Food service operations	622,857	646,368	572,708	596,709
Other non-instructional services	296,398	365,989	334,138	348,181
Extracurricular activities	7,239	13,937	10,183	11,157
Capital grants and contributions:				
Extracurricular activities	-	-	-	-
Total governmental program revenues	<u>10,194,650</u>	<u>10,183,864</u>	<u>9,600,859</u>	<u>8,983,438</u>
Net (expense)/revenue				
Governmental activities	<u>\$ (61,776,001)</u>	<u>\$ (49,431,286)</u>	<u>\$ (27,732,861)</u>	<u>\$ (59,110,043)</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$	2,467,329	\$ 2,125,820	\$ 2,034,037	\$ 2,049,382	\$ 1,811,441	\$ 1,926,730
	492,529	447,777	521,276	338,608	327,324	209,189
	60,592	88,475	55,177	49,864	38,893	44,822
	140,627	171,893	140,218	192,501	190,827	212,279
	-	-	-	-	-	14,531
	14,379	15,366	14,347	27,210	-	-
	10,200	19,890	16,320	23,460	41,195	54,068
	-	-	-	291	-	-
	3,508	2,369	2,337	2,991	-	-
	609,654	580,683	602,992	633,766	713,955	747,688
	558,756	537,577	505,519	483,538	494,448	493,060
	576,687	655,642	634,806	664,432	798,440	2,031,721
	2,092,978	2,036,522	2,028,441	1,230,223	884,841	1,542,287
	138,105	126,079	117,572	177,447	209,996	174,634
	1,216	-	-	1,089	446	89
	189,351	194,143	222,823	332,383	358,576	467,883
	414	17,245	5,422	47,759	34,173	65,660
	-	-	-	-	-	47,486
	192,726	89,675	83,536	109,908	124,917	226,268
	-	12,473	20,345	-	-	-
	-	-	-	-	-	15,526
	158,957	148,322	197,444	136,893	134,896	184,639
	-	337	-	-	-	201,954
	618,848	610,452	575,798	573,306	568,104	547,844
	371,911	373,436	346,848	384,954	380,165	380,579
	10,710	10,402	15,410	13,035	15,843	15,625
	-	-	600,000	-	-	-
	<u>8,709,477</u>	<u>8,264,578</u>	<u>8,740,668</u>	<u>7,473,040</u>	<u>7,128,480</u>	<u>9,604,562</u>
	<u>\$ (51,477,971)</u>	<u>\$ (50,364,352)</u>	<u>\$ (47,071,687)</u>	<u>\$ (47,181,310)</u>	<u>\$ (47,191,235)</u>	<u>\$ (47,479,412)</u>

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

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

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 34,199,510	\$ 34,691,283	\$ 35,008,001	\$ 29,033,250
Capital outlay	2,340,114	2,360,641	2,367,223	1,538,778
Payments in lieu of taxes	86,437	470,372	394,549	53,102
Grants and entitlements not restricted to specific programs	15,409,042	17,265,753	17,271,227	17,572,111
Investment earnings	621,255	500,418	131,827	31,294
Miscellaneous	227,795	381,638	391,355	58,929
Total governmental activities	<u>52,884,153</u>	<u>55,670,105</u>	<u>55,564,182</u>	<u>48,287,464</u>
Change in net position				
Governmental activities	<u>\$ (8,891,848)</u>	<u>\$ 6,238,819</u>	<u>\$ 27,831,321</u>	<u>\$ (10,822,579)</u>

Source: School District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 84 which was implemented in 2020.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 34,302,020	\$ 36,357,109	\$ 37,316,788	\$ 31,408,886	\$ 30,625,517	\$ 29,094,194
532,275	565,319	583,514	492,005	526,388	593,938
218,504	190,233	162,867	212,345	219,623	62,280
17,389,770	17,676,902	17,425,497	17,926,791	18,068,848	18,641,456
94,325	67,469	69,776	12,592	51,581	60,285
382,045	190,514	228,515	207,838	194,042	152,262
<u>52,918,939</u>	<u>55,047,546</u>	<u>55,786,957</u>	<u>50,260,457</u>	<u>49,685,999</u>	<u>48,604,415</u>
<u>\$ 1,440,968</u>	<u>\$ 4,683,194</u>	<u>\$ 8,715,270</u>	<u>\$ 3,079,147</u>	<u>\$ 2,494,764</u>	<u>\$ 1,125,003</u>

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

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

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>
General fund:				
Nonspendable	\$ 23,491	\$ 147,386	\$ 165,720	\$ 132,416
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	1,200,356	2,144,311	19,847,415	21,476,361
Unassigned	<u>11,609,706</u>	<u>15,278,240</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ 12,833,553</u>	<u>\$ 17,569,937</u>	<u>\$ 20,013,135</u>	<u>\$ 21,608,777</u>
All other governmental funds:				
Nonspendable	\$ 6,609	\$ 9,575	\$ 3,167	\$ 4,686
Restricted	385,679	676,270	1,331,803	283,295
Committed	159,861	231,247	237,654	84,609
Unassigned (deficit)	<u>(807,307)</u>	<u>(620,075)</u>	<u>(738,925)</u>	<u>(736,365)</u>
Total all other governmental funds	<u>\$ (255,158)</u>	<u>\$ 297,017</u>	<u>\$ 833,699</u>	<u>\$ (363,775)</u>

Source: School District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 84 which was implemented in 2020.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 53,716	\$ 54,756	\$ 86,938	\$ 92,255	\$ 105,247	\$ 104,719
-	-	482,900	-	-	248,223
-	-	430,555	429,273	442,594	161,805
26,806,189	26,802,898	25,076,078	17,444,284	14,432,065	809,688
2,257,698	1,669,036	277,275	93,094	-	10,950,302
<u>\$ 29,117,603</u>	<u>\$ 28,526,690</u>	<u>\$ 26,353,746</u>	<u>\$ 18,058,906</u>	<u>\$ 14,979,906</u>	<u>\$ 12,274,737</u>
\$ -	\$ -	\$ 48,501	\$ 22,377	\$ 62,999	\$ 91,344
551,621	152,524	176,440	117,814	230,302	262,387
405,408	425,003	198,969	145,535	46,426	341,017
(271,638)	(182,927)	(427,163)	(509,979)	(133,296)	(128,760)
<u>\$ 685,391</u>	<u>\$ 394,600</u>	<u>\$ (3,253)</u>	<u>\$ (224,253)</u>	<u>\$ 206,431</u>	<u>\$ 565,988</u>

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

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

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>
Revenues				
From local sources:				
Taxes	\$ 36,545,433	\$ 36,931,963	\$ 37,448,607	\$ 30,959,509
Tuition	3,901,474	3,369,381	3,571,649	3,012,219
Earnings on investments	608,033	498,136	131,537	32,208
Charges for services	552,527	656,155	581,603	600,096
Extracurricular	747,433	943,288	785,398	751,449
Classroom materials and fees	67,187	76,027	69,831	71,171
Other local revenues	503,291	1,010,086	780,650	631,168
Intergovernmental - intermediate	17,591	18,213	17,559	16,586
Intergovernmental - state	17,814,556	19,699,920	19,689,235	19,603,479
Intergovernmental - federal	2,468,693	2,291,665	2,116,721	1,990,254
Total revenues	<u>63,226,218</u>	<u>65,494,834</u>	<u>65,192,790</u>	<u>57,668,139</u>
Expenditures				
Current:				
Instruction:				
Regular	28,966,570	29,180,780	28,987,961	28,526,612
Special	9,248,279	8,795,087	8,311,364	8,098,789
Vocational	2,103,452	2,266,532	2,251,811	2,173,750
Other	370,823	332,393	320,939	375,872
Support services:				
Pupil	4,513,399	4,555,995	4,527,151	4,123,776
Instructional staff	1,777,127	1,660,146	1,606,844	1,507,391
Board of education	336,201	318,331	350,826	326,929
Administration	4,034,125	3,931,233	4,002,907	3,670,549
Fiscal	1,270,171	1,175,458	1,247,256	1,344,195
Business	323,926	324,140	281,765	249,320
Operations and maintenance	5,015,673	5,189,985	4,852,109	5,281,693
Pupil transportation	2,992,418	3,178,423	3,065,950	3,482,978
Central	1,286,239	964,152	1,013,667	1,001,262
Operation of non-instructional services:				
Food service operations	1,366,008	1,458,712	1,472,089	1,345,737
Other non-instructional services	297,508	415,784	406,334	446,190
Extracurricular activities	1,771,607	1,599,671	1,475,053	1,403,843
Facilities acquisitions and construction	1,889,273	2,293,640	2,001,521	2,456,495
Capital outlay	325,809	-	-	-
Debt service:				
Principal retirement	758,931	858,459	776,141	758,369
Interest and fiscal charges	193,047	181,348	183,521	195,978
Bond issuance costs	-	-	-	-
Total expenditures	<u>68,840,586</u>	<u>68,680,269</u>	<u>67,135,209</u>	<u>66,769,728</u>
Excess of revenues over (under) expenditures	\$ (5,614,368)	\$ (3,185,435)	\$ (1,942,419)	\$ (9,101,589)

	2016	2015	2014	2013	2012	2011
\$	34,761,990	\$ 37,056,629	\$ 37,800,237	\$ 31,846,909	\$ 31,298,744	\$ 29,460,525
	2,839,801	2,524,352	2,419,670	2,264,406	2,032,784	1,978,965
	88,912	62,579	71,305	13,180	55,138	65,127
	609,654	580,683	602,992	633,766	713,955	747,688
	779,493	734,604	693,927	715,168	706,905	719,776
	99,574	110,176	140,638	130,852	119,302	175,738
	652,484	434,604	385,932	512,302	468,264	295,030
	25,771	-	16,878	17,091	14,885	15,337
	19,508,107	19,598,249	19,457,943	19,096,490	19,218,584	19,774,764
	2,214,318	2,407,232	2,220,334	2,156,211	2,230,180	4,997,913
	<u>61,580,104</u>	<u>63,509,108</u>	<u>63,809,856</u>	<u>57,386,375</u>	<u>56,858,741</u>	<u>58,230,863</u>
	27,536,615	27,249,636	25,302,773	23,753,724	24,457,635	26,353,173
	6,911,073	7,130,031	6,242,464	5,111,623	4,569,440	5,609,467
	2,013,225	2,035,101	1,919,066	1,917,230	1,602,463	1,594,424
	179,549	225,734	155,476	191,042	768,323	270,997
	3,969,883	3,938,969	3,300,335	3,197,697	2,971,425	3,065,045
	1,236,376	1,100,215	544,525	2,652,464	2,074,556	2,446,433
	527,289	523,220	692,639	748,634	554,243	373,274
	3,437,454	3,257,944	3,142,555	3,090,196	3,387,935	3,595,432
	1,367,148	1,001,228	1,278,764	1,346,412	1,486,803	1,296,056
	250,545	222,909	155,361	66,133	80,341	61,971
	5,046,394	5,530,976	5,262,647	4,856,702	4,835,545	5,091,881
	3,368,430	3,425,763	3,306,602	3,320,935	3,241,301	3,187,402
	950,134	766,149	659,912	491,715	629,971	609,170
	1,319,312	1,385,371	1,338,727	1,364,083	1,261,373	1,299,824
	270,031	506,928	262,181	476,630	368,381	371,902
	1,365,638	1,298,005	1,231,676	1,150,662	1,121,540	1,159,404
	4,378,013	810,950	838,481	629,977	729,454	603,629
	-	-	137,239	-	-	-
	535,120	451,548	283,711	260,000	250,000	235,000
	197,964	111,142	104,302	112,200	122,400	132,100
	37,500	-	-	-	-	-
	<u>64,897,693</u>	<u>60,971,819</u>	<u>56,159,436</u>	<u>54,738,059</u>	<u>54,513,129</u>	<u>57,356,584</u>
\$	(3,317,589)	\$ 2,537,289	\$ 7,650,420	\$ 2,648,316	\$ 2,345,612	\$ 874,279

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

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

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>
Other financing sources (uses)				
Transfers in	\$ -	\$ 216,847	\$ 381,575	\$ 227,308
Transfers (out)	-	(216,847)	(381,575)	(227,308)
Sale of assets	-	46,006	59,338	55,670
Lease purchase transactions	325,809	-	1,484,913	487,927
Issuance of bonds	-	-	-	-
Total other financing sources (uses)	<u>325,809</u>	<u>46,006</u>	<u>1,544,251</u>	<u>543,597</u>
Net change in fund balances	<u>\$ (5,288,559)</u>	<u>\$ (3,139,429)</u>	<u>\$ (398,168)</u>	<u>\$ (8,557,992)</u>
Debt service as a percentage of noncapital expenditures	1.43%	1.57%	1.46%	1.50%

Source: School District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 84 which was implemented in 2020.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 195,263	\$ 286,874	\$ 195,092	\$ 42,988	\$ 1,298	\$ 3,743
(195,263)	(286,874)	(195,092)	(42,988)	(1,298)	(3,743)
-	33,498	-	-	-	-
414,408	-	865,430	-	-	-
3,784,885	-	-	-	-	-
<u>4,199,293</u>	<u>33,498</u>	<u>865,430</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 881,704</u>	<u>\$ 2,570,787</u>	<u>\$ 8,515,850</u>	<u>\$ 2,648,316</u>	<u>\$ 2,345,612</u>	<u>\$ 874,279</u>
1.22%	0.95%	0.71%	0.69%	0.69%	0.65%

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

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

<u>Collection Year</u>	<u>Real Property (a)</u>		<u>Public Utility (b)</u>	
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
2020	\$ 981,843,560	\$ 2,805,267,314	\$ 15,177,660	\$ 43,364,743
2019	978,314,020	2,795,182,914	14,149,890	40,428,257
2018	963,875,600	2,753,930,286	13,737,910	39,251,171
2017	900,557,020	2,573,020,057	13,930,890	39,802,543
2016	892,141,140	2,548,974,686	12,920,870	36,916,771
2015	889,054,420	2,540,155,486	12,025,570	34,358,771
2014	897,207,000	2,563,448,571	12,118,030	34,622,943
2013	895,089,670	2,557,399,057	11,016,110	31,474,600
2012	900,379,310	2,572,512,314	10,175,270	29,072,200
2011	980,064,930	2,800,185,514	9,174,500	26,212,857

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) Assumes public utilities are assessed at true value which is 35%.

Total			
Assessed Value	Estimated Actual Value	%	Total Direct Tax Rate
\$ 997,021,220	\$ 2,848,632,057	35.00%	\$ 53.84
992,463,910	2,835,611,171	35.00%	53.87
977,613,510	2,793,181,457	35.00%	54.10
914,487,910	2,612,822,600	35.00%	55.34
905,062,010	2,585,891,457	35.00%	53.58
901,079,990	2,574,514,257	35.00%	53.66
909,325,030	2,598,071,514	35.00%	53.47
906,105,780	2,588,873,657	35.00%	53.55
910,554,580	2,601,584,514	35.00%	53.24
989,239,430	2,826,398,371	35.00%	45.05

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

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

Tax Year/ Collection Year	Overlapping Rates							
	Summit County	Portage County	City of Stow	City of Munroe Falls	City of Hudson	City of Cuyahoga Falls	City of Tallmadge	
2019/2020	\$ 15.16	\$ 13.62	\$ 9.50	\$ 8.00	\$ 5.30	\$ 11.00	\$ 6.15	
2018/2019	14.16	13.62	9.50	8.00	6.10	11.00	6.15	
2017/2018	14.16	13.62	9.50	8.00	6.38	11.00	6.15	
2016/2017	14.16	13.62	9.50	5.20	7.14	11.00	6.15	
2015/2016	14.16	13.62	9.50	3.20	6.56	11.00	6.15	
2014/2015	14.16	13.62	9.50	3.20	6.62	11.00	6.15	
2013/2014	14.16	13.62	9.50	7.45	6.59	11.00	6.15	
2012/2013	14.16	13.62	9.50	7.53	6.64	11.00	6.15	
2011/2012	14.16	13.62	9.50	7.50	6.80	11.00	6.15	
2010/2011	14.16	13.62	9.50	7.40	7.22	11.00	6.15	

Source: Summit County Fiscal Office

Overlapping Rates (continued)					Direct Rates				
Franklin Township	Portage County Health District	Portage County Park District	Stow-Munroe Falls Public Library	Voted		Unvoted	Total		
				General	Capital				
\$ 10.27	\$ 0.40	\$ 0.50	\$ 2.00	\$ 46.45	\$ 1.99	\$ 5.40	\$ 53.84		
10.27	0.40	0.50	2.00	46.48	1.99	5.40	53.87		
10.27	0.40	0.50	2.00	46.71	1.99	5.40	54.10		
10.27	0.40	0.50	2.00	47.95	1.99	5.40	55.34		
10.27	0.40	0.50	2.00	48.18	-	5.40	53.58		
10.27	0.40	0.50	2.00	48.26	-	5.40	53.66		
10.27	0.40	-	2.00	48.07	-	5.40	53.47		
10.27	0.40	-	2.00	48.15	-	5.40	53.55		
10.27	0.40	-	2.00	47.84	-	5.40	53.24		
10.27	0.40	-	2.00	39.65	-	5.40	45.05		

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

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2019 AND DECEMBER 31, 2010

December 31, 2019			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Ohio Edison	\$ 9,492,050	1	0.95%
DDR Ohio Opportunity II LLC	8,138,400	2	0.82%
Wyndham Ridge LTD	7,433,050	3	0.75%
Heron Springs Associates LLC	7,005,100	4	0.70%
JVM Hidden Lake Apartments LLC	4,410,030	5	0.44%
Munroe Falls MC LLC	3,968,310	6	0.40%
American Transmission	3,926,470	7	0.39%
Stow-Glen Properties LLC	3,706,520	8	0.37%
Mannington Associates LLC	3,336,500	9	0.33%
Albrecht Incorporated	3,025,130	10	0.30%
Total	\$ 54,441,560		5.45%

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 Adhesives 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	\$ 56,410,560		5.69%

Source: Summit County Fiscal Office

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

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

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2019/2020	N/A	N/A	N/A	N/A	N/A
2018/2019	\$ 41,521,385	\$ 655,230	\$ 42,176,615	\$ 40,866,155	98.42%
2017/2018	40,931,080	967,949	41,899,029	39,963,130	97.64%
2016/2017	38,889,177	786,152	39,675,329	38,103,025	97.98%
2015/2016	38,785,449	788,712	39,574,161	37,996,737	97.97%
2014/2015	38,789,537	1,000,266	39,789,803	37,789,271	97.42%
2013/2014	38,715,152	895,424	39,610,576	37,819,728	97.69%
2012/2013	38,548,634	1,511,603	40,060,237	37,037,032	96.08%
2011/2012	32,458,789	1,292,514	33,751,303	31,166,275	96.02%
2010/2011	32,593,674	1,027,241	33,620,915	31,566,433	96.85%

Source: Summit County Fiscal Office

N/A = information not available.

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

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
N/A	N/A	N/A
\$ 1,051,435	\$ 41,917,590	99.39%
1,142,068	41,105,198	98.11%
745,285	38,848,310	97.92%
1,183,408	39,180,145	99.00%
658,589	38,447,860	96.63%
1,477,855	39,297,583	99.21%
1,556,332	38,593,364	96.34%
780,964	31,947,239	94.65%
701,626	32,268,059	95.98%

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

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

Fiscal Year	Governmental Activities			(a) Total Primary Government	(b) Per Capita	(b) Percentage of Personal Income	(b) Per ADM
	General Obligation Bonds	Energy Conservation Bonds	Lease- Purchase Obligations				
2020	\$ 529,181	\$ 2,911,810	\$ 1,884,283	\$ 5,325,274	\$ 153	0.413%	\$ 1,004
2019	780,662	3,130,520	1,853,695	5,764,877	165	0.464%	1,113
2018	1,022,143	3,342,551	2,265,123	6,629,817	191	0.571%	1,283
2017	1,253,624	3,583,612	1,090,290	5,927,526	170	0.520%	1,156
2016	1,570,105	3,784,885	849,459	6,204,449	178	0.555%	1,244
2015	1,871,586	-	675,171	2,546,757	73	0.234%	489
2014	2,158,067	-	846,719	3,004,786	86	0.277%	563
2013	2,429,548	-	-	2,429,548	70	0.207%	450
2012	2,696,029	-	-	2,696,029	77	0.253%	491
2011	2,952,510	-	-	2,952,510	85	0.278%	521

Sources:

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

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

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

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
	General Obligation Bonds	Debt Service Available Balance	Net Bonded Debt		
2020	\$ 529,181	\$ -	\$ 529,181	0.05%	\$ 15
2019	780,662	-	780,662	0.08%	22
2018	1,022,143	-	1,022,143	0.10%	29
2017	1,253,624	-	1,253,624	0.14%	36
2016	1,570,105	-	1,570,105	0.17%	45
2015	1,871,586	-	1,871,586	0.21%	54
2014	2,158,067	-	2,158,067	0.24%	62
2013	2,429,548	-	2,429,548	0.27%	70
2012	2,696,029	-	2,696,029	0.30%	77
2011	2,952,510	-	2,952,510	0.30%	85

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, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Stow-Munroe City School District	\$ 5,325,274	100.00%	\$ 5,325,274
Overlapping debt:			
Summit County	31,755,000	7.69%	2,441,960
Portage County	11,360,513	0.11%	12,497
City of Cuyahoga Falls	15,185,000	0.23%	34,926
City of Hudson	43,550,000	0.29%	126,295
City of Tallmadge	6,720,000	0.02%	1,344
City of Stow	14,560,000	100.00%	14,560,000
City of Munroe Falls	235,000	99.40%	233,590
Total overlapping debt	<u>123,365,513</u>		<u>17,410,612</u>
Total direct and overlapping debt	<u>\$ 128,690,787</u>		<u>\$ 22,735,886</u>

Source: Ohio Municipal Advisory Council

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

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Unvoted Debt Limit	Voted Debt Limit	Total Debt Applicable to Limit	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2020	\$ 997,021	\$ 89,731,910	\$ 520,000	\$ -	\$ 520,000	\$ 89,211,910	0.58%
2019	992,464	89,321,752	765,000	-	765,000	88,556,752	0.86%
2018	977,614	87,985,216	1,000,000	-	1,000,000	86,985,216	1.14%
2017	914,488	82,303,912	1,225,000	-	1,225,000	81,078,912	1.49%
2016	905,062	81,455,581	1,535,000	-	1,535,000	79,920,581	1.88%
2015	901,080	81,097,199	1,830,000	-	1,830,000	79,267,199	2.26%
2014	909,325	81,839,253	2,110,000	-	2,110,000	79,729,253	2.58%
2013	906,106	81,549,520	2,375,000	-	2,375,000	79,174,520	2.91%
2012	910,555	81,949,912	2,635,000	-	2,635,000	79,314,912	3.22%
2011	989,239	89,031,549	2,885,000	-	2,885,000	86,146,549	3.24%

Source: Summit County Fiscal Office and District financial records

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

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

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

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (4)</u>	<u>Total Personal Income</u>	<u>Median Age (5)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Summit County</u>	<u>Ohio</u>	<u>United States</u>
2020	34,785	\$ 37,079	\$ 1,289,793,015	39.7	5,305	9.4%	9.4%	8.7%
2019	34,857	35,660	1,243,000,620	39.7	5,181	4.3%	4.0%	3.7%
2018	34,797	33,395	1,162,045,815	39.7	5,166	5.2%	4.5%	4.0%
2017	34,797	32,740	1,139,253,780	39.7	5,126	5.3%	5.0%	4.4%
2016	34,797	32,098	1,116,914,106	39.7	4,987	4.9%	5.0%	4.9%
2015	34,768	31,267	1,087,091,056	39.7	5,207	5.0%	5.2%	5.3%
2014	34,768	31,241	1,086,187,088	39.7	5,336	5.5%	5.5%	6.1%
2013	34,674	33,789	1,171,599,786	39.7	5,402	7.1%	7.2%	7.6%
2012	34,837	30,633	1,067,161,821	39.7	5,486	7.1%	7.2%	8.2%
2011	34,837	30,521	1,063,260,077	39.7	5,666	8.7%	8.8%	9.2%

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, 2019		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	643	1	3.57%
NMG Aerospace	325	2	1.81%
City of Stow	239	3	1.33%
Matco Tools Corporation	200	4	1.11%
RMG	200	5	1.11%
Cleveland Clinic (Akron General) Wellness	175	6	0.97%
Innovative Fabrications	150	7	0.83%
Audio Technica	130	8	0.72%
MACTac - Morgan Adhesives	125	9	0.69%
Esterle Mold	110	10	0.61%
Total	2,297		12.75%
Total City Employment	18,000		

Employer	December 31, 2010		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	675	1	3.88%
MACTac - Morgan Adhesives	323	2	1.86%
Akron General Health and Wellness Center	250	3	1.44%
City of Stow	242	4	1.39%
Matco Tools Corporation	235	5	1.35%
Wrayco Industries, Inc.	161	6	0.93%
J.D. Clunk & Associates	142	7	0.82%
Audio Technica	100	8	0.57%
Spectrum Surgical	93	9	0.53%
Centimark Corporation	92	10	0.53%
Total	2,313		13.30%
Total City Employment	17,400		

Source: City of Stow

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

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

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

<u>Type</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Professional staff:					
Teaching staff:					
Elementary	119	119	119	115	112
Intermediate	50	50	50	49	48
Middle	45	45	45	44	43
High	98	98	98	104	99
Tutors	22	22	22	23	20
Librarians	3	3	3	3	3
Others	9	9	9	9	7
Administration:					
District	29	29	29	29	28
Board members	5	5	5	5	5
Auxiliary positions:					
Counselors	10	10	10	10	10
Speech	5	5	5	5	5
Mental health specialists	5	5	5	6	5
Support staff:					
Secretarial	34	34	34	34	33
Aides	64	64	64	57	51
Hall monitor/security	6	6	6	5	5
Cooks	17	17	17	17	17
Custodial	36	36	36	36	36
Maintenance	8	8	8	8	8
Bus driver	28	28	28	32	32
Mechanics	3	3	3	4	4
Extracurricular	262	262	289	289	281
Total	<u>858</u>	<u>858</u>	<u>885</u>	<u>884</u>	<u>852</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
109	99	99	103	109
49	47	47	46	47
44	42	43	43	52
99	100	99	101	101
18	18	17	17	16
3	3	3	3	4
6	3	3	3	2
28	27	27	28	28
5	5	5	5	5
9	9	9	9	9
5	5	5	5	5
5	5	5	5	5
33	33	33	33	33
40	44	45	45	47
7	7	7	7	7
17	17	17	17	17
36	36	37	37	37
8	8	8	8	8
31	32	34	34	34
4	4	4	4	4
<u>265</u>	<u>261</u>	<u>244</u>	<u>244</u>	<u>257</u>
<u>821</u>	<u>805</u>	<u>791</u>	<u>797</u>	<u>827</u>

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

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

Function	2020	2019	2018	2017	2016
Instruction:					
Regular	263	263	263	266	261
Special	88	88	88	78	73
Vocational	14	14	14	14	14
Other	26	26	26	27	24
Support services:					
Pupil	36	36	36	37	34
Instructional staff	11	11	11	11	10
Administration	41	41	41	41	37
Fiscal	6	6	6	6	6
Business	2	2	2	2	2
Operations and maintenance	64	64	64	64	64
Pupil transportation	39	39	39	43	42
Central	6	6	6	6	4
Extracurricular activities	262	262	289	289	281
Total governmental activities	858	858	885	884	852

Source: School District records

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
256	232	231	236	265
64	41	42	42	53
15	14	15	14	11
22	22	21	21	21
32	31	31	32	36
9	44	43	43	55
42	45	44	45	36
6	7	7	7	7
2	-	-	-	2
64	64	63	66	44
41	41	45	42	35
3	3	5	5	5
<u>265</u>	<u>261</u>	<u>244</u>	<u>244</u>	<u>257</u>
<u>821</u>	<u>805</u>	<u>791</u>	<u>797</u>	<u>827</u>

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

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

Function	2020	2019	2018	2017	2016
Instruction:					
Regular and special					
Enrollment (students)	5,305	5,181	5,166	5,126	4,987
Graduates	444	437	444	426	435
Support services:					
Board of education					
Regular meetings per year	12	12	20	22	18
Special meetings per year	12	4	12	8	3
Administration					
Student attendance rate	0.0%	94.4%	94.5%	95.3%	95.4%
Fiscal					
Nonpayroll checks issued	N/A	5,483	7,493	5,697	5,672
Operations and maintenance					
Work orders completed	N/A	N/A	N/A	1,926	1,750
Square footage maintained	760,409	760,409	760,409	760,409	760,409
Pupil transportation					
Avg. students transported daily	2,563	2,702	2,567	2,826	2,715
Food service operations:					
Meals served to students	N/A	317,854	315,403	306,729	317,925
Percentage of students receiving reduced cost or free lunches	N/A	24.0%	20.8%	21.0%	22.0%

Source: District records

N/A = information not available.

2015	2014	2013	2012	2011
5,207 426	5,336 421	5,402 447	5,486 463	5,666 443
20 24	17 8	20 3	21 11	20 12
95.8%	95.7%	95.7%	95.8%	95.5%
5,362	5,224	5,314	5,026	5,340
1,354	N/A	2,964	2,353	2,733
760,409	760,409	760,409	760,409	760,409
2,855	2,855	2,943	2,769	3,731
314,380	308,579	328,217	369,316	363,678
22.0%	22.7%	22.0%	22.0%	21.0%

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

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities:				
Land	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
Land improvements	1,995,996	2,164,804	2,282,839	2,286,234
Buildings and improvements	13,565,757	13,424,941	12,161,714	12,222,486
Furniture, fixtures and equipment	3,297,081	3,177,865	3,017,387	2,825,271
Vehicles	2,512,894	2,466,304	2,497,054	2,532,724
Construction in progress	458,683	219,144	864,558	1,104,864
Total governmental activities capital assets, net	<u>\$ 22,394,326</u>	<u>\$ 22,016,973</u>	<u>\$ 21,387,467</u>	<u>\$ 21,535,494</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2016	2015	2014	2013	2012	2011
\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
2,490,386	2,694,538	2,868,465	2,397,681	2,364,857	2,025,621
12,499,593	9,026,515	8,926,870	9,242,466	9,470,610	9,829,990
2,379,212	2,371,195	2,074,449	1,806,741	1,946,034	2,061,599
2,297,543	2,041,417	1,782,649	1,601,154	1,652,674	1,798,383
-	-	186,064	-	-	-
\$ 20,230,649	\$ 16,697,580	\$ 16,402,412	\$ 15,611,957	\$ 15,998,090	\$ 16,279,508

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

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Echo Hills Elementary (1963)					
Square feet	38,285	38,285	38,285	38,285	38,285
Capacity (students)	550	550	550	550	550
Enrollment	362	339	312	308	296
Fishcreek Elementary (1960)					
Square feet	32,153	32,153	32,153	32,153	32,153
Capacity (students)	500	500	500	500	500
Enrollment	324	329	337	337	326
Highland Elementary (1938)					
Square feet	33,324	33,324	33,324	33,324	33,324
Capacity (students)	500	500	500	500	500
Enrollment	319	327	313	309	297
Indian Trail Elementary (1969)					
Square feet	41,600	41,600	41,600	41,600	41,600
Capacity (students)	500	500	500	500	500
Enrollment	422	294	316	319	333
Riverview Elementary (1954)					
Square feet	23,277	23,277	23,277	23,277	23,277
Capacity (students)	575	575	575	575	575
Enrollment	327	319	307	300	261
Woodland Elementary (1954)					
Square feet	23,277	23,277	23,277	23,277	23,277
Capacity (students)	525	525	525	525	525
Enrollment	279	273	273	371	264
Lakeview Intermediate (1959)					
Square feet	178,882	178,882	178,882	178,882	178,882
Capacity (students)	1,050	1,050	1,050	1,050	1,050
Enrollment	757	776	799	754	743
Kimpton Middle School (1970)					
Square feet	117,500	117,500	117,500	117,500	117,500
Capacity (students)	1,125	1,125	1,125	1,125	1,125
Enrollment	812	805	802	813	817
High School (1987)					
Square feet	254,514	254,514	254,514	254,514	254,514
Capacity (students)	2,050	2,050	2,050	2,050	2,050
Enrollment	1,703	1,719	1,707	1,615	1,650
Central office (1996)					
Square feet	11,000	11,000	11,000	11,000	11,000
Transportation and warehouse (1987)					
Square feet	6,597	6,597	6,597	6,597	6,597

Source: District records

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

2015	2014	2013	2012	2011
38,285	38,285	38,285	38,285	38,285
550	550	550	550	550
295	322	310	323	365
32,153	32,153	32,153	32,153	32,153
500	500	500	500	500
342	381	362	346	363
33,324	33,324	33,324	33,324	33,324
500	500	500	500	500
304	314	322	349	348
41,600	41,600	41,600	41,600	41,600
500	500	500	500	500
310	358	374	347	352
23,277	23,277	23,277	23,277	23,277
575	575	575	575	575
267	244	274	280	286
23,277	23,277	23,277	23,277	23,277
525	525	525	525	525
269	270	296	320	324
178,882	178,882	178,882	178,882	178,882
1,050	1,050	1,050	1,050	1,050
782	802	809	870	855
117,500	117,500	117,500	117,500	117,500
1,125	1,125	1,125	1,125	1,125
819	871	871	845	862
254,514	254,514	254,514	254,514	254,514
2,050	2,050	2,050	2,050	2,050
1,819	1,774	1,784	1,806	1,854
11,000	11,000	11,000	11,000	11,000
6,597	6,597	6,597	6,597	6,597

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities		Enrollment
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2020	\$ 67,888,608	\$ 12,797	\$ 71,784,355	\$ 13,531	5,305
2019	67,640,462	13,055	59,406,224	11,466	5,181
2018	66,175,547	12,810	37,138,624	7,189	5,166
2017	65,815,381	12,840	67,898,599	13,246	5,126
2016	64,127,109	12,859	59,950,062	12,021	4,987
2015	60,409,129	11,602	58,525,833	11,240	5,207
2014	55,771,423	10,452	55,713,144	10,441	5,336
2013	54,365,859	10,064	54,499,277	10,089	5,402
2012	54,140,729	9,869	54,199,272	9,880	5,486
2011	56,989,484	10,058	56,953,782	10,052	5,666

Source: District records

(1) Debt service totals have been excluded.

Percent Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
2.39%	347	15.29	96.10%
0.29%	440	11.78	95.10%
0.78%	350	14.76	94.50%
2.79%	351	14.60	95.30%
-4.23%	332	15.02	95.40%
-2.42%	329	15.83	95.80%
-1.22%	345	15.47	95.70%
-1.53%	352	15.35	95.70%
-3.18%	352	15.59	95.80%
2.89%	369	15.36	95.50%

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

TEACHER STATISTICS
JUNE 30, 2020

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	70	20.17%
Master's Degree	277	79.83%
Ph.D.	<u>0</u>	<u>0.00%</u>
	<u><u>347</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	33	9.54%
6 - 10	69	19.94%
11 and over	<u>244</u>	<u>70.52%</u>
	<u><u>346</u></u>	<u><u>100.00%</u></u>

Source: School District Personnel Records

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

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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

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**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(E) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Cluster:			
(D) School Breakfast Program	10.553	2020	\$ 56,738
(D) School Breakfast Program - COVID-19	10.553	2020	45,391
Total School Breakfast Program			<u>102,129</u>
(D) National School Lunch Program	10.555	2020	310,677
(D) National School Lunch Program - COVID-19	10.555	2020	102,766
(C) National School Lunch Program - Food Donation	10.555	2020	97,552
Total National School Lunch Program			<u>510,995</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>613,124</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2019	77,789
Title I Grants to Local Educational Agencies	84.010	2020	371,285
Total Title I Grants to Local Educational Agencies			<u>449,074</u>
Special Education Cluster (IDEA):			
Special Education_Grants to States	84.027	2019	318,447
Special Education_Grants to States	84.027	2020	865,730
Special Education_Grants to States - Restoration	84.027	2020	32,750
Total Special Education_Grants to States			<u>1,216,927</u>
Special Education_Preschool Grants	84.173	2020	19,616
Special Education_Preschool Grants - Restoration	84.173	2020	5,518
Total Special Education_Preschool Grants			<u>25,134</u>
Total Special Education Cluster (IDEA)			<u>1,242,061</u>
English Language Acquisition State Grants	84.365	2020	769
Supporting Effective Instruction State Grants	84.367	2019	9,199
Supporting Effective Instruction State Grants	84.367	2020	95,972
Total Supporting Effective Instruction State Grants			<u>105,171</u>
Student Support and Academic Enrichment Program	84.424	2019	6,013
Student Support and Academic Enrichment Program	84.424	2020	29,813
Total Student Support and Academic Enrichment Program			<u>35,826</u>
PASSED THROUGH THE SIX DISTRICT EDUCATIONAL COMPACT			
Career and Technical Education_Basic Grants to States	84.048	2020	39,000
Total U.S. Department of Education			<u>1,871,901</u>
Total Federal Financial Assistance			<u>\$ 2,485,025</u>

Notes to the Schedule of Expenditures of Federal Awards:

- (A) This schedule includes the federal award activity of the Stow-Munroe Falls City School District under programs of the federal government for the fiscal year ended June 30, 2020 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Stow-Munroe Falls City School District, it is not intended to and does not present the financial position or changes in net position of the Stow-Munroe Falls City School District.
- (B) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has not elected to use the 10% de minimis indirect cost rate.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) OAKS did not assign pass-through numbers for fiscal year 2020.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements, and have issued our report thereon dated February 5, 2021, wherein we noted as described in Note 2 to the financial statements, the Stow-Munroe Falls City School District adopted GASBS No. 84, *Fiduciary Activities*. Furthermore, as described in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Stow-Munroe Falls City School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stow-Munroe Falls City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stow-Munroe Falls City School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2020-001 through 2020-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stow-Munroe Falls City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2020-001 through 2020-005.

Stow-Munroe Falls City School District's Responses to Findings

Stow-Munroe Falls City School District's responses to the findings identified in our audit are described in the accompanying corrective action plan. Stow-Munroe Falls City School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Stow-Munroe Falls City School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stow-Munroe Falls City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
February 5, 2021

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Stow-Munroe Falls City School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Stow-Munroe Falls City School District's major federal program for the fiscal year ended June 30, 2020. The Stow-Munroe Falls City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Stow-Munroe Falls City School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Stow-Munroe Falls City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Stow-Munroe Falls City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Stow-Munroe Falls City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Stow-Munroe Falls City School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stow-Munroe Falls City School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements. We issued our report thereon dated February 5, 2021, which contained unmodified opinions on those financial statements. Our opinion also explained that the Stow-Munroe Falls City School District adopted *GASBS No. 84* during the fiscal year. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Julian & Grube, Inc.
February 5, 2021

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Cluster (IDEA)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate.

The District did not request timely amended certificates throughout the fiscal year upon notice of increased or decreased resources.

The District is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources, throughout the fiscal year and at fiscal year-end.

We recommend that the District review its available resources versus its appropriations throughout the fiscal year and file amended certificates when necessary. This will facilitate the District's appropriation process.

Finding Number	2020-002
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Noncompliance/Material Weakness

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed total estimated resources.

The District had total appropriations exceeding total estimated resources in the following funds at June 30, 2020.

Governmental Funds	Appropriations	Estimated Resources	Excess
Food Service	\$ 1,382,949	\$ 1,357,656	\$ 25,293
Auxiliary Services	324,185	310,573	13,612
Data Communication	19,200	16,470	2,730
Special Trust Fund	38,936	8,977	29,959
Building Fund	941,280	144,386	796,894

With appropriations exceeding estimated resources, the District may spend more funds than in the Treasury or in process of collection and cause fund deficits.

We recommend the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 and continually monitor appropriations versus estimated resources records. If it is determined that estimated resources will be different than initially anticipated, the District should amend its estimated resources and also amend the appropriations as necessary; however, appropriations should not exceed estimated resources.

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2020-003

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated.

The District had disbursements exceeding appropriations for the year ending June 30, 2020 in the following funds:

Governmental Funds	Total Expenses + Commitments	Total Expendable	Deficit
General Fund	\$ 62,483,635	\$ 61,379,079	\$ (1,104,556)
Misc. State Grants	25,500	25,000	(500)
Special Services Rotary Fund	437	282	(155)
Other Grants Fund	25,562	13,553	(12,009)
IDEA Part B Grants Fund	1,913,655	1,512,743	(400,912)
Title I Disadvantaged Children Fund	617,866	522,863	(95,003)
Improving Teacher Quality	129,673	116,941	(12,732)
Misc. Federal Grants Fund	65,980	58,275	(7,705)
Student Wellness and Success Grant Fund	237,979	-	(237,979)

With disbursements exceeding appropriations, the District is expending monies that have not been appropriated and approved by the Board. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring disbursements, so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Finding Number	2020-004
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Noncompliance/Material Weakness

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2020-004 - (Continued)

The District had appropriations in excess of actual resources, which consists of actual revenues and beginning unencumbered fund balance, in the following funds at June 30, 2020:

Governmental Funds	Appropriations	Actual Resources	Excess
Food Service	\$ 1,382,949	\$ 1,076,867	\$ 306,082
Auxiliary Services	324,185	303,799	20,386
Data Communication	19,200	16,470	2,730
Special Trust Fund	38,936	24,750	14,186
Building Fund	941,280	118,386	822,894

By appropriating more funds than actual resources, the District is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the District monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend appropriations accordingly. Further guidance may be found in Auditor of State bulletin 97-010.

Finding Number	2020-005
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Noncompliance/Material Weakness

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section states that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations.

The District did not properly modify its appropriations throughout the year. Due to not properly modifying appropriations, disbursements exceeded appropriations in the General Fund, Special Services Rotary Fund, Other Grants Fund, IDEA Part B Grants Fund, Title I Disadvantaged Children Fund, Improving Teacher Quality Fund, Miscellaneous Federal Grants Fund, Student Wellness and Success Grant Fund and Miscellaneous State Grants Fund for the year ending June 30, 2020.

By not timely and properly modifying the District’s appropriations, the District is not adequately monitoring appropriations versus disbursements. With disbursements exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend the District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring disbursements, so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

STOW-MUNROE FALLS CITY SCHOOLS

Administrative Offices 4350 Allen Road, Stow, OH 44224-1032

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STOW-MUNROE FALLS CITY SCHOOL DISTRICT SUMMIT COUNTY, OHIO

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2020

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	The District will monitor the budget on a continual basis and make modifications as necessary to ensure appropriations do not exceed estimated resources.	2021	Trevor Gummere, Treasurer/CFO
2020-002	The District will monitor the budget on a continual basis and make modifications as necessary to ensure appropriations do not exceed estimated resources.	2021	Trevor Gummere, Treasurer/CFO
2020-003	The District will monitor the budget guidelines and significant due dates on a continual basis to ensure expenditures do not exceed appropriations during the year.	2021	Trevor Gummere, Treasurer/CFO
2020-004	The District will monitor the budget guidelines and significant due dates on a continual basis to ensure appropriations are within actual resources. If necessary, the District will amend its estimated resources or appropriations to remain compliant.	2021	Trevor Gummere, Treasurer/CFO
2020-005	The District will monitor the budget guidelines and significant due dates on a continual basis to ensure appropriations are properly amended throughout the year.	2021	Trevor Gummere, Treasurer/CFO

District Vision: Providing inspiration to make a difference in the world.

OHIO AUDITOR OF STATE KEITH FABER



STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/6/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov