



**Auditor of State
Betty Montgomery**

**CITY OF STOW
SUMMIT COUNTY**

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**Auditor of State
Betty Montgomery**

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

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

To the Honorable Mayor and City Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stow, Summit County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 17, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

In a separate letter to the City's management dated June 17, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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

City of Stow
Summit County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*
Page 2

In a separate letter to the City's management dated June 17, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

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

Betty Montgomery
Auditor of State

June 17, 2005



Auditor of State Betty Montgomery

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

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

To the Honorable Mayor and City Council Members:

Compliance

We have audited the compliance of the City of Stow, Summit County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Stow, Summit County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2004.

Internal Control Over Compliance

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

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

Federal Awards Receipts and Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Stow as of and for the year ended December 31, 2004, and have issued our report thereon dated June 17, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying Federal Awards Receipts and Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

June 17, 2005

**CITY OF STOW
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through Ohio Department of Transportation</i>				
<u>Highway Planning and Construction</u>				
Graham Road Upgrade Project	EO30593	20.205	\$ 455,800	
Hike and Bike Trail	EO33440	20.205	175,466	\$293,905
Route 91 Real Estate Acquisition Project	EO36306	20.205	<u>216,848</u>	<u>260,971</u>
Total Highway Planning and Construction			<u>392,314</u>	<u>554,876</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed Through the Federal Emergency Management Agency</i>				
Assistance to Firefighters Grant	EMW2002FG02536	97.044	17,833	17,833
Public Assistance Grants	153-74944-00	97.036	<u>46,068</u>	<u>83,134</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through Ohio Governor's Office of Criminal Justice Services</i>				
Byrne Formula Grant Program (Federal Law Enforcement Forfeiture Grant)	N/A	16.579	<u>65,000</u>	<u>2,464</u>
Totals			<u>\$ 521,215</u>	<u>\$ 658,307</u>

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

**CITY OF STOW
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

**CITY OF STOW
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 & .505
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

City of Stow, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the fiscal year ended December 31, 2004

CITY OF STOW, OHIO

Introductory Section

CITY OF STOW, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

PREPARED BY THE DEPARTMENT OF FINANCE

JOHN M. BARANEK, DIRECTOR OF FINANCE

CITY OF STOW, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2004

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CITY OF STOW, OHIO
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John M. Baranek
Director of Finance

June 17, 2005

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report for the City of Stow for the fiscal year ended December 31, 2004, is hereby respectfully submitted. It includes information pertaining to all of the City's funds and financial transactions and selected financial and other information for the most recently completed fiscal year (2004). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the City. To the best of our knowledge, the data in this report is accurate in all material respects and it presents fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

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

This Transmittal Letter should be read in conjunction with Management's Discussion and Analysis, which provides a narrative overview and analysis of the Basic Financial Statements.

THE REPORTING ENTITY

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

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

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

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

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

ECONOMIC CONDITION AND FUTURE OUTLOOK

The City of Stow was originally founded as a township, eventually became a village and was incorporated as a city in 1960 with a population of 12,194. The 2000 population reached 32,139. Stow became the third largest city in Summit County in 1990 and continued as such in 2004. The most recent Census Bureau estimate indicates that Stow's population reached 34,394 in 2004, which is a 7.0 percent increase from 2000. To accommodate the City's population growth, over 8,000 dwelling units have been constructed in Stow since 1970. It is estimated that there is unused community capacity for an at least an additional 5,000 dwelling units to be constructed in Stow in the future. Recent projections estimate the fully developed population of the City of Stow to be nearly 40,000-45,000 residents. This range could be reached sometime within the next 25 years.

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

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

City officials have placed a particular emphasis on the development of the office and industrial market in Stow, recognizing the positive revenue implications resulting from this type of development. Approximately 170,000 square feet of office space has been constructed in Stow since 1990. Through the use of development incentive programs, City officials are planning to encourage the construction of a minimum of 240,000 square feet of additional office space alone by 2010. The planned Seasons Road/State Route 8 Interchange project will accommodate much of the expected office, retail and light industrial development in the northwest sector of the City. The current development of the Steels Corners Road and Seasons Road/State Route 8 Interchange area could eventually account for 100,000-150,000 square feet of the City's expected new office space by the end of this decade. Supporting commercial and service and related businesses are already being planned in the vicinity of the Interchange, including three medium-sized hotels and a medium-sized medical facility.

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

MAJOR INITIATIVES

Current Year – In 2004, the City completed implementation of its voter-approved program to expand the City's Emergency Medical Services (EMS) and fire response capabilities. The City completed the second of two new fire stations. The first new station was dedicated in 2003 and the second in 2004. The City recently acquired three new fire/rescue trucks and hired fifteen new firefighter/paramedics over a two-year period. The expansion program was funded through an increase of 2.3 mills in the City's Charter property tax rate. One of the new fire stations is an additional station to increase emergency coverage on the City's east side, while the other is a relocated replacement facility to improve response times on the City's west side. The fifteen additional paramedics have enabled the City's Fire Department to operate a full EMS transport system throughout the entire community and to fully staff the two new fire stations. The City's centrally located Safety Building continues to serve the community as its main fire station.

Construction of the City's new Service Maintenance and Parks Maintenance/Urban Forestry Centers was completed in 2003 and these buildings became fully operational in 2004. These facilities provide almost 100,000 square feet of new space for the City's combined maintenance operations, including Water System maintenance. They enable the City to store virtually all of its service and parks vehicles indoors. The new structures cost approximately \$9.8 million combined. They replace the existing undersized and outdated buildings which were used by Stow for many years. These two new City structures are major components of the City's ongoing long-term plan to construct new public service facilities for the City government to serve its residents and businesses. Previous new buildings constructed include the Stow City Hall, which was opened in 1986, and the Safety Building (Police, Fire, EMS and Communications) which was completed in 1995.

Maintenance and repair of roads throughout the community to accommodate the growing population and expanding commercial and industrial base continues to be a high priority for the City government. In the 2003-2004 Capital Improvements Budget, the City allocated nearly \$3.5 million for road-related projects, including general road repaving. This was more than double the total allocated in the City's capital budget five years earlier. Included was funding for five major road-related projects, all which are designed to improve the community's transportation system and the future flow of traffic in Stow. The City will continue to allocate significant resources to major road projects in future Capital Budgets, commencing with the 2005-2006 Budget.

A program to revitalize older commercial areas of the City by completing improvements in or adjacent to the City right-of-way such as the installation of needed sidewalks, landscape strips, street trees, planters and/or decorative paving blocks was continued by the City in 2004. Each improvement is being completed in cooperation with the property owners who will share the cost with the City. As part of the program, the property owners are also committing to building renovations. The program has helped improve the appearance of the City's older commercial areas. Two or three projects are planned to be completed each year.

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

In November, 2001, the City of Stow regained ownership of the Stow Water System from the Summit County government and immediately became fully responsible for its daily operation. The City completed three very successful full operating years for the System in 2004. The City provides water to its citizens based on a 99-year memorandum of understanding between Stow and the City of Akron whereby Akron supplies water directly to Stow on a wholesale basis. The detailed terms of the Stow water supply agreement with Akron are expected to be finalized in 2005.

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

With the assistance of the City's consulting engineering firm, in early 2003 the City of Stow completed a long-term Water System Capital Improvements Plan. The Plan identified some \$11.3 million in necessary current improvements for the Water System to be undertaken over the next five-ten years or longer, and nearly \$3.1 million in future improvements that will be considered for completion in at least ten years. As part of the long-term Capital Plan, the consultant developed a comprehensive computerized model for the Water Distribution System. The model has proven useful in identifying and resolving System problems, undertaking hydraulic analysis when necessary and forecasting future water usage. It enables the City to make Water System capital investment decisions that are designed to efficiently meet present and future water demands in Stow.

In 2004, the City began to undertake the long-term improvements identified in its comprehensive Capital Plan for the Water System. The City enacted an ongoing monthly \$4.00 Water System capital improvements fee for all water customers to generate the revenue necessary to undertake and complete the improvements identified in the long-term Plan on a programmed basis over the next ten-twenty years and also to implement an automatic, radio-based meter reading system for more efficient and timely reading of the meters of Stow's water customers. In order to accomplish the improvements on an accelerated time schedule, the City plans to combine debt financing with cash allocations in the next few years to maximize the amount of upfront funds available.

The City established a storm water management utility in 2004 to address flooding issues and problems throughout the Stow community. An ongoing, monthly storm water improvement fee was enacted in 2004 to pay all future operating and capital costs associated with maintaining and upgrading the City's existing storm water management system over the next ten-twenty years. The fee is graduated and is based on an engineering evaluation of the size of the impervious surfaces of individual residential and non-residential properties in Stow.

In 2004, the City of Stow continued many of its ongoing programs which are designed to improve the community as a whole and its individual neighborhoods. The provision of such programs as the police bike patrol, adopt-a-spot beautification, the neighborhood playground upgrades, residential storm sewer improvements, sidewalk repair, litter and recycling education and awareness, neighborhood beautification and tree planting programs were important accomplishments of the City again this past year.

The City added a new neighborhood park and complete playground facility on the east side of Stow in 2004. It will be dedicated in 2005.

A comprehensive ten-year Capital Improvements Financial Plan was prepared by the City in 2002 to guide City officials in undertaking and completing the City's major permanent improvement projects over the period, 2002-2011. The Plan was used in 2004 and will continue to be used in future years to identify available capital improvement funding sources and all potential general capital projects which are necessary to improve the City's infrastructure, buildings, facilities and major equipment over the ten-year period. The Plan also serves as the City's guide for both short-term and long-term debt management.

Future – Several major initiatives designed to enable the City to accommodate the continued growth and development of Stow and enhance the Stow community are underway in 2005.

The Route 8 Interchange project, located at State Route 8 and Seasons Road in both Stow and Hudson, continues in the preliminary planning stages. Engineering and design could commence in 2005-2006. It will be a joint undertaking of the State of Ohio, the City of Stow and the City of Hudson. Along with the recently-completed Seasons/Norton Roads connection project, it is necessary to expand the industrial and commercial growth areas of Stow. The total construction cost for the interchange is expected to be at least \$6,000,000, although it could be considerably higher when the final design is completed. Stow and Hudson will be responsible for paying for a combined fifty percent of the cost, or a minimum of \$1,500,000 each. Preliminary planning estimates are that bidding for the construction could be underway in 2009-2011. Through the City's annual road paving program and such projects as the Norton/Seasons Roads connection, the Route 8 Interchange and various other planned road, intersection, traffic light and bridge improvements, the City of Stow will be upgrading the community transportation system significantly over the next decade.

In 2005, the City will also be continuing its ongoing traffic signal upgrade program at major intersections throughout the community. Local funds will be combined with grant funds and other sources to finance the installation of new signals at high traffic volume locations to improve traffic control and/or to meet safety concerns.

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

A master plan for the maintenance, development and future management of the City's arboretum/sancturetum was initiated in 2002, developed in general form in 2003 and continued in 2004. It is the intent of the City in 2005 to develop detailed plans and possible funding sources to enhance the arboretum/sancturetum in several phases. Eventually, it will be opened fully to the public. Preservation of this unique and extensive outdoor resource is a long-standing commitment of the City.

Installation of the automatic, radio-based meter reading system for the City's Water System is expected to be underway in 2005. The new system will be installed over a 1.5-2.0 year period and will cost approximately \$3.0 million.

FINANCIAL INFORMATION

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

Budgetary Controls – The objective of budgetary controls is to ensure compliance with the annual appropriated budget approved by City Council and legal restrictions imposed by state and federal statutes. The City Council must adopt an annual appropriations ordinance by April 1st of each year. Appropriations may not exceed amounts certified by the County Budget Commission, including any amendments thereto. The Finance Director may transfer funds between accounts within funds. Council authorization is required to make interfund transfers. Council authorizes appropriation amounts by fund and may amend appropriations from time-to-time during the fiscal year. As a management tool, budgetary control is maintained in all funds at the department and line item level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. The City continually evaluates its accounting and reporting system and upgrades it when necessary in an effort to improve internal accounting controls and financial reporting.

Cash Management – The primary goal of the City's cash management program is to minimize the level of idle cash on hand to meet the daily cash requirements while simultaneously maximizing the funds available for investment. The City's investment objectives are to ensure the safety of the public funds while investing in accordance with all state and local laws and maintaining sufficient liquidity to meet all reasonably anticipated expenditures. The City's invested balance and deposits on hand at the end of the year 2004 totaled \$16,143,090.

Risk Management – The City of Stow maintains a broad-based insurance program to insure all areas of potential exposure and risk in the various elements of the City's operations. Insurance coverages are reviewed and updated annually. Base insurance coverages are supplemented by additional umbrella policy coverage where appropriate.

The City maintains a partially self-funded employee group health plan. The group health plan is protected against excessive and catastrophic claims and losses through the retention of both individual and aggregate stop-loss insurance coverage and plan limits. A sizeable balance is retained in the group health plan claims fund to ensure the program's long-term financial stability. As of the end of 2004, the actual cash balance in the fund was \$1,426,175. This amount is equivalent to 80-95 percent of the value of one year's average claims activity in the fund.

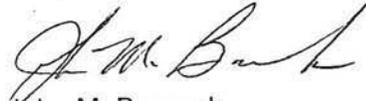
OTHER INFORMATION

Independent Audit – In accordance with Ohio law and with the issuance of the CAFR Report, annual independent audits must be performed on all financial operations of the City. The 2004 audit was completed by the State of Ohio Auditor's office. The Auditors' report on the Basic Financial Statements and Combining and Individual Fund Statements and Schedules is included in the Financial Section of this report.

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

Acknowledgment – I would like to express my sincere appreciation and thanks to those individuals who assisted in the preparation of the 2004 Comprehensive Annual Financial Report. Successful preparation of a report of this scope required the dedicated services of the entire staff of the Finance Department. I also extend my appreciation to the Mayor, City Council and all Department Heads for their support and assistance in completing this Comprehensive Annual Financial Report.

Respectfully submitted,

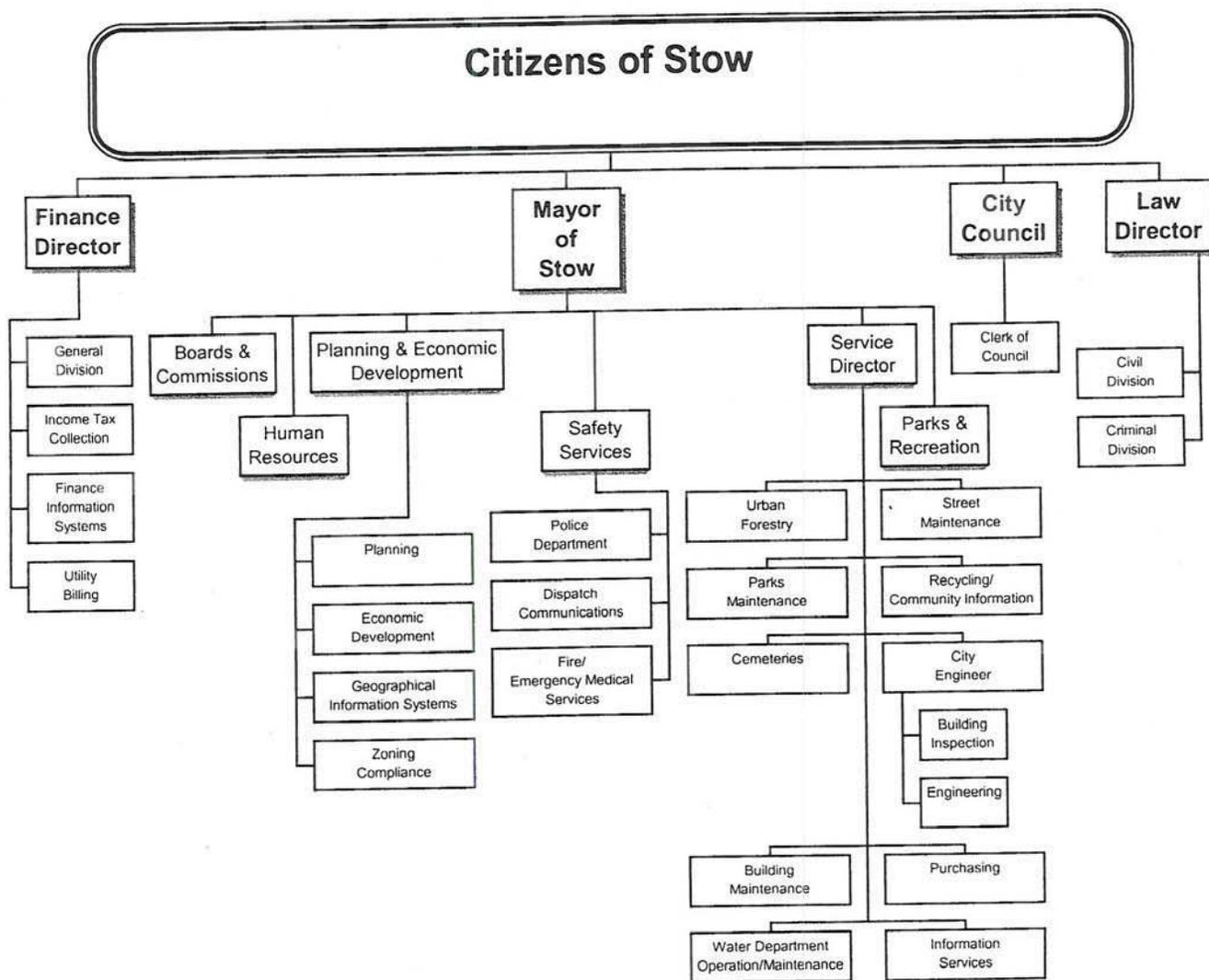


John M. Baranek
Director of Finance

City of Stow, Ohio

General Organization Chart

2004



Elected Officials

(As of December 31, 2004)

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

Department Officials

(As of December 31, 2004)

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Stow,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

CITY OF STOW, OHIO

Financial Section



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Honorable Mayor and City Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stow, Summit County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stow, Summit County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and EMS/Fire Tax Levy Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

June 17, 2005

**CITY OF STOW, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED**

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the City of Stow, Ohio's (the City) financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to review the City's financial performance for the year as a whole. The MD&A should be read in conjunction with the City's transmittal letter, the notes to the financial statements and the financial statements themselves to enhance the overall understanding of the City's financial performance by the reader.

FINANCIAL HIGHLIGHTS

The City's key financial highlights for 2004 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2004, by \$60.4 million (net assets). Unrestricted net assets in the amount of \$9.5 million are available to meet the City's ongoing obligations to citizens and creditors. The City's net assets related to governmental activities amounted to \$40.7 million, while net assets related to business-type activities amounted to \$19.7 million.
- Total net assets for the year increased by \$2.8 million or slightly more than 4.9 percent. Net assets for business-type activities increased 6.1 percent while those related to governmental activities increased 4.4 percent.
- The City's total revenues, including transfers, amounted to \$32.8 million in 2004, of which \$27.3 million related to governmental activities and \$5.5 million to business-type activities. Program specific revenues in the form of charges for services, grants and contributions accounted for \$8.2 million or 25.0 percent of total revenues.
- The City had \$30.0 million in expenses, including transfers, in 2004, \$25.6 million of which were for governmental activities and \$4.4 million for business-type activities.
- Among major funds, the General Fund had \$16.3 million in revenues and \$16.0 million in expenditures in 2004. The amount of \$659,941 was transferred to other funds.
- The General Fund's balance decreased to \$5.8 million, a decrease of \$368,377 from the beginning 2004 balance. The General Fund balance was 35.6 percent of total General Fund revenues, which is a modest decrease from the percentage in 2003.
- During 2004, the City's total long-term obligations decreased from \$22.9 million to \$21.7 million. This decrease of \$1.2 million was due to a reduction in City bond and note indebtedness.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

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

It should be noted that all percentages and ratios used for comparisons and increases or decreases have been computed using the actual numbers contained in the financial statements and not the rounded numbers presented in the text of this report.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's finances is, "How did the City perform financially during 2004?" The Statement of Net Assets and the Statement of Activities report information concerning the City as a whole and its financial activities that will assist the reader in answering this question. These statements include all assets and liabilities using the accrual method of accounting similar to the accounting used by most private-sector businesses. This method of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Governmental Activities** - Most of the City's programs and services are considered to be governmental activities, including general government, security of persons and property, leisure time services, community and economic development and transportation. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

The City-wide financial statements can be found on pages 12 and 13 of this report.

FUND FINANCIAL STATEMENTS

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

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

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 14 through 19 of this report.

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

Proprietary Funds: The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an Enterprise Fund to account for its water system operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for its self-insurance programs for medical-related employee benefits. The basic Proprietary Fund financial statements can be found on pages 20 through 22 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for proprietary funds. The basic Fiduciary Fund financial statements can be found on pages 23 and 24 of this report.

Notes to the Basic Financial Statements: The financial statement notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the Basic Financial Statements can be found on pages 25 through 58 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements, schedules and a statistical section, which can be found on pages 59 through 145 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the trend in net assets serves as an indicator of a government's changing financial position. At the close of 2004, the City's total assets, as shown in Table 1, exceeded liabilities by \$60.4 million. Some \$40.7 million of the net assets were in governmental activities while \$19.7 million were in business-type activities.

Table 1 – City of Stow, Ohio - Net Assets

	Governmental Activities 2004	Governmental Activities 2003	Business-Type Activities 2004	Business-Type Activities 2003	Total 2004	Total 2003
Assets						
Current and Other Assets	\$24,172,372	\$28,402,923	\$3,100,492	\$5,302,049	\$27,272,864	\$33,704,972
Capital Assets, Net	44,098,466	40,235,820	20,050,047	19,233,467	64,148,513	59,469,287
Total Assets	68,270,838	68,638,743	23,150,539	24,535,516	91,421,377	93,174,259
Liabilities						
Current and Other Liabilities	8,667,123	8,931,877	631,025	3,831,757	9,298,148	12,763,634
Long-Term Liabilities, Due Within One Year	1,401,201	1,618,880	474,253	242,140	1,875,454	1,861,020
Long-Term Liabilities, Due in More Than One Year	17,483,400	19,067,523	2,385,349	1,927,084	19,868,749	20,994,607
Total Liabilities	27,551,724	29,618,280	3,490,627	6,000,981	31,042,351	35,619,261
Net Assets						
Invested in Capital						
Assets, Net of Debt	25,856,608	20,570,820	17,251,673	17,112,078	43,108,281	37,682,898
Restricted	7,774,919	10,764,274	0	0	7,774,919	10,764,274
Unrestricted	7,087,587	7,685,369	2,408,239	1,422,457	9,495,826	9,107,826
Total Net Assets	\$40,719,114	\$39,020,463	\$19,659,912	\$18,534,535	\$60,379,026	\$57,554,998

During 2004, the City's overall financial position improved by \$2.8 million as governmental activities net assets increased by \$1.7 million and those for business-type activities improved by \$1.1 million.

The majority of the City's Net Assets (71.4 percent) reflect its investment in capital assets (e.g., land, buildings, infrastructure and machinery and equipment), less any related debt used to acquire those assets. These capital assets are utilized by the City to provide services to its citizens. They are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Table 2 below, indicates the changes in Net Assets for the year ended December 31, 2004.

Table 2 - City of Stow, Ohio - Changes in Net Assets

		(Restated, Note 4)		(Restated, Note 4)		
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues:						
Charges for Services	\$2,133,622	\$2,008,141	\$4,441,491	\$4,099,615	\$6,575,113	\$6,107,756
Operating Grants and Contributions	171,160	338,928	0	0	171,160	338,928
Capital Grants and Contributions	496,335	903,400	958,467	83,675	1,454,802	987,075
General Revenues:						
Taxes	18,266,687	17,965,079	0	0	18,266,687	17,965,079
Grants and Entitlements Not						
Restricted to Specific Programs	4,655,070	5,819,862	0	0	4,655,070	5,819,862
Investment Income	219,668	290,877	4,963	9,133	224,631	300,010
Miscellaneous	416,504	519,809	100,622	63,272	517,126	583,081
Premium on Debt Issued	146,083	78,919	20,470	11,398	166,553	90,317
Gain on Sale of Capital Assets	0	34,474	0	0	0	34,474
Total Revenues	26,505,129	27,959,489	5,526,013	4,267,093	32,031,142	32,226,582
Expenses						
Program Expenses:						
General Government	5,432,973	4,868,501	0	0	5,432,973	4,868,501
Security of Persons and Property	11,853,463	12,358,496	0	0	11,853,463	12,358,496
Public Health	492,311	472,916	0	0	492,311	472,916
Leisure Time Services	2,078,775	1,734,052	0	0	2,078,775	1,734,052
Community and Economic						
Development	1,529,252	1,242,741	0	0	1,529,252	1,242,741
Transportation	3,815,181	2,008,079	0	0	3,815,181	2,008,079
Interest and Fiscal Charges	350,575	889,842	0	0	350,575	889,842
Depreciation	7,428	672,634	0	0	7,428	672,634
Water	0	0	3,647,156	2,442,622	3,647,156	2,442,622
Total Expenses	25,559,958	24,247,261	3,647,156	2,442,622	29,207,114	26,689,883

	(Restated, Note 4)			(Restated, Note 4)		
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2004	2003	2004	2003	2004	2003
Increase in Net Assets						
Before Transfers	945,171	3,712,228	1,878,857	1,824,471	2,824,028	5,536,699
Transfers	753,480	88,196	(753,480)	(88,196)	0	0
Increase in Net Assets After Transfers	1,698,651	3,800,424	1,125,377	1,736,275	2,824,028	5,536,699
Net Assets - Beginning (Restated)	39,020,463	35,220,039	18,534,535	16,798,260	57,554,998	52,018,299
Net Assets - Ending	\$40,719,114	\$39,020,463	\$19,659,912	\$18,534,535	\$60,379,026	\$57,554,998

The information provided in Table 2 indicates that Security of Persons and Property accounted for \$11.9 million, or 46.4 percent of the \$25.6 million expended for governmental activities this past year. General Government accounted for \$5.4 million, or 21.3 percent in the governmental activities category.

Some \$18.3 million in tax revenues were generated for the City in 2004 to support governmental activities. This amount represented 68.9 percent of total revenues for governmental activities which reached \$26.5 million in 2004. Other major revenues received by the City included \$4.7 million in grants and entitlements.

Program revenues to support governmental activities amounted to \$2.8 million in 2004, which included \$2.1 million in charges for service.

BUSINESS-TYPE ACTIVITIES

Water System expenses were \$3.6 million for the year which were more than adequately offset by the \$4.4 million in Charges for Services generated by the Water System through the operation of the City's water distribution system in 2004.

The City experienced an increase in Net Assets of \$1.1 million in the area of business-type activities in 2004. Water System revenues totaled \$5.5 million for the year as compared to \$4.3 million in 2003. The increase was due to additional capital grants and contributions obtained for City water system improvements and increased service charges.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current year, the City's governmental funds reported combined ending balances of \$12.8 million, a decrease of \$4.1 million as compared with the prior year. Approximately 86.6 percent of this total year end amount, or \$11.1 million, represents unreserved fund balance, which is available for appropriation at the City's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$1.4 million); and 2) to repay advances (\$339,894).

The General Fund is the City's chief operating fund. The General Fund's year end balance decreased by \$368,377 during the current year to reach an ending total of \$5.8 million. The unreserved fund balance of the General Fund was \$5.2 million. As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved fund balance represents 32.6 percent of total General Fund expenditures, while total fund balance represents 36.2 percent of such expenditures.

Transfers from the General Fund to other governmental funds, which occurred principally for funding of pensions, amounted to \$659,941.

The decrease in combined governmental fund balances during 2004 was the result of a significant level of scheduled expenditures of on-hand funds by the City for major building projects and capital equipment. Due to expenditures for construction of the City's new Service and Parks Maintenance Centers and completion of various road projects, the General Capital Improvements Fund balance declined by \$2.1 million, while as a result of construction costs for a new City Fire Station and the acquisition of three fire trucks and EMS vehicles, the EMS/Fire Tax Levy Fund balance was reduced by approximately \$1.3 million.

Proprietary Funds: The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements for business-type activities, but in more detail. Unrestricted net assets for the City's Water Fund at the end of the year amounted to \$2.4 million. Total assets were \$23.5 million at year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Regarding revenues, there were no significant differences between the General Fund original budget and the final budget. The income tax revenue projection in the original and final budgets was significantly in excess of actual revenues due to the effects of a poor economy and a partial overestimate of expected revenues. For the reasons indicated, actual total revenues were 1.9 percent less than final budgeted revenues.

General Fund actual expenditures in 2004 were less than both original and final budgeted expenditures by approximately \$2.5 million. This variance was the result of conservative budgeting by the City, a large contingency allocation that was not expended, and the decision not to expand the City's safety forces as had been originally contemplated, particularly in the police area, due to insufficient revenue enhancement to pay for such employee expansion.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's net investment in capital assets, for both its governmental and business-type activities amounted to \$64.1 million (net of accumulated depreciation) at year end 2004. The investment in capital assets, which includes land and land improvements, buildings and building improvements, vehicles, equipment, furniture and fixtures, infrastructure and construction in progress, increased by \$4.7 million or 7.9 percent during 2004. The value of the governmental activities and the business-type activities net capital assets both increased significantly for the year.

Within governmental activities, major additions to capital assets in 2004 included \$3.2 million in construction in progress related to a new fire station for the City, and nearly \$11.8 million in new buildings, of which approximately \$6.6 million was for the Service Center, \$3.4 million for the Park Maintenance Center and \$1.8 million for another new fire station. These new buildings were categorized as construction in progress in 2003.

**Table 3 – City of Stow, Ohio – Capital Assets
(Net of Depreciation)**

	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	2004	2003
	2004	2003	2004	2003	2004	2003
Land and Improvements	\$10,076,005	\$9,937,445	\$262,011	\$262,011	\$10,338,016	\$10,199,456
Construction in Progress	3,526,044	12,102,100	0	0	3,526,044	12,102,100
Buildings	16,446,239	5,273,199	2,889,028	2,965,713	19,335,267	8,238,912
Vehicles	3,372,545	3,096,774	75,708	128,421	3,448,253	3,225,195
Equipment, Furniture and Fixtures	1,025,582	641,600	110,198	109,423	1,135,780	751,023
Infrastructure	9,652,051	9,184,702	16,713,102	15,767,899	26,365,153	24,952,601
Total Capital Assets, Net (Restated)	\$44,098,466	\$40,235,820	\$20,050,047	\$19,233,467	\$64,148,513	\$59,469,287

Additional detailed information relating to the City's capital assets is contained in Note 12 of the Notes to the Basic Financial Statements.

Long-Term Debt: At the end of the current fiscal year, the City's total outstanding General Obligation Bonded Debt for governmental activities amounted to \$6.1 million (before unamortized charges). This debt was originally issued in the amount of \$6.44 million in 2004 to pay for the refinancing of the Stow Safety Center debt issued in 1995. The City also had governmental activity general obligation notes at year end outstanding in the amount \$12.1 million. As can be seen from Table 4, the total debt for governmental activities declined by \$1.9 million or 9.6 percent during the year.

Debt related to business-type activity for the City amounted to \$2.8 million at year end 2004, which consisted of \$2.5 million in general obligation notes, slightly less than \$200,000 in Ohio Public Works Commission (OPWC) loans and nearly \$100,000 in Ohio Water Development Authority (OWDA) Loans. Total business-type activity debt for the City increased by approximately \$677,000 or 31.9 percent of the total business-type activity outstanding debt at the commencement of the year.

At December 31, 2004, the City's outstanding General Obligation Bonds was rated "Aa3" by Moody's Investors Service. State statute limits the total amount of debt a government entity may issue. The City's debt limitation at year end, per the limits prescribed by state statute, was substantially higher than the City's existing outstanding debt.

In addition to bonded, note and loan debt as itemized in Table 4, the City's other Long-Term Obligations include Compensated Absences and Intergovernmental Payables.

Additional information regarding the City's Long-Term Obligations can be found in Note 13 of this report. Note 16 provides information relating to Compensated Absences.

**Table 4 - City of Stow, Ohio - Long-Term Debt
(As of end of each year)**

	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2004	2003	2004	2003		
General Obligation Bonds	\$5,638,699	\$5,820,000	\$0	\$0	\$5,638,699	\$5,820,000
General Obligation Notes	12,141,858	13,845,000	2,503,142	2,000,000	14,645,000	15,845,000
OWDA Loans	0	0	99,879	121,389	99,879	121,389
OPWC Loans	0	0	195,353	0	195,353	0
Total Long-Term Debt	\$17,780,557	\$19,665,000	\$2,798,374	\$2,121,389	\$20,578,931	\$21,786,389

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City is a growing community with a stable and diversified economy. Since 2000, the City's population has grown by 7.0 percent. This growth has facilitated steady total tax revenue increases annually, including 2004. Trends in the local economy compare favorably with those of the state and nation. The City's unemployment in 2004 stood at 4.8 percent. The county, state and national unemployment rates were 6.1, 6.1 and 5.5 percent respectively in 2004. Inflationary trends in the region compare favorably to national indices.

The City's budgets were forecast conservatively for 2004 and 2005 based on local, state and national economic conditions and trends. The service needs of the citizens of Stow were taken into account as were the ongoing financial condition of the City and any applicable budgetary constraints.

REQUESTS FOR INFORMATION

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

City of Stow, Ohio
Summit County
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,566,902	\$2,930,907	\$15,497,809
Accounts Receivable	166,078	441,474	607,552
Internal Balances	310,045	(310,045)	0
Intergovernmental Receivable	2,195,112	0	2,195,112
Taxes Receivable	8,490,574	0	8,490,574
Loans Receivable	11,099	0	11,099
Special Assessments Receivable	12,612	0	12,612
Materials and Supplies Inventory	278,224	38,156	316,380
Deferred Charges	141,726	0	141,726
Non-Depreciable Capital Assets	13,602,049	262,011	13,864,060
Depreciable Capital Assets, Net of Accumulated Depreciation	30,496,417	19,788,036	50,284,453
<i>Total Assets</i>	<u>68,270,838</u>	<u>23,150,539</u>	<u>91,421,377</u>
Liabilities			
Accounts Payable	914,789	549,674	1,464,463
Accrued Wages and Benefits	56,437	7,167	63,604
Intergovernmental Payable	738,621	33,884	772,505
Deferred Revenue	6,510,117	0	6,510,117
Unearned Revenue	16,970	0	16,970
Accrued Interest Payable	42,257	40,300	82,557
Claims Payable	387,932	0	387,932
Noncurrent Liabilities:			
Due Within One Year	1,401,201	474,253	1,875,454
Due In More Than One Year	17,483,400	2,385,349	19,868,749
<i>Total Liabilities</i>	<u>27,551,724</u>	<u>3,490,627</u>	<u>31,042,351</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	25,856,608	17,251,673	43,108,281
Restricted for:			
EMS/Fire Protection	496,597	0	496,597
Street Repair and Maintenance	1,262,793	0	1,262,793
Capital Outlay	4,418,589	0	4,418,589
Other Purposes	1,596,940	0	1,596,940
Unrestricted	7,087,587	2,408,239	9,495,826
<i>Total Net Assets</i>	<u>\$40,719,114</u>	<u>\$19,659,912</u>	<u>\$60,379,026</u>

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Statement of Activities
For the Year Ended December 31, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$5,432,973	\$393,667	\$18,831	\$0	(\$5,020,475)	\$0	(\$5,020,475)
Security of Persons and Property	11,853,463	1,258,830	109,192	64,810	(10,420,631)	0	(10,420,631)
Public Health	492,311	29,730	10,922	0	(451,659)	0	(451,659)
Leisure Time Services	2,078,775	152,107	6,229	0	(1,920,439)	0	(1,920,439)
Community and Economic Development	1,529,252	237,401	23,026	0	(1,268,825)	0	(1,268,825)
Transportation	3,815,181	61,887	2,960	431,525	(3,318,809)	0	(3,318,809)
Interest and Fiscal Charges	350,575	0	0	0	(350,575)	0	(350,575)
Depreciation - Unallocated	7,428	0	0	0	(7,428)	0	(7,428)
<i>Total Governmental Activities</i>	<u>25,559,958</u>	<u>2,133,622</u>	<u>171,160</u>	<u>496,335</u>	<u>(22,758,841)</u>	<u>0</u>	<u>(22,758,841)</u>
Business-Type Activities							
Water	3,647,156	4,441,491	0	958,467	0	1,752,802	1,752,802
<i>Total Business-Type Activities</i>	<u>3,647,156</u>	<u>4,441,491</u>	<u>0</u>	<u>958,467</u>	<u>0</u>	<u>1,752,802</u>	<u>1,752,802</u>
Totals	<u>\$29,207,114</u>	<u>\$6,575,113</u>	<u>\$171,160</u>	<u>\$1,454,802</u>	<u>(22,758,841)</u>	<u>1,752,802</u>	<u>(21,006,039)</u>
General Revenues							
Property Taxes Levied for General Purposes					4,881,066	0	4,881,066
Property Taxes Levied for Special Revenue					1,963,574	0	1,963,574
Income Taxes					11,422,047	0	11,422,047
Grants and Entitlements not Restricted to Specific Programs					4,655,070	0	4,655,070
Investment Earnings					219,668	4,963	224,631
Miscellaneous					416,504	100,622	517,126
Premium on Debt Issued					146,083	20,470	166,553
Transfers					753,480	(753,480)	0
<i>Total General Revenues and Transfers</i>					<u>24,457,492</u>	<u>(627,425)</u>	<u>23,830,067</u>
Change in Net Assets					1,698,651	1,125,377	2,824,028
<i>Net Assets Beginning of Year - Restated (See Note 4)</i>					<u>39,020,463</u>	<u>18,534,535</u>	<u>57,554,998</u>
<i>Net Assets End of Year</i>					<u>\$40,719,114</u>	<u>\$19,659,912</u>	<u>\$60,379,026</u>

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Balance Sheet
Governmental Funds
December 31, 2004

	General	EMS/Fire Tax Levy	General Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,549,679	\$585,425	\$3,818,940	\$2,160,623	\$11,114,667
Accounts Receivable	74,164	0	66	89,024	163,254
Intergovernmental Receivable	1,192,707	96,671	290,985	614,749	2,195,112
Taxes Receivable	5,766,320	1,645,019	650,099	429,136	8,490,574
Special Assessments Receivable	0	0	0	12,612	12,612
Materials and Supplies Inventory	97,520	0	0	180,704	278,224
Advances to Other Funds	300,000	0	39,894	0	339,894
<i>Total Assets</i>	<u>\$11,980,390</u>	<u>\$2,327,115</u>	<u>\$4,799,984</u>	<u>\$3,486,848</u>	<u>\$22,594,337</u>
Liabilities					
Accounts Payable	\$248,529	\$178,313	\$270,891	\$214,356	\$912,089
Accrued Wages and Benefits	54,306	1,449	0	682	56,437
Intergovernmental Payable	412,364	24,103	0	302,154	738,621
Deferred Revenue	5,467,945	1,741,204	0	825,437	8,034,586
Unearned Revenue	0	0	0	16,970	16,970
Advances From Other Funds	0	0	0	39,894	39,894
<i>Total Liabilities</i>	<u>6,183,144</u>	<u>1,945,069</u>	<u>270,891</u>	<u>1,399,493</u>	<u>9,798,597</u>
Fund Balances					
Reserved for Encumbrances	270,919	132,176	685,137	281,532	1,369,764
Reserved for Advances	300,000	0	39,894	0	339,894
Unreserved, Undesignated, Reported in:					
General Fund	5,226,327	0	0	0	5,226,327
Special Revenue Funds	0	249,870	73,369	1,805,823	2,129,062
Capital Projects Funds	0	0	3,730,693	0	3,730,693
<i>Total Fund Balances</i>	<u>5,797,246</u>	<u>382,046</u>	<u>4,529,093</u>	<u>2,087,355</u>	<u>12,795,740</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,980,390</u>	<u>\$2,327,115</u>	<u>\$4,799,984</u>	<u>\$3,486,848</u>	<u>\$22,594,337</u>

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2004

Total Governmental Funds Balances \$12,795,740

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land and Improvements	10,076,005
Construction in Progress	3,526,044
Buildings (Net of Depreciation)	16,446,238
Vehicles (Net of Depreciation)	3,372,545
Equipment (Net of Depreciation)	1,025,582
Infrastructure (Net of Depreciation)	<u>9,652,052</u>

Total 44,098,466

Long-Term receivables that will not be repaid in the current period 11,099

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Tax	284,529
Intergovernmental	1,215,907
Grants	11,421
Special Assessments	<u>12,612</u>

Total 1,524,469

An internal service fund is used by management to charge the costs of insurance to individual funds, the assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets 1,074,472

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(6,100,000)
Construction Notes	(12,141,858)
Compensated Absences	(960,199)
Pension Obligation	(143,845)
Deferred Charges	141,726
Unamortized Charges	461,301
Accrued Interest Payable	<u>(42,257)</u>

Total (18,785,132)

Net Assets of Governmental Activities \$40,719,114

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	EMS/Fire Tax Levy	General Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$4,883,344	\$1,557,518	\$0	\$407,057	\$6,847,919
Income Taxes	7,136,914	0	2,690,057	1,595,076	11,422,047
Special Assessments	0	0	0	57,600	57,600
Charges for Services	291,290	0	0	771,135	1,062,425
Licenses and Permits	823,125	0	0	0	823,125
Fines and Forfeitures	146,278	0	0	6,150	152,428
Intergovernmental	2,647,640	205,814	810,627	1,548,906	5,212,987
Interest	200,072	9,897	0	5,214	215,183
Rent	95,644	0	0	0	95,644
Contributions and Donations	5,697	0	0	0	5,697
Other	71,082	0	60,649	290,645	422,376
<i>Total Revenues</i>	<u>16,301,086</u>	<u>1,773,229</u>	<u>3,561,333</u>	<u>4,681,783</u>	<u>26,317,431</u>
Expenditures					
Current:					
General Government	4,622,459	0	0	40,000	4,662,459
Security of Persons and Property	7,554,320	1,826,505	0	1,232,892	10,613,717
Public Health	350,878	0	0	55,053	405,931
Leisure Time Services	1,532,665	0	0	179,463	1,712,128
Community and Economic Development	1,147,989	0	0	145,820	1,293,809
Transportation	720,256	0	0	2,136,535	2,856,791
Capital Outlay	80,057	1,184,669	5,017,527	1,051,111	7,333,364
Debt Service:					
Principal Retirement	0	4,475,507	8,919,155	740,000	14,134,662
Interest and Fiscal Charges	898	85,321	143,708	245,252	475,179
Issuance Costs	0	0	0	141,726	141,726
<i>Total Expenditures</i>	<u>16,009,522</u>	<u>7,572,002</u>	<u>14,080,390</u>	<u>5,967,852</u>	<u>43,629,766</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>291,564</u>	<u>(5,798,773)</u>	<u>(10,519,057)</u>	<u>(1,286,069)</u>	<u>(17,312,335)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	753,480	659,941	1,413,421
Refunding Bonds Issued	0	0	0	6,440,000	6,440,000
Notes Issued	0	4,475,000	7,666,858	0	12,141,858
Premium on Debt Issued	0	50,893	44,852	0	95,745
Accrued Interest Received on Debt Issuance	0	0	0	16,203	16,203
Transfers Out	(659,941)	0	0	0	(659,941)
Payment to Refunded Bond Escrow Agent	0	0	0	(6,281,301)	(6,281,301)
<i>Total Other Financing Sources (Uses)</i>	<u>(659,941)</u>	<u>4,525,893</u>	<u>8,465,190</u>	<u>834,843</u>	<u>13,165,985</u>
<i>Net Change in Fund Balances</i>	<u>(368,377)</u>	<u>(1,272,880)</u>	<u>(2,053,867)</u>	<u>(451,226)</u>	<u>(4,146,350)</u>
<i>Fund Balance Beginning of Year - Restated (See Note 4)</i>	<u>6,165,623</u>	<u>1,654,926</u>	<u>6,582,960</u>	<u>2,538,581</u>	<u>16,942,090</u>
<i>Fund Balance End of Year</i>	<u>\$5,797,246</u>	<u>\$382,046</u>	<u>\$4,529,093</u>	<u>\$2,087,355</u>	<u>\$12,795,740</u>

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004

Net Change in Fund Balances - Total Governmental Funds (\$4,146,350)

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

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

Capital Outlay	5,823,962	
Depreciation Expense	<u>(1,716,362)</u>	4,107,600

Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale in the statement of activities, a gain or loss is reported for each disposal.

Loss on Sale of Capital Assets		(244,954)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(3,279)	
Special Assessments	7,210	
Intergovernmental Revenue	39,071	
Loan Repayments from RLF Funds	<u>4,968</u>	47,970

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Payments	5,820,000	
Refunding General Obligation Bond Payments	340,000	
Construction Notes Payments	<u>13,794,662</u>	19,954,662

Change in long-term debt due to the issuance of new loans by the City.

Refunding General Obligation Bond	(6,440,000)	
Construction Notes	<u>(12,091,520)</u>	(18,531,520)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported

108,426

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(66,039)	
Pension Obligation	(16,602)	
Debt Issuance Costs	141,726	
Unamortized Charges-Refunding Bond	<u>461,301</u>	520,386

The internal service funds used by management to charge the costs of insurance to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.

(117,569)

Change in Net Assets of Governmental Activities

\$1,698,651

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$4,691,324	\$4,691,324	\$5,035,458	\$344,134
Income Taxes	8,047,728	8,047,728	7,095,459	(952,269)
Charges for Services	298,000	298,000	291,260	(6,740)
Licenses and Permits	682,000	682,000	817,934	135,934
Fines and Forfeitures	70,000	70,000	144,955	74,955
Intergovernmental	2,616,710	2,616,710	2,662,950	46,240
Interest	150,000	150,000	193,510	43,510
Rent	75,000	75,000	95,644	20,644
Contributions and Donations	100	100	5,697	5,597
Other	125,344	125,344	94,783	(30,561)
Total Revenues	16,756,206	16,756,206	16,437,650	(318,556)
Expenditures				
Current:				
General Government	6,978,920	6,978,920	4,948,242	2,030,678
Security of Persons and Property	8,149,521	8,149,521	7,926,105	223,416
Public Health	372,112	372,112	358,670	13,442
Leisure Time Services	1,720,774	1,720,774	1,608,858	111,916
Community and Economic Development	1,279,838	1,279,838	1,194,229	85,609
Transportation	805,100	805,100	780,716	24,384
Capital Outlay	98,206	98,206	90,868	7,338
Total Expenditures	19,404,471	19,404,471	16,907,688	2,496,783
(Deficiency) of Revenues (Under) Expenditures	(2,648,265)	(2,648,265)	(470,038)	2,178,227
Other Financing Sources (Uses)				
Transfers In	825	825	0	(825)
Advances In	50,000	50,000	50,000	0
Other Financing Sources	140,500	140,500	103,204	(37,296)
Transfers Out	(1,764,618)	(1,764,618)	(659,941)	1,104,677
Other Financing Uses	(9,289)	(9,289)	(4,005)	5,284
Total Other Financing Sources (Uses)	(1,582,582)	(1,582,582)	(510,742)	1,071,840
Net Change in Fund Balance	(4,230,847)	(4,230,847)	(980,780)	3,250,067
Fund Balance at Beginning of Year	4,563,206	4,563,206	4,563,206	0
Prior Year Encumbrances Appropriated	533,551	533,551	533,551	0
Fund Balance at End of Year	\$865,910	\$865,910	\$4,115,977	\$3,250,067

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Basis)
EMS/Fire Tax Levy
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Local Taxes	\$1,579,723	\$1,579,723	\$1,580,314	\$591
Intergovernmental	189,301	189,301	195,177	5,876
Interest	18,000	18,000	10,933	(7,067)
Total Revenues	<u>1,787,024</u>	<u>1,787,024</u>	<u>1,786,424</u>	<u>(600)</u>
Expenditures				
Current:				
Security of Persons and Property	2,016,640	2,211,140	1,842,798	368,342
Capital Outlay	1,455,695	1,655,695	1,409,077	246,618
Debt Service:				
Principal Retirement	4,475,000	4,478,000	4,475,507	2,493
Interest and Fiscal Charges	85,313	87,813	85,321	2,492
Total Expenditures	<u>8,032,648</u>	<u>8,432,648</u>	<u>7,812,703</u>	<u>619,945</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(6,245,624)</u>	<u>(6,645,624)</u>	<u>(6,026,279)</u>	<u>619,345</u>
Other Financing Sources				
Notes Issued	6,320,347	6,320,347	4,525,893	(1,794,454)
Other Financing Sources	0	0	18,102	18,102
Total Other Financing Sources	<u>6,320,347</u>	<u>6,320,347</u>	<u>4,543,995</u>	<u>(1,776,352)</u>
Net Change in Fund Balance	74,723	(325,277)	(1,482,284)	(1,157,007)
Fund Balance at Beginning of Fiscal Year	231,342	231,342	231,342	0
Prior Year Encumbrances Appropriated	1,547,443	1,547,443	1,547,443	0
Fund Balance at End of Fiscal Year	<u>\$1,853,508</u>	<u>\$1,453,508</u>	<u>\$296,501</u>	<u>(\$1,157,007)</u>

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	Water	Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Funds</u>
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$2,930,907	\$1,452,235
Accounts Receivable	441,474	2,824
Materials and Supplies Inventory	38,156	0
Total Current Assets	<u>3,410,537</u>	<u>1,455,059</u>
Noncurrent Assets:		
Non-Depreciable Capital Assets	262,011	0
Depreciable Capital Assets, Net	19,788,036	0
Total Noncurrent Assets	<u>20,050,047</u>	<u>0</u>
<i>Total Assets</i>	<u>23,460,584</u>	<u>1,455,059</u>
Liabilities		
Current Liabilities:		
Accounts Payable	549,674	2,700
Accrued Wages and Benefits	7,167	0
Intergovernmental Payable	33,884	0
Accrued Interest Payable	40,300	0
Claims Payable	0	387,932
Notes Payable	442,000	0
Compensated Absences Payable	7,302	0
OWDA Loans Payable	24,951	0
Total Current Liabilities	<u>1,105,278</u>	<u>390,632</u>
Noncurrent Liabilities:		
Advances from Other Funds	300,000	0
Notes Payable - Net of Current Portion	2,061,142	0
Compensated Absences Payable - Net of Current Portion	53,926	0
OWDA Loans Payable - Net of Current Portion	74,928	0
OPWC Loans Payable - Net of Current Portion	195,353	0
Total Noncurrent Liabilities	<u>2,685,349</u>	<u>0</u>
<i>Total Liabilities</i>	<u>3,790,627</u>	<u>390,632</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	17,251,673	0
Unrestricted	2,418,284	1,064,427
<i>Total Net Assets</i>	<u>19,669,957</u>	<u>\$1,064,427</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(10,045)</u>	
Net assets of business-type activities	<u>\$19,659,912</u>	

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Water	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for Services and Sales	\$3,995,108	\$2,026,383
Tap-In Fees	446,383	0
Other	100,622	0
<i>Total Operating Revenues</i>	<u>4,542,113</u>	<u>2,026,383</u>
Operating Expenses		
Personal Services	810,202	0
Contractual Services	1,634,439	316,373
Materials and Supplies	235,063	0
Claims	0	1,839,044
Depreciation	635,943	0
Other	259,171	0
<i>Total Operating Expenses</i>	<u>3,574,818</u>	<u>2,155,417</u>
<i>Operating Income (Loss)</i>	<u>967,295</u>	<u>(129,034)</u>
Non-Operating Revenues (Expenses)		
Interest	4,963	4,460
Premium on Debt Issued	20,470	0
Interest and Fiscal Charges	(56,756)	0
Loss on Sale of Capital Assets	(8,577)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(39,900)</u>	<u>4,460</u>
<i>Income (Loss) Before Contributions and Transfers</i>	927,395	(124,574)
Capital Contributions	958,467	0
Transfers Out	(753,480)	0
<i>Change in Net Assets</i>	1,132,382	(124,574)
<i>Net Assets at Beginning of Year</i>		<u>1,189,001</u>
<i>Net Assets at End of Year</i>		<u><u>\$1,064,427</u></u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(7,005)</u>	
Change in net assets of business-type activities	<u><u>\$1,125,377</u></u>	

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Enterprise Fund	Governmental Activity Internal Service Funds
	Water	
Cash Flows from Operating Activities		
Cash Received from Customers	\$3,857,300	\$2,029,933
Tap In Fees	446,383	0
Cash Payments for Goods and Services	(5,044,544)	(316,373)
Cash Payments to Employees for Services	(811,444)	0
Cash Payments for Claims	0	(1,694,363)
Other Operating Revenues	100,622	0
Other Operating Expenses	(259,171)	0
Net Cash Provided by Operating Activities	<u>(1,710,854)</u>	<u>19,197</u>
Cash Flows from Noncapital Financing Activities		
Advances From Other Funds	<u>(50,000)</u>	<u>0</u>
Net Cash (Used in) Noncapital Financing Activities	<u>(50,000)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Notes	1,995,353	0
Acquisition of Capital Assets	(502,633)	0
Premium of Sale of Notes	20,470	0
Principal Payments	(2,080,346)	0
Interest Payments	(48,258)	0
Net Cash (Used in) Capital and Related Financing Activities	<u>(615,414)</u>	<u>0</u>
Cash Flows from Investing Activities		
Interest on Investments	<u>4,963</u>	<u>4,460</u>
Net Cash Provided by Investing Activities	<u>4,963</u>	<u>4,460</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,371,305)	23,657
Cash and Cash Equivalents Beginning of Year	<u>5,302,212</u>	<u>1,428,578</u>
Cash and Cash Equivalents End of Year	<u><u>\$2,930,907</u></u>	<u><u>\$1,452,235</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$967,295	(\$129,034)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Depreciation	635,943	0
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(134,768)	3,550
Materials and Supplies Inventory	11,055	0
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(3,186,097)	0
Accrued Wages and Benefits	7,167	0
Compensated Absences Payable	13,393	0
Intergovernmental Payable	(21,802)	0
Claims Payable	0	144,681
Interfund Payable	(3,040)	0
Total Adjustments	<u>(2,678,149)</u>	<u>148,231</u>
Net Cash Provided by Operating Activities	<u><u>(\$1,710,854)</u></u>	<u><u>\$19,197</u></u>

Noncash-developer contributed \$958,467 of water lines to the City.

See accompanying notes to the basic financial statements

City of Stow, Ohio
Summit County
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$950	\$644,331
Intergovernmental Receivable	<u> 0</u>	<u> 150</u>
<i>Total Assets</i>	<u> 950</u>	<u> 644,481</u>
Liabilities		
Current Liabilities:		
Undistributed Monies	<u> 0</u>	<u> 644,481</u>
<i>Total Liabilities</i>	<u> 0</u>	<u> 644,481</u>
Net Assets		
Unrestricted	<u> 950</u>	<u> 0</u>
<i>Total Net Assets</i>	<u> \$950</u>	<u> \$0</u>

See accompanying notes to the basic financial statements.

City of Stow, Ohio
Summit County
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended December 31, 2004

	Private Purpose Trust
Additions	
Contributions	<u>\$0</u>
Deductions	
Miscellaneous	<u>1,152</u>
Total Deductions	<u>1,152</u>
Change in Net Assets	(1,152)
Net Assets at Beginning of Year	<u>2,102</u>
Net Assets at End of Year	<u><u>\$950</u></u>

See accompanying notes to the basic financial statements.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

For financial reporting purposes, the City's basic financial statements include all funds, agencies, boards, commissions and departments for which the City is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board's (GASB) Statement No. 14, "The Financial Reporting Entity", exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. Based on these criteria, management has determined the City has no component units.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Basis Of Presentation*

The City's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - 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 liabilities is reported as fund balance. The following are the City's major governmental funds:

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

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

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

Proprietary Funds

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

Enterprise Fund - This fund is used to account for the City's Water fund. It is financed and operated in a manner similar to private sector business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

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

C. *Measurement Focus*

Government-wide Financial Statements

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

Fund Financial Statements

All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

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.

Like the government-wide statements, all proprietary funds and trust funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The Statement of Changes in Fund Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Private Purpose Trust funds are reported using the economic resources management focus.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions

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

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

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

Deferred Revenue

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

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. *Budgetaries*

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget (or the Alternative Tax Budget as permitted by law), the Certificate of Estimated Resources, and the Annual Appropriation Ordinance, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Annual Appropriation Ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the Annual Appropriation Ordinance. On or about January 1, the Certificate of Estimated Resources is amended to include unencumbered fund balances at December 31 of the preceding year. The Certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official Certificate of Estimated Resources issued during 2004.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations For management, a temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. The Annual Appropriation Ordinance must be passed by April 1 of each year for the period January 1 to December 31. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriations at any level of control. Any revisions that alter the appropriations of the legal level of budgetary control within a fund must first be approved by City Council. Council may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

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

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of budgetary control. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds.

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

F. *Cash, Cash Equivalents and Investments*

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

During 2004, investments were limited to STAR Ohio, overnight repurchase agreements and U.S. Government securities.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2004.

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the year 2004 amounted to \$200,072, which includes \$144,132 assigned from other City funds.

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Assets/Balance Sheet, investments with original maturities of three months or less at the time they are purchased by the City and investments of the cash management pool are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

G. *Interfund Balances*

On fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

H. *Inventory*

Inventories of all funds are stated at cost which is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types and as expenses in the proprietary fund type when used.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, culverts, curbs, storm sewers, streets, irrigation systems, water and sewer lines and infrastructure acquired prior to December 31, 1980. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of enterprise capital assets is also capitalized.

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

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

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. In proprietary funds, the entire amount of compensated absences is reported as fund liability.

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

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

K. Accrued and Long-Term Obligations

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

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

L. Fund Balance Reserves

The City records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund balances are reserved for encumbrances and advances.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Assets

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

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

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the water and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

O. Contributions of Capital

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

P. Interfund Activity

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

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

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

R. *Estimates*

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

NOTE 3 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets”. The details of this \$1,074,472 difference are as follows:

Net assets of the internal service funds	\$1,064,427
Plus: Internal receivable representing cost in excess of charges to business-type activities - prior years	3,040
Plus: Internal receivable representing cost in excess of charges to business-type activities - current year	7,005
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$1,074,472</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statements of activities

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 3 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities”. The details of this \$(117,569) difference are as follows:

Change in net assets of the internal service funds	(\$124,574)
Less: Loss from charges to business-type activities	<u>7,005</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$117,569)</u></u>

C. Explanation of certain differences between the proprietary fund statement of net assets and the government-wide statement of net assets

The proprietary fund statement of net assets includes a reconciliation between *net assets – total enterprise funds* and *net assets of business-type activities* as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds”. The details of this \$10,045 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities	
- prior years	\$3,040
Internal receivable representing charges in excess of cost to business-type activities	
- current year	<u>7,005</u>
Net adjustment to increase net assets - total enterprise funds to arrive at net assets	
- business-type activities	<u><u>\$10,045</u></u>

NOTE 4 –RESTATEMENT OF FUND BALANCE/NET ASSETS

The City has reevaluated the activity of some of its funds and has reclassified funds to more accurately reflect these activities in accordance with GAAP fund classifications. The Park Improvement City Matching, Paint and Housing Repair, Skatepark and Sidewalk Repair Program funds were reclassified to Capital Projects funds in 2004. In addition, Intergovernmental Revenue was misstated as a result of various taxes that had not been accrued.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 4 –RESTATEMENT OF FUND BALANCE/NET ASSETS (continued)

Restatement of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures

The restatement of the excess (deficiency) on the budgetary basis is as follows:

	<u>General Capital Improvements</u>	<u>Park Improvements</u>
Budget Basis		
Excess (Deficiency) as Previously Reported	(\$8,212,398)	\$36,953
Fund Reclassifications	<u>190,571</u>	<u>(121,603)</u>
Excess (Deficiency) as Restated, December 31, 2003	<u><u>(\$8,021,827)</u></u>	<u><u>(\$84,650)</u></u>

The restatement of the net change in fund balances is as follows:

	<u>General Fund</u>	<u>EMS/Fire Tax Levy</u>	<u>General Capital Improvements</u>	<u>Nonmajor Government Funds</u>	<u>Total Governmental Activities</u>
GAAP Basis					
Net Change in Fund Balances as					
Previously Reported	(\$594,811)	(\$3,965,419)	(\$4,812,107)	\$178,267	(\$9,194,070)
Intergovernmental Taxes	408,120	0	0	195,977	604,097
Fund Reclassifications	<u>0</u>	<u>0</u>	<u>46,972</u>	<u>(46,972)</u>	<u>0</u>
Net Change in Fund					
Balances - Restated	<u><u>(\$186,691)</u></u>	<u><u>(\$3,965,419)</u></u>	<u><u>(\$4,765,135)</u></u>	<u><u>\$327,272</u></u>	<u><u>(\$8,589,973)</u></u>

Restatement of Change in Net Assets

The restatement of the change in net assets is as follows:

	<u>Governmental Activities</u>
Change in Net Assets as Previously Reported	\$2,072,808
Intergovernmental Taxes	<u>1,727,616</u>
Change in Net Assets as Restated, December 31, 2003	<u><u>\$3,800,424</u></u>

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 4 –RESTATEMENT OF FUND BALANCE/NET ASSETS (continued)

Restatement of Fund Balance

The restatement to the beginning fund balance on the budgetary basis is as follows:

	<u>General Capital Improvements</u>	<u>Park Improvements</u>
Fund Balance, December 31, 2003	\$3,735,535	\$184,874
Fund Reclassifications	<u>190,571</u>	<u>(121,603)</u>
Adjusted Fund Balance, December 31, 2003	<u><u>\$3,926,106</u></u>	<u><u>\$63,271</u></u>

The restatement to the beginning fund balances on the GAAP basis is as follows:

	<u>General Fund</u>	<u>EMS/Fire Tax Levy</u>	<u>General Capital Improvements</u>	<u>Nonmajor Government Funds</u>	<u>Total Governmental Activities</u>
Fund Balance, December 31, 2003	\$5,757,503	\$1,654,926	\$6,535,988	\$2,389,576	\$16,337,993
Intergovernmental Taxes	408,120	0	0	195,977	604,097
Fund Reclassifications	<u>0</u>	<u>0</u>	<u>46,972</u>	<u>(46,972)</u>	<u>0</u>
Adjusted Fund Balance, December 31, 2003	<u><u>\$6,165,623</u></u>	<u><u>\$1,654,926</u></u>	<u><u>\$6,582,960</u></u>	<u><u>\$2,538,581</u></u>	<u><u>\$16,942,090</u></u>

Restatement of Net Assets

The restatement had the following effect on net assets:

	<u>Governmental Activities</u>
Total Net Assets, December 31, 2003	\$37,292,847
Intergovernmental Taxes	<u>1,727,616</u>
Adjusted Net Assets, December 31, 2003	<u><u>\$39,020,463</u></u>

In the Enterprise Funds, the City has restated due to a missed subdivision in capitalizing retroactive infrastructure and depreciation as follows:

Restatement of Change in Net Assets

The restatement of the Change in Net Assets is as follows:

	<u>Water Fund</u>
Change in Net Assets as Previously Reported	\$466,838
Infrastructure, Net of Depreciation	<u>1,272,477</u>
Change in Net Assets as Restated, December 31, 2003	<u><u>\$1,739,315</u></u>

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 4 –RESTATEMENT OF FUND BALANCE/NET ASSETS (continued)

Restatement of Net Assets

The restatement had the following effect on Net Assets:

	<u>Water Fund</u>
Total Net Assets, December 31, 2003	\$17,265,098
Infrastructure, Net of Depreciation	<u>1,272,477</u>
Adjusted Net Assets, December 31, 2003	<u><u>\$18,537,575</u></u>

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) presented for the General Fund is presented on the budgetary basis to provide a relevant comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and EMS/Fire Tax Levy Fund:

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Changes in Fund Balance

	General Fund	EMS/Fire Tax Levy Fund
GAAP Basis	(\$368,377)	(\$1,272,880)
Net Adjustment for Revenue Accruals	289,768	31,297
Net Adjustment for Expenditure Accruals	(1,318,370)	(529,624)
Encumbrances	416,199	288,923
Budget Basis	<u>(\$980,780)</u>	<u>(\$1,482,284)</u>

NOTE 6 – ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

The following funds had a deficit in net assets at December 31, 2004:

Fund	Deficit
Non-Major Special Revenue Funds	
Police Pension and Disability	(\$106,630)
Fire Pension and Disability	(175,317)
ODNR Recycling Grant	(3,530)

Those funds complied with Ohio State law, which does not permit cash basis deficits. The General Fund transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. These deficits should be eliminated by future property tax revenues not recognized under GAAP at December 31.

NOTE 7 - DEPOSITS AND INVESTMENTS

Deposits and investments are restricted by provisions of the Ohio Revised Code. State statutes classify monies held by the City into three categories:

- Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 7 - DEPOSITS AND INVESTMENTS (continued)

3. 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.

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

Interim monies are permitted to be deposited or invested in the following securities:

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

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

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is not default of principal, interest or coupons; and

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 7 - DEPOSITS AND INVESTMENTS (continued)

3. Obligations of the City.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3 “Deposits With Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements”.

Deposits - At year end, the carrying amount of the City’s deposits was \$(103,624) and the bank balance was \$271,131. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$171,131 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments - The City’s investments are required to be categorized to give an indication of the level of custodial credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the City’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City’s name. STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form.

At year end, the City’s investment balances were as follows:

	Category 3	Fair Value
Overnight Repurchase Agreements	\$620,000	\$620,000
U.S. Government Securities	<u>5,979,388</u>	<u>5,979,388</u>
Total	<u>\$6,599,388</u>	6,599,388
STAR Ohio		<u>9,647,326</u>
Total Investments		<u>\$16,246,714</u>

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 7 - DEPOSITS AND INVESTMENTS (continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$16,143,090	\$0
Investments of Cash Management Pool:		
Overnight Repurchase Agreements	(620,000)	620,000
First Merit Securities	(5,979,388)	5,979,388
STAR Ohio	(9,647,326)	9,647,326
GASB Statement No. 3	<u>(\$103,624)</u>	<u>\$16,246,714</u>

NOTE 8 - RECEIVABLES

Receivables at December 31, 2004, consisted of taxes, accounts (billings for user charged services, rents and royalties), special assessments, loans receivable and intergovernmental receivables arising from grants, entitlements and shared revenues. Accounts, taxes, special assessments and intergovernmental receivables are deemed collectible in full. At December 31, 2004, the City had delinquent Special Assessments Receivable of \$12,612.

No allowance for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

NOTE 9 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 9 – PROPERTY TAXES (continued)

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2004, was \$9.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

	<u>Total Assessed Value</u>	<u>%</u>
Real Property Valuation:		
Residential/Agriculture	\$552,498,770	71.98%
Commercial/Industrial/Mineral	153,193,050	19.96%
Public Utilities	18,260	0.00%
Tangible Personal Property Valuation:		
General	51,014,864	6.65%
Public Utilities	<u>10,855,300</u>	<u>1.41%</u>
Total Valuation	<u><u>\$767,580,244</u></u>	<u><u>100.00%</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

NOTE 10 – INCOME TAX

The City levies and collects an income tax of two percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent for the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly.

Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and to file a final return annually.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 10 – INCOME TAX (continued)

Income tax revenues are distributed among the General Fund (60 percent) and the General Capital Improvement Fund and further distribution to other funds, including the Street Construction Fund to be used for existing and future Capital Projects and/or expansion or for Debt Service for existing and future Capital Improvements (40 percent). In accordance with the City's Charter, all income tax revenues are first recorded in the General Fund. Subsequently, 40 percent of those revenues, net of collection expenses, are distributed to the Capital Improvement Fund and other funds mentioned above. Accordingly, the Capital Projects portion of income tax revenues, approximated \$2,690,057, the Street Construction Fund portion was \$925,000, the Special Assessments Improvement was \$118,000 and the General Bond Retirement Fund was \$552,076 for 2004. Additionally, all income tax receivable amounts are reported within the General Fund. The portion of the receivable to be later distributed to the Capital Projects Funds approximates \$650,099.

NOTE 11 - RISK MANAGEMENT

A. Liability Insurance

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

B. Fidelity Bond

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

C. Workers' Compensation

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

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 11 - RISK MANAGEMENT (continued)

D. Employee Health Insurance

The City has elected to provide employee medical, prescription and dental benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$500.00 family and \$250.00 single deductible and a dental plan with a \$75.00 family and \$25.00 single deductible. A third party administrator, Klais & Company, Inc., reviews all medical and dental claims which are then paid by the City. The City has purchased stop-loss coverage of \$75,000 per employee and for claims in excess of \$1,971,900 in the aggregate from Fidelity Security Life Insurance Company. The City pays into the self-insurance internal service fund \$577.57 per month for each employee with family medical coverage and \$175.10 per month for each employee with individual medical coverage. Premiums for dental coverage are \$64.19 monthly for each employee with family coverage and \$30.42 monthly for each employee with individual coverage. All premiums are paid by the fund that pays the salary for the employee.

The claims liability of \$387,932 reported in the self-insurance internal service fund at December 31, 2004 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Services", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the City's third party administrator. A summary of the fund's claims liability during the past two years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2003	\$191,505	\$1,568,305	(\$1,516,559)	\$243,251
2004	\$243,251	\$1,838,744	(\$1,694,063)	\$387,932

NOTE 12 - CAPITAL ASSETS

The capital asset balances of the governmental activities are as follows.

	<u>Beginning Balance 01/01/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2004</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$9,937,445	\$196,481	(\$57,921)	\$10,076,005
Construction in Progress	<u>12,102,100</u>	<u>3,202,764</u>	<u>(11,778,820)</u>	<u>3,526,044</u>
Total Capital Assets, Not Being Depreciated	<u>22,039,545</u>	<u>3,399,245</u>	<u>(11,836,741)</u>	<u>13,602,049</u>

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 12 - CAPITAL ASSETS (continued)

	Beginning Balance 01/01/2004	Additions	Deletions	Balance 12/31/2004
Capital Assets, Being Depreciated:				
Buildings	8,981,308	11,789,320	(22,271)	20,748,357
Vehicles	6,561,715	631,853	(111,662)	7,081,906
Equipment, Furniture and Fixtures	3,276,759	558,801	(100,875)	3,734,685
Infrastructure	<u>15,567,637</u>	<u>1,311,417</u>	<u>(596,979)</u>	<u>16,282,075</u>
Total Capital Assets, Being Depreciated	<u>34,387,419</u>	<u>14,291,391</u>	<u>(831,787)</u>	<u>47,847,023</u>
Less Accumulated Depreciation:				
Buildings	(3,708,109)	(594,010)	0	(4,302,119)
Vehicles	(3,464,941)	(397,502)	153,082	(3,709,361)
Equipment, Furniture and Fixtures	(2,635,159)	(193,183)	119,239	(2,709,103)
Infrastructure	<u>(6,382,935)</u>	<u>(531,667)</u>	<u>284,579</u>	<u>(6,630,023)</u>
Total Accumulated Depreciation	<u>(16,191,144)</u>	<u>(1,716,362)</u>	<u>556,900</u>	<u>(17,350,606)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,196,275</u>	<u>12,575,029</u>	<u>(274,887)</u>	<u>30,496,417</u>
Governmental Activities Capital Assets, Net	<u>\$40,235,820</u>	<u>\$15,974,274</u>	<u>(\$12,111,628)</u>	<u>\$44,098,466</u>

The capital asset balances of the business-type activities have been restated due to a missed subdivision in capitalizing retroactive infrastructure and depreciation.

	Balance 01/01/2004	Restatements 01/01/2004	Restated Beginning Balance 01/01/2004
Business-Type Activities			
Capital Assets, Not Being Depreciated:			
Land and Improvements	<u>\$262,011</u>	<u>\$0</u>	<u>\$262,011</u>
Total Capital Assets, Not Being Depreciated	<u>262,011</u>	<u>0</u>	<u>262,011</u>
Capital Assets, Being Depreciated:			
Buildings	3,136,398	0	3,136,398
Vehicles	194,359	0	194,359
Equipment, Furniture and Fixtures	197,018	0	197,018
Infrastructure	<u>16,501,116</u>	<u>2,105,283</u>	<u>18,606,399</u>
Total Capital Assets, Being Depreciated	<u>20,028,891</u>	<u>2,105,283</u>	<u>22,134,174</u>

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 12 - CAPITAL ASSETS (continued)

	Balance 01/01/2004	Restatements 01/01/2004	Restated Beginning Balance 01/01/2004
Less Accumulated Depreciation:			
Buildings	(170,685)	0	(170,685)
Vehicles	(65,938)	0	(65,938)
Equipment, Furniture and Fixtures	(87,595)	0	(87,595)
Infrastructure	(2,005,694)	(832,806)	(2,838,500)
Total Accumulated Depreciation	<u>(2,329,912)</u>	<u>(832,806)</u>	<u>(3,162,718)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,698,979</u>	<u>1,272,477</u>	<u>18,971,456</u>
Business-Type Activities Capital Assets, Net	<u>\$17,960,990</u>	<u>\$1,272,477</u>	<u>\$19,233,467</u>

	Restated Beginning Balance 01/01/2004	Additions	Deletions	Balance 12/31/2004
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$262,011	\$0	\$0	\$262,011
Total Capital Assets, Not Being Depreciated	<u>262,011</u>	<u>0</u>	<u>0</u>	<u>262,011</u>
Capital Assets, Being Depreciated:				
Buildings	3,136,398	5,834	0	3,142,232
Vehicles	194,359	73,732	(68,583)	199,508
Equipment, Furniture and Fixtures	197,018	68,583	0	265,601
Infrastructure	18,606,399	1,381,534	(8,577)	19,979,356
Total Capital Assets, Being Depreciated	<u>22,134,174</u>	<u>1,529,683</u>	<u>(77,160)</u>	<u>23,586,697</u>
Less Accumulated Depreciation:				
Buildings	(170,685)	(82,519)	0	(253,204)
Vehicles	(65,938)	(57,862)	0	(123,800)
Equipment, Furniture and Fixtures	(87,595)	(67,808)	0	(155,403)
Infrastructure	(2,838,500)	(428,114)	360	(3,266,254)
Total Accumulated Depreciation	<u>(3,162,718)</u>	<u>(636,303)</u>	<u>360</u>	<u>(3,798,661)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,971,456</u>	<u>893,380</u>	<u>(76,800)</u>	<u>19,788,036</u>
Business-Type Activities Capital Assets, Net	<u>\$19,233,467</u>	<u>\$893,380</u>	<u>(\$76,800)</u>	<u>\$20,050,047</u>

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 12 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

General Government	\$172,814
Security of Persons and Property	765,478
Public Health and Welfare	30,807
Transportation	558,547
Community Environment	52,474
Leisure Time Activities	128,814
Unallocated	7,428
Total	<u>\$1,716,362</u>

NOTE 13 – LONG-TERM OBLIGATIONS

	Coupon/ Interest Rate	Original Issue Amount	Date of Maturity
Business-Type Activity:			
OWDA Water Construction Loan	8.09%	\$120,663	01/01/2009
OWDA Water Maintenance Loan	7.86%	10,127	07/01/2007
OPWC Lillian Road Waterline Improvement	0.00%	195,353	07/01/2024
Water System Anticipation	2.50%	1,800,000	05/13/2005
2004 Service and Parks Maintenance Center Construction Note	2.50%	703,142	05/13/2005
Governmental Activities:			
Safety Center Construction General Obligation Bonds	2.00%-4.05%	6,440,000	12/01/2018
2004 Fire Station Construction/Equipment Note	2.50%	4,475,000	05/13/2005
2004 Service and Parks Maintenance Center Construction Note	2.50%	7,666,858	05/13/2005

The City entered into a loan agreement with the Ohio Public Works Commission (OPWC) for the purpose of improving the Lillian Road Waterline. The construction began in December, 2004, therefore, only \$195,353 of the \$331,271 note had been drawn as of December 31, 2004.

Approximately 8.44 percent of the total original issue amount of \$8,370,000 2004 Service and Parks Maintenance Center Construction Note is being used to finance the Water Department Maintenance and Operational areas of the New Service Building. Therefore \$703,142 (approximately 8.44 percent) of the above mentioned Note, will be allocated to the Water Fund. The remaining \$7,666,858 will be paid from the Capital Improvement Fund.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

Changes in the long-term obligations of the City during 2004 were as follows:

	Balance 01/01/2004	Additions	Deletions	Balance 12/31/2004	Amount Due In One Year
Business-Type Activity:					
OWDA Loan	\$111,860	\$0	(\$19,033)	\$92,827	\$22,278
OWDA Loan	9,529	0	(2,477)	7,052	2,673
Water System Anticipation Note 1.75%, Due 5/13/2004	2,000,000	0	(2,000,000)	0	0
Water System Anticipation Note 2004 Construction Note	0	1,800,000	0	1,800,000	400,000
OPWC Loan	0	703,142	0	703,142	42,000
	0	195,353	0	195,353	0
	2,121,389	2,698,495	(2,021,510)	2,798,374	466,951
Compensated Absences	42,127	14,551	(2,756)	53,922	6,428
Intergovernmental Payable	5,708	1,598	0	7,306	874
Business-Type Activity - Long-Term Liabilities	\$2,169,224	\$2,714,644	(\$2,024,266)	\$2,859,602	\$474,253
Governmental Activity:					
Bonds Payable:					
Safety Center Construction General Obligation Bonds, 5.5%-7.75% Due Through 2020					
	\$5,820,000	\$0	(\$5,820,000)	\$0	\$0
Safety Center Construction General Obligation Bonds					
	0	6,440,000	(340,000)	6,100,000	370,000
Less Deferred Amounts:					
Unamortized Charges	0	(461,301)	0	(461,301)	0
	5,820,000	5,978,699	(6,160,000)	5,638,699	370,000
2003 Construction Note 1.75%, Due 5/13/2004					
	4,875,000	0	(4,875,000)	0	0
2004 Construction Note					
	0	4,475,000	0	4,475,000	400,000
2003 Construction Note 1.75%, Due 5/13/2004					
	8,970,000	0	(8,970,000)	0	0
2004 Construction Note					
	0	7,666,858	0	7,666,858	458,000
	13,845,000	12,141,858	(13,845,000)	12,141,858	858,000
Compensated Absences	894,159	387,405	(321,366)	960,198	153,547
Intergovernmental Payable	127,244	16,602	0	143,846	19,654
Governmental Activity - Long-Term Liabilities	\$20,686,403	\$18,524,564	(\$20,326,366)	\$18,884,601	\$1,401,201
Total Long-Term Obligations	\$22,855,627	\$21,239,208	(\$22,350,632)	\$21,744,203	\$1,875,454

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

General Obligation Bonds

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

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

As of December 31, 2004, the City's overall legal debt margin (the ability to issue additional amounts of general obligation debt) was \$59,850,926 and the unvoted legal debt margin was \$21,471,913.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2004, including interest payments of \$1,777,438, are as follows:

Year Ending December 31,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Safety Center Construction		OWDA Loans	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$370,000	\$198,958	\$24,951	\$8,063
2006	375,000	191,557	25,119	6,189
2007	385,000	184,058	25,532	4,162
2008	385,000	175,972	12,990	1,054
2009	395,000	166,155	11,287	1,047
2010 - 2014	2,155,000	634,653	0	0
2015 - 2018	<u>2,035,000</u>	<u>205,570</u>	<u>0</u>	<u>0</u>
Total	<u>\$6,100,000</u>	<u>\$1,756,923</u>	<u>\$99,879</u>	<u>\$20,515</u>

An accurate amortization repayment schedule for the OPWC Loan will not be available until the construction is complete. Therefore the OPWC Loan is not included in the schedule for future annual debt service requirements.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. *Public Employees Retirement System*

All employees of the City, with the exclusion of City police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), which administers three separate pension plans as described below:

1. The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to: Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan.

Plan members are required to contribute 8.50 percent of their annual covered salary to fund pension benefit obligations. The City is required to contribute 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's contributions to the OPERS for the years ending December 31, 2004, 2003 and 2002 were \$936,041, \$897,638 and \$953,070, respectively, equal to the required contributions for each year. The full amount has been contributed for 2003 and 2002. 74.70 percent has been contributed for 2004.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.50 percent for police officers and 24.00 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for police and firefighters were \$273,234 and \$387,267 for the year ended December 31, 2004, \$258,853 and \$386,715 for the year ended December 31, 2003 and \$223,183 and \$348,941 for the year ended December 31, 2002, equal to the required contributions for each year. The full amount has been contributed for 2003 and 2002. 76.47 percent and 69.34 percent, respectively, have been contributed for 2004 with the remainder being reported as a liability.

C. Social Security System

All volunteer firefighters and Council members, not otherwise covered by another retirement system, are covered by Social Security. The City's liability is 6.2 percent of wages paid.

NOTE 15 - POST-EMPLOYMENT BENEFITS

A. Public Employees Retirement System

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)

OPERS provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Post-Employment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2004 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent was the portion that was used to fund health care for the year 2004. The City's actual contributions for 2004 which were used to fund post-employment benefits were \$345,402.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

The assumptions and calculations below were based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll over and above the 4.0 percent base increase of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to "increase at the projected wage inflation rate plus an additional factor ranging from 1.0 percent to 6.0 percent for the next eight years. In subsequent years (nine and beyond) health care costs were assumed to increase at 4.0 percent (the projected wage inflation rate).

An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

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

OPEB's are advance-funded on an actuarially determined basis.

At year end 2004, the number of active contributing participants was 369,885. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of the OP&F Ohio shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll. The City's actual contributions for 2004 which were used to fund post-employment benefits were \$180,218 for police and \$184,697 for firefighters.

The Ohio Revised Code provides the statutory authority allowing the OP&F Ohio's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75 percent of covered payroll in 2003 and 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. The OP&F's total health care expenses for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 16 - COMPENSATED ABSENCES

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

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

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

As of December 31, 2004, the liability for compensated absences was \$1,014,120 for the entire City.

NOTE 17 - CONTINGENCIES

A. Litigation

Several claims or lawsuits are pending against the City. It is management's opinion that the ultimate liability will be covered by insurance, and/or will not have a material effect on the basic financial statements.

B. Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, City management believes such disallowances, if any, will be immaterial.

**CITY OF STOW, OHIO
SUMMIT COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 18 – INTERFUND TRANSACTIONS

The composition of interfund balances as of December 31, 2004, is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Water	\$300,000
General Capital Improvements	ODNR Litter Prevention Grant	6,364
General Capital Improvements	ODNR Recycling	3,530
General Capital Improvements	Special Assessment Improvement	30,000
Total		<u>\$339,894</u>

Interfund transfers for the year ending December 31, 2004 consisted of the following:

	Nonmajor Governmental
Transfers Out:	
General Fund	\$659,941
Water Fund	753,480
Total Transfers	<u>\$1,413,421</u>

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

NOTE 19 – CONTRACTUAL COMMITMENTS

During 2004, the City entered into various contracts for building construction and renovations totaling \$678,876. The amount paid in 2004 on all contracts was \$1,470,493, leaving an outstanding contractual commitment of \$373,998 at December 31, 2004.

NOTE 20 – SUBSEQUENT EVENTS

The following 2004 debts were due and refinanced in 2005:

- \$1,800,000 2004 Water System Anticipation Note by issuing a note for \$1,400,000 on May 11, 2005.
- \$8,370,000 2004 Construction Note by issuing a note for \$7,870,000 on May 11, 2005.
- \$4,475,000 2004 Construction and Equipment Note by issuing a note for \$4,075,000 on May 11, 2005.

GENERAL FUND

The General Fund accounts for financial resources and expenses associated with general government operations of the City that are not required to be accounted for in another fund.

Since there is only one General Fund and the level of budgetary control is not greater than that presented in the Basic Financial Statements. No additional financial statements have been presented herein.

NONMAJOR GOVERNMENTAL FUNDS

The Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes. Descriptions of the City's Special Revenue Funds are as follows:

Street Construction – Accounts for the portion of State gasoline tax and motor vehicle registration fees designated for maintenance and repair of streets within the City.

State Highway Improvement – Accounts for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of State highways within the City.

Police Pension and Disability – Accounts for property taxes levied for the payment of current employer contributions for police disability and pension benefits.

Fire Pension and Disability – Accounts for property taxes levied for the payment of current employer contributions for fire disability and pension benefits.

Motor Vehicle License Tax – Accounts for the additional motor vehicle registration fees designated for maintenance and repair of streets within the City.

Storm Water Utility Management – Accounts for storm water fees received.

ODNR Litter Prevention Grant – Accounts for grants received from the Ohio Department of Natural Resources and Summit County for the City's litter prevention program.

EMS Transport Fees – Accounts for EMS transport fees collected and to disburse collections in accordance with City policy.

Police Enforcement and Education – Accounts for proceeds of fines imposed by the Municipal Court for alcohol-related offenses involving the operation of a motor vehicle. Fines collected are used for law enforcement and educating the public of the dangers of operating a motor vehicle while under the influence of alcohol.

Special Assessment Improvements – Accounts for the collected taxes levied by special assessment where specified improvements were levied to specific taxpayers and expenditures to pay the related applicable debt payments and the costs associated with collection and payment.

Tree Trust – Accounts for donations or restitutions for damages for planting and relocation of trees and other greenery within the City.

NONMAJOR GOVERNMENTAL FUNDS

(CONTINUED)

Communications Tower Fund – Accounts for monies received from carriers using the GTE MobilNet Communication Tower. Monies are used for park improvements.

Cemetery Trust – Accounts for sale of graves, opening and closing of same, sale of monuments, tombs or vaults, burying ashes and disinterment.

Park Improvements – Accounts for contributions from residents, civic groups, industries or other gratuitous donors for improvements of City parks.

Federal Law Enforcement Forfeited Fees – Accounts for fees forfeited to the City through Federal law enforcement

Other Special Revenue Funds

Commission of the Arts	Community Relations
Safety Town Fund	SS Ballfield Complex
DARE Program	Park and Recreation Scholarship Fund
ODNR Recycling Grant	Police Explorer Fund
Youth Division Donations	Building Education/Seminar Fund
Fire Department Emergency Equipment	Community Development
Parks Youth Fund	FEMA Fund
Police Department Emergency Equipment	Disaster Relief
Youth Division Teen Center	Business Assistance Fund
Parks Lodge Improvement	

Debt Service

General Bond Retirement – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

City of Stow, Ohio
Summit County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Street Construction	State Highway Improvement	Police Pension and Disability	Fire Pension and Disability
ASSETS				
Equity in Pooled Cash and				
Cash Equivalents	\$558,953	\$28,510	\$0	\$0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	531,121	43,065	12,609	12,609
Taxes Receivable	0	0	214,568	214,568
Special Assessments Receivable	0	0	0	0
Materials and Supplies Inventory	176,625	0	0	0
Total Assets	\$1,266,699	\$71,575	\$227,177	\$227,177
LIABILITIES				
Accounts Payable	\$148,143	\$4,022	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	17,390	502	106,693	175,380
Deferred Revenue	331,702	26,895	227,114	227,114
Unearned Revenue	0	0	0	0
Advances from Other Funds	0	0	0	0
Total Liabilities	497,235	31,419	333,807	402,494
FUND BALANCES				
Reserved for:				
Encumbrances	113,294	5,187	0	0
Unreserved	656,170	34,969	(106,630)	(175,317)
Total Fund Balances (Deficits)	769,464	40,156	(106,630)	(175,317)
Total Liabilities and Fund Balances	\$1,266,699	\$71,575	\$227,177	\$227,177

Nonmajor Special Revenue

Motor Vehicle License Tax	Storm Water Utility Management	ODNR Litter Prevention Grant	EMS Transport Fees	Police Enforcement and Education	Special Assessment Improvement	Tree Trust
\$94,576	\$50,742	\$5,665	\$320,159	\$10,330	\$136,825	\$221,355
0	89,024	0	0	0	0	0
0	0	5,000	0	345	0	0
0	0	0	0	0	0	0
0	0	0	0	0	12,612	0
0	0	4079	0	0	0	0
<u>\$94,576</u>	<u>\$139,766</u>	<u>\$14,744</u>	<u>\$320,159</u>	<u>\$10,675</u>	<u>\$149,437</u>	<u>\$221,355</u>
\$0	\$0	\$119	\$25,449	\$0	\$12,630	\$14,212
0	0	493	0	0	0	0
0	0	1,857	0	0	0	0
0	0	0	0	0	12,612	0
0	0	0	0	0	0	0
0	0	6,364	0	0	30,000	0
<u>0</u>	<u>0</u>	<u>8,833</u>	<u>25,449</u>	<u>0</u>	<u>55,242</u>	<u>14,212</u>
0	484	94	26,269	0	122,297	118
94,576	139,282	5,817	268,441	10,675	(28,102)	207,025
<u>94,576</u>	<u>139,766</u>	<u>5,911</u>	<u>294,710</u>	<u>10,675</u>	<u>94,195</u>	<u>207,143</u>
<u>\$94,576</u>	<u>\$139,766</u>	<u>\$14,744</u>	<u>\$320,159</u>	<u>\$10,675</u>	<u>\$149,437</u>	<u>\$221,355</u>

(continued)

City of Stow, Ohio
Summit County
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2004

	Communications Tower Fund	Cemetery Trust	Park Improvements	Federal Law Enforcement Forfeited Fees
ASSETS				
Equity in Pooled Cash and				
Cash Equivalents	\$272,415	\$171,059	\$55,501	\$62,536
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Total Assets	\$272,415	\$171,059	\$55,501	\$62,536
LIABILITIES				
Accounts Payable	\$3,200	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Unearned Revenue	0	0	0	0
Advances from Other Funds	0	0	0	0
Total Liabilities	3,200	0	0	0
FUND BALANCES				
Reserved for:				
Encumbrances	10,969	0	0	0
Unreserved	258,246	171,059	55,501	62,536
Total Fund Balances (Deficits)	269,215	171,059	55,501	62,536
Total Liabilities and Fund Balances	\$272,415	\$171,059	\$55,501	\$62,536

Nonmajor Special Revenue

Commission of the Arts	Safety Town Fund	DARE	ODNR Recycling Grant	Youth Division Donations	Fire Department Emergency Equipment	Parks Youth Fund
\$2,761	\$2,859	\$18,827	\$0	\$6,484	\$15,148	\$862
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$2,761</u>	<u>\$2,859</u>	<u>\$18,827</u>	<u>\$0</u>	<u>\$6,484</u>	<u>\$15,148</u>	<u>\$862</u>
\$0	\$0	\$1,078	\$0	\$0	\$1,474	\$0
0	0	0	0	0	0	0
61	0	235	0	10	0	0
0	0	0	0	0	0	0
0	0	16,970	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,530</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>61</u>	<u>0</u>	<u>18,283</u>	<u>3,530</u>	<u>10</u>	<u>1,474</u>	<u>0</u>
0	90	150	0	0	1,132	0
2,700	2,769	394	(3,530)	6,474	12,542	862
<u>2,700</u>	<u>2,859</u>	<u>544</u>	<u>(3,530)</u>	<u>6,474</u>	<u>13,674</u>	<u>862</u>
<u>\$2,761</u>	<u>\$2,859</u>	<u>\$18,827</u>	<u>\$0</u>	<u>\$6,484</u>	<u>\$15,148</u>	<u>\$862</u>

(continued)

City of Stow, Ohio
Summit County
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2004

	Police Department Emergency Equipment	Youth Division Teen Center	Parks Lodge Improvement	Community Relations
ASSETS				
Equity in Pooled Cash and				
Cash Equivalents	\$2,584	\$2,525	\$46,351	\$1,651
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Total Assets	<u>\$2,584</u>	<u>\$2,525</u>	<u>\$46,351</u>	<u>\$1,651</u>
LIABILITIES				
Accounts Payable	\$0	\$530	\$0	\$533
Accrued Wages and Benefits	0	189	0	0
Intergovernmental Payable	0	26	0	0
Deferred Revenue	0	0	0	0
Unearned Revenue	0	0	0	0
Advances from Other Funds	0	0	0	0
Total Liabilities	<u>0</u>	<u>745</u>	<u>0</u>	<u>533</u>
FUND BALANCES				
Reserved for:				
Encumbrances	0	901	50	497
Unreserved	2,584	879	46,301	621
Total Fund Balances (Deficits)	<u>2,584</u>	<u>1,780</u>	<u>46,351</u>	<u>1,118</u>
Total Liabilities and Fund Balances	<u>\$2,584</u>	<u>\$2,525</u>	<u>\$46,351</u>	<u>\$1,651</u>

Nonmajor Special Revenue

SS Ballfield Complex	Park and Recreation Scholarship Fund	Police Explorer Fund	Building Education/ Seminar Fund	Community Development	FEMA Fund	Disaster Relief
\$21,070	\$1,189	\$377	\$0	\$2,966	\$46,068	\$0
0	0	0	0	0	0	0
0	0	0	0	10,000	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$21,070</u>	<u>\$1,189</u>	<u>\$377</u>	<u>\$0</u>	<u>\$12,966</u>	<u>\$46,068</u>	<u>\$0</u>
\$0	\$0	\$0	\$0	\$2,966	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	2,966	0	0
0	0	0	0	0	0	0
21,070	1,189	377	0	10,000	46,068	0
<u>21,070</u>	<u>1,189</u>	<u>377</u>	<u>0</u>	<u>10,000</u>	<u>46,068</u>	<u>0</u>
<u>\$21,070</u>	<u>\$1,189</u>	<u>\$377</u>	<u>\$0</u>	<u>\$12,966</u>	<u>\$46,068</u>	<u>\$0</u>

(continued)

City of Stow, Ohio
Summit County
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2004

			Debt Service	
	Business Assistance Fund	Total Special Revenue	General Bond Retirement	Total Nonmajor Governmental Funds
ASSETS				
Equity in Pooled Cash and				
Cash Equivalents	\$275	\$2,160,623	\$0	\$2,160,623
Accounts Receivable	0	89,024	0	89,024
Intergovernmental Receivable	0	614,749	0	614,749
Taxes Receivable	0	429,136	0	429,136
Special Assessments Receivable	0	12,612	0	12,612
Materials and Supplies Inventory	0	180,704	0	180,704
Total Assets	\$275	\$3,486,848	\$0	\$3,486,848
LIABILITIES				
Accounts Payable	\$0	\$214,356	\$0	\$214,356
Accrued Wages and Benefits	0	682	0	682
Intergovernmental Payable	0	302,154	0	302,154
Deferred Revenue	0	825,437	0	825,437
Unearned Revenue	0	16,970	0	16,970
Advances from Other Funds	0	39,894	0	39,894
Total Liabilities	0	1,399,493	0	1,399,493
FUND BALANCES				
Reserved for:				
Encumbrances	0	281,532	0	281,532
Unreserved	275	1,805,823	0	1,805,823
Total Fund Balances (Deficits)	275	2,087,355	0	2,087,355
Total Liabilities and Fund Balances	\$275	\$3,486,848	\$0	\$3,486,848

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City of Stow, Ohio
Summit County
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Street Construction	State Highway Improvement	Police Pension and Disability	Fire Pension and Disability
REVENUES				
Property and Other Local Taxes	\$0	\$0	\$203,528	\$203,529
Income Taxes	925,000	0	0	0
Special Assessments	0	0	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	1,184,684	84,267	24,787	24,787
Interest	3,116	468	0	0
Other	21,941	0	0	0
Total Revenues	2,134,741	84,735	228,315	228,316
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	456,484	574,996
Public Health	0	0	0	0
Leisure Time Services	0	0	0	0
Community and Economic Development	0	0	0	0
Transportation	2,062,231	74,304	0	0
Capital Outlay	157,506	0	0	0
Debt Service:				
Principal Retirements	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Issuance Costs	0	0	0	0
Total Expenditures	2,219,737	74,304	456,484	574,996
Excess of Revenues Over (Under) Expenditures	(84,996)	10,431	(228,169)	(346,680)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	221,407	350,707
Refunding Bonds Issued	0	0	0	0
Accrued Interest Received on Debt Issuance	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Total Other Financing Sources (Uses)	0	0	221,407	350,707
Net Change in Fund Balance	(84,996)	10,431	(6,762)	4,027
Fund Balance (Deficit) at Beginning of Year (Restated)	854,460	29,725	(99,868)	(179,344)
Fund Balance (Deficit) at End of Year	\$769,464	\$40,156	(\$106,630)	(\$175,317)

Nonmajor Special Revenue

Motor Vehicle License Tax	Storm Water Utility Management	ODNR Litter Prevention Grant	EMS Transport Fees	Police Enforcement and Education	Special Assessment Improvement	Tree Trust
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	118,000	0
0	0	0	0	0	57,600	0
0	139,766	0	609,485	0	0	0
0	0	0	0	6,150	0	0
75,565	0	9,500	10,617	0	0	0
1,630	0	0	0	0	0	0
0	0	200	0	0	0	66,291
<u>77,195</u>	<u>139,766</u>	<u>9,700</u>	<u>620,102</u>	<u>6,150</u>	<u>175,600</u>	<u>66,291</u>
40,000	0	0	0	0	0	0
0	0	0	103,413	700	51,181	0
0	0	55,053	0	0	0	0
0	0	0	0	0	0	78,576
0	0	0	0	0	0	0
0	0	0	0	0	0	0
78,118	0	0	577,280	0	0	0
0	0	0	400,000	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>118,118</u>	<u>0</u>	<u>55,053</u>	<u>1,080,693</u>	<u>700</u>	<u>51,181</u>	<u>78,576</u>
<u>(40,923)</u>	<u>139,766</u>	<u>(45,353)</u>	<u>(460,591)</u>	<u>5,450</u>	<u>124,419</u>	<u>(12,285)</u>
0	0	46,000	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	46,000	0	0	0	0
<u>(40,923)</u>	<u>139,766</u>	<u>647</u>	<u>(460,591)</u>	<u>5,450</u>	<u>124,419</u>	<u>(12,285)</u>
<u>135,499</u>	<u>0</u>	<u>5,264</u>	<u>755,301</u>	<u>5,225</u>	<u>(30,224)</u>	<u>219,428</u>
<u>\$94,576</u>	<u>\$139,766</u>	<u>\$5,911</u>	<u>\$294,710</u>	<u>\$10,675</u>	<u>\$94,195</u>	<u>\$207,143</u>

(continued)

City of Stow, Ohio
Summit County
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Communications Tower Fund	Cemetery Trust	Park Improvements	Federal Law Enforcement Forfeited Fees
REVENUES				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Income Taxes	0	0	0	0
Special Assessments	0	0	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	0	0	65,000
Interest	0	0	0	0
Other	80,171	13,657	84,070	0
Total Revenues	80,171	13,657	84,070	65,000
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	2,464
Public Health	0	0	0	0
Leisure Time Services	0	0	44,185	0
Community and Economic Development	53,908	0	0	0
Transportation	0	0	0	0
Capital Outlay	114,620	39,711	49,978	0
Debt Service:				
Principal Retirements	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Issuance Costs	0	0	0	0
Total Expenditures	168,528	39,711	94,163	2,464
Excess of Revenues Over (Under) Expenditures	(88,357)	(26,054)	(10,093)	62,536
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	60	0
Refunding Bonds Issued	0	0	0	0
Accrued Interest Received on Debt Issuance	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Total Other Financing Sources (Uses)	0	0	60	0
Net Change in Fund Balance	(88,357)	(26,054)	(10,033)	62,536
Fund Balance (Deficit) at Beginning of Year (Restated)	357,572	197,113	65,534	0
Fund Balance (Deficit) at End of Year	\$269,215	\$171,059	\$55,501	\$62,536

Nonmajor Special Revenue

Commission of the Arts	Safety Town Fund	DARE	ODNR Recycling Grant	Youth Division Donations	Fire Department Emergency Equipment	Parks Youth Fund
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	13,631	0	0	0	0
0	0	0	0	0	0	0
0	5,025	100	0	1,400	4,695	0
0	5,025	13,731	0	1,400	4,695	0
0	0	0	0	0	0	0
0	4,798	25,876	0	0	12,980	0
0	0	0	0	0	0	0
21,186	0	0	0	530	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
21,186	4,798	25,876	0	530	12,980	0
(21,186)	227	(12,145)	0	870	(8,285)	0
23,000	0	10,500	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
23,000	0	10,500	0	0	0	0
1,814	227	(1,645)	0	870	(8,285)	0
886	2,632	2,189	(3,530)	5,604	21,959	862
<u>\$2,700</u>	<u>\$2,859</u>	<u>\$544</u>	<u>(\$3,530)</u>	<u>\$6,474</u>	<u>\$13,674</u>	<u>\$862</u>

(continued)

City of Stow, Ohio
Summit County
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Police Department Emergency Equipment	Youth Division Teen Center	Parks Lodge Improvement	Community Relations
REVENUES				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Income Taxes	0	0	0	0
Special Assessments	0	0	0	0
Charges for Services	0	11,459	10,425	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Other	217	648	0	0
Total Revenues	217	12,107	10,425	0
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Public Health	0	0	0	0
Leisure Time Services	0	12,987	3,616	0
Community and Economic Development	0	0	0	1,696
Transportation	0	0	0	0
Capital Outlay	0	0	3,705	0
Debt Service:				
Principal Retirements	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Issuance Costs	0	0	0	0
Total Expenditures	0	12,987	7,321	1,696
Excess of Revenues Over (Under) Expenditures	217	(880)	3,104	(1,696)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	0	2,200
Refunding Bonds Issued	0	0	0	0
Accrued Interest Received on Debt Issuance	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	2,200
Net Change in Fund Balance	217	(880)	3,104	504
Fund Balance (Deficit) at Beginning of Year (Restated)	2,367	2,660	43,247	614
Fund Balance (Deficit) at End of Year	\$2,584	\$1,780	\$46,351	\$1,118

Nonmajor Special Revenue

SS Ballfield Complex	Park and Recreation Scholarship Fund	Police Explorer Fund	Building Education/ Seminar Fund	Community Development	FEMA Fund	Disaster Relief
\$0		\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	10,000	46,068	0
0	0	0	0	0	0	0
11,694	261	0	0	0	0	0
<u>11,694</u>	<u>261</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>46,068</u>	<u>0</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
18,383	0	0	0	0	0	0
0	602	0	0	0	83,134	6,480
0	0	0	0	0	0	0
1,551	0	0	1,642	27,000	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>19,934</u>	<u>602</u>	<u>0</u>	<u>1,642</u>	<u>27,000</u>	<u>83,134</u>	<u>6,480</u>
<u>(8,240)</u>	<u>(341)</u>	<u>0</u>	<u>(1,642)</u>	<u>(17,000)</u>	<u>(37,066)</u>	<u>(6,480)</u>
0	0	0	0	0	0	6,067
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	6,067
(8,240)	(341)	0	(1,642)	(17,000)	(37,066)	(413)
<u>29,310</u>	<u>1,530</u>	<u>377</u>	<u>1,642</u>	<u>27,000</u>	<u>83,134</u>	<u>413</u>
<u>\$21,070</u>	<u>\$1,189</u>	<u>\$377</u>	<u>\$0</u>	<u>\$10,000</u>	<u>\$46,068</u>	<u>\$0</u>

(continued)

City of Stow, Ohio
Summit County
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

			Debt Service	
	Business Assistance Fund	Total Special Revenue	General Bond Retirement	Total Nonmajor Governmental Funds
REVENUES				
Property and Other Local Taxes	\$0	\$407,057	\$0	\$407,057
Income Taxes	0	1,043,000	552,076	1,595,076
Special Assessments	0	57,600	0	57,600
Charges for Services	0	771,135	0	771,135
Fines and Forfeitures	0	6,150	0	6,150
Intergovernmental	0	1,548,906	0	1,548,906
Interest	0	5,214	0	5,214
Other	275	290,645	0	290,645
Total Revenues	275	4,129,707	552,076	4,681,783
EXPENDITURES				
Current:				
General Government	0	40,000	0	40,000
Security of Persons and Property	0	1,232,892	0	1,232,892
Public Health	0	55,053	0	55,053
Leisure Time Services	0	179,463	0	179,463
Community and Economic Development	0	145,820	0	145,820
Transportation	0	2,136,535	0	2,136,535
Capital Outlay	0	1,051,111	0	1,051,111
Debt Service:				
Principal Retirements	0	400,000	340,000	740,000
Interest and Fiscal Charges	0	0	245,252	245,252
Issuance Costs	0	0	141,726	141,726
Total Expenditures	0	5,240,874	726,978	5,967,852
Excess of Revenues Over (Under) Expenditures	275	(1,111,167)	(174,902)	(1,286,069)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	659,941	0	659,941
Refunding Bonds Issued	0	0	6,440,000	6,440,000
Accrued Interest Received on Debt Issuance	0	0	16,203	16,203
Payment to Refunded Bond Escrow Agent	0	0	(6,281,301)	(6,281,301)
Total Other Financing Sources (Uses)	0	659,941	174,902	834,843
Net Change in Fund Balance	275	(451,226)	0	(451,226)
Fund Balance (Deficit) at Beginning of Year (Restated)	0	2,538,581	0	2,538,581
Fund Balance (Deficit) at End of Year	\$275	\$2,087,355	\$0	\$2,087,355

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Construction
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$925,000	\$925,000	\$925,000	\$0
Intergovernmental	1,920,511	1,920,511	1,179,809	(740,702)
Interest	2,500	2,500	3,116	616
Other	3,500	3,500	7,715	4,215
Total Revenues	2,851,511	2,851,511	2,115,640	(735,871)
Expenditures				
Current:				
Transportation	2,223,841	2,573,666	2,122,601	451,065
Capital Outlay	195,342	395,517	157,506	238,011
Total Expenditures	2,419,183	2,969,183	2,280,107	689,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	432,328	(117,672)	(164,467)	(46,795)
Other Financing Sources				
Other Financing Sources	250	250	29,750	29,500
Total Other Financing Sources	250	250	29,750	29,500
Net Change in Fund Balance	432,578	(117,422)	(134,717)	(17,295)
Fund Balance at Beginning of Year	274,863	274,863	274,863	0
Prior Year Encumbrances Appropriated	240,569	240,569	240,569	0
Fund Balance at End of Year	\$948,010	\$398,010	\$380,715	(\$17,295)

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
State Highway Improvement
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$158,690	\$158,690	\$83,255	(\$75,435)
Interest	200	200	468	268
Total Revenues	<u>158,890</u>	<u>158,890</u>	<u>83,723</u>	<u>(75,167)</u>
Expenditures				
Current:				
Transportation	106,870	141,870	103,769	38,101
Capital Outlay	<u>4,173</u>	<u>4,173</u>	<u>0</u>	<u>4,173</u>
Total Expenditures	<u>111,043</u>	<u>146,043</u>	<u>103,769</u>	<u>42,274</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>47,847</u>	<u>12,847</u>	<u>(20,046)</u>	<u>(32,893)</u>
Other Financing Sources				
Other Financing Sources	<u>0</u>	<u>0</u>	<u>616</u>	<u>616</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>616</u>	<u>616</u>
Net Change in Fund Balance	47,847	12,847	(19,430)	(32,277)
Fund Balance at Beginning of Year	12,981	12,981	12,981	0
Prior Year Encumbrances Appropriated	<u>29,344</u>	<u>29,344</u>	<u>29,344</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$90,172</u></u>	<u><u>\$55,172</u></u>	<u><u>\$22,895</u></u>	<u><u>(\$32,277)</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Pension and Disability
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$206,424	\$206,424	\$206,501	\$77
Intergovernmental	24,691	24,691	25,092	401
Total Revenues	231,115	231,115	231,593	478
Expenditures				
Current:				
Security of Persons and Property	446,652	521,652	453,565	68,087
Total Expenditures	446,652	521,652	453,565	68,087
(Deficiency) of Revenues (Under) Expenditures	(215,537)	(290,537)	(221,972)	68,565
Other Financing Sources				
Transfers In	221,537	271,537	221,407	(50,130)
Other Financing Sources	50,000	50,000	565	(49,435)
Total Other Financing Sources	271,537	321,537	221,972	(99,565)
Net Change in Fund Balance	56,000	31,000	0	(31,000)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$56,000	\$31,000	\$0	(\$31,000)

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Pension and Disability
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$206,424	\$206,424	\$206,502	\$78
Intergovernmental	24,691	24,691	25,092	401
Total Revenues	231,115	231,115	231,594	479
Expenditures				
Current:				
Security of Persons and Property	568,816	643,816	582,866	60,950
Total Expenditures	568,816	643,816	582,866	60,950
(Deficiency) of Revenues (Under) Expenditures	(337,701)	(412,701)	(351,272)	61,429
Other Financing Sources				
Transfers In	418,535	418,535	350,707	(67,828)
Other Financing Sources	0	0	565	565
Total Other Financing Sources	418,535	418,535	351,272	(67,263)
Net Change in Fund Balance	80,834	5,834	0	(5,834)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$80,834</u>	<u>\$5,834</u>	<u>\$0</u>	<u>(\$5,834)</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Motor Vehicle License Tax
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$157,620	\$157,620	\$81,110	(\$76,510)
Interest	1,000	1,000	1,630	630
Total Revenues	<u>158,620</u>	<u>158,620</u>	<u>82,740</u>	<u>(75,880)</u>
Expenditures				
Current:				
General Government	40,000	40,000	40,000	0
Capital Outlay	215,603	215,603	127,767	87,836
Total Expenditures	<u>255,603</u>	<u>255,603</u>	<u>167,767</u>	<u>87,836</u>
Net Change in Fund Balance	(96,983)	(96,983)	(85,027)	11,956
Fund Balance at Beginning of Year	104,603	104,603	104,603	0
Prior Year Encumbrances Appropriated	75,000	75,000	75,000	0
Fund Balance at End of Year	<u>\$82,620</u>	<u>\$82,620</u>	<u>\$94,576</u>	<u>\$11,956</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Storm Water Utility Management
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$50,742</u>	<u>\$10,742</u>
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>50,742</u>	<u>10,742</u>
Expenditures				
Current:				
Public Services	<u>20,000</u>	<u>20,000</u>	<u>484</u>	<u>19,516</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>484</u>	<u>19,516</u>
Net Change in Fund Balance	<u>20,000</u>	<u>20,000</u>	<u>50,258</u>	<u>30,258</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$20,000</u></u>	<u><u>\$20,000</u></u>	<u><u>\$50,258</u></u>	<u><u>\$30,258</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
ODNR Litter Prevention Grant
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$5,000	\$5,000	\$4,500	(\$500)
Other	151,625	151,625	200	(151,425)
Total Revenues	156,625	156,625	4,700	(151,925)
Expenditures				
Current:				
Public Health	58,902	58,902	58,384	518
Total Expenditures	58,902	58,902	58,384	518
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,723	97,723	(53,684)	(151,407)
Other Financing Sources				
Transfers In	0	0	46,000	46,000
Other Financing Sources	0	0	1,065	1,065
Total Other Financing Sources	0	0	47,065	47,065
Net Change in Fund Balance	97,723	97,723	(6,619)	(104,342)
Fund Balance at Beginning of Year	10,642	10,642	10,642	0
Prior Year Encumbrances Appropriated	1,520	1,520	1,520	0
Fund Balance at End of Year	\$109,885	\$109,885	\$5,543	(\$104,342)

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
EMS Transport Fees
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$675,000	\$675,000	\$609,485	(\$65,515)
Intergovernmental	0	0	10,617	10,617
Total Revenues	<u>675,000</u>	<u>675,000</u>	<u>620,102</u>	<u>(54,898)</u>
Expenditures				
Current:				
Security of Persons and Property	286,560	286,560	100,597	185,963
Capital Outlay	631,905	631,905	609,723	22,182
Debt Service:				
Principal Retirements	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>
Total Expenditures	<u>1,318,465</u>	<u>1,318,465</u>	<u>1,110,320</u>	<u>208,145</u>
Net Change in Fund Balance	(643,465)	(643,465)	(490,218)	153,247
Fund Balance at Beginning of Year	344,736	344,736	344,736	0
Prior Year Encumbrances Appropriated	<u>421,730</u>	<u>421,730</u>	<u>421,730</u>	<u>0</u>
Fund Balance at End of Year	<u>\$123,001</u>	<u>\$123,001</u>	<u>\$276,248</u>	<u>\$153,247</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Enforcement and Education
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$16,596	\$16,596	\$5,911	(\$10,685)
Total Revenues	16,596	16,596	5,911	(10,685)
Expenditures				
Current:				
Security of Persons and Property	4,000	4,000	700	3,300
Capital Outlay	5,123	5,123	0	5,123
Total Expenditures	9,123	9,123	700	8,423
Net Change in Fund Balance	7,473	7,473	5,211	(2,262)
Fund Balance at Beginning of Year	5,123	5,123	5,123	0
Fund Balance at End of Year	<u>\$12,596</u>	<u>\$12,596</u>	<u>\$10,334</u>	<u>(\$2,262)</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Special Assessment Improvement
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$0	\$50,000	\$118,000	\$68,000
Special Assessments	150,000	150,000	57,600	(92,400)
Total Revenues	150,000	200,000	175,600	(24,400)
Expenditures				
Current:				
Security of Persons and Property	45,327	175,327	173,916	1,411
Total Expenditures	45,327	175,327	173,916	1,411
Excess of Revenues Over Expenditures	104,673	24,673	1,684	(22,989)
Other Financing (Uses)				
Other Financing Uses	(8,512)	(8,512)	0	8,512
Total Other Financing (Uses)	(8,512)	(8,512)	0	8,512
Net Change in Fund Balance	96,161	16,161	1,684	(14,477)
Fund Balance at Beginning of Year	208	208	208	0
Prior Year Encumbrances Appropriated	630	630	630	0
Fund Balance at End of Year	<u>\$96,999</u>	<u>\$16,999</u>	<u>\$2,522</u>	<u>(\$14,477)</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Tree Trust
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$151,000	\$151,000	\$66,291	(\$84,709)
Total Revenues	151,000	151,000	66,291	(84,709)
Expenditures				
Current:				
Leisure Time Services	47,809	72,809	69,256	3,553
Total Expenditures	47,809	72,809	69,256	3,553
Excess (Deficiency) of Revenues Over (Under) Expenditures	103,191	78,191	(2,965)	(81,156)
Other Financing (Uses)				
Other Financing Uses	(50,000)	(50,000)	(25,409)	24,591
Total Other Financing (Uses)	(50,000)	(50,000)	(25,409)	24,591
Net Change in Fund Balance	53,191	28,191	(28,374)	(56,565)
Fund Balance at Beginning of Year	218,972	218,972	218,972	0
Prior Year Encumbrances Appropriated	16,519	16,519	16,519	0
Fund Balance at End of Year	<u>\$288,682</u>	<u>\$263,682</u>	<u>\$207,117</u>	<u>(\$56,565)</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Communications Tower Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$150,000	\$150,000	\$80,171	(\$69,829)
Total Revenues	150,000	150,000	80,171	(69,829)
Expenditures				
Current:				
Community and Economic Development	68,603	68,961	63,565	5,396
Capital Outlay	12,515	117,515	117,425	90
Total Expenditures	81,118	186,476	180,990	5,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,882	(36,476)	(100,819)	(64,343)
Other Financing Sources				
Other Financing Sources	0	0	2,133	2,133
Total Other Financing Sources	0	0	2,133	2,133
Net Change in Fund Balance	68,882	(36,476)	(98,686)	(62,210)
Fund Balance at Beginning of Year	342,454	342,454	342,454	0
Prior Year Encumbrances Appropriated	15,118	15,118	15,118	0
Fund Balance at End of Year	\$426,454	\$321,096	\$258,886	(\$62,210)

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Cemetery Trust
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$50,000	\$50,000	\$13,657	(\$36,343)
Total Revenues	50,000	50,000	13,657	(36,343)
Expenditures				
Capital Outlay	12,000	62,000	39,360	22,640
Total Expenditures	12,000	62,000	39,360	22,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,000	(12,000)	(25,703)	(13,703)
Other Financing (Uses)				
Other Financing Uses	(1,000)	(1,000)	(351)	649
Total Other Financing (Uses)	(1,000)	(1,000)	(351)	649
Net Change in Fund Balance	37,000	(13,000)	(26,054)	(13,054)
Fund Balance at Beginning of Year	197,113	197,113	197,113	0
Fund Balance at End of Year	\$234,113	\$184,113	\$171,059	(\$13,054)

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Park Improvements
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	\$120,000	\$120,000	\$84,070	(\$35,930)
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>84,070</u>	<u>(35,930)</u>
Expenditures				
Current:				
Leisure Time Services	16,907	66,907	44,185	22,722
Capital Outlay	50,355	100,355	49,978	50,377
Total Expenditures	<u>67,262</u>	<u>167,262</u>	<u>94,163</u>	<u>73,099</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>52,738</u>	<u>(47,262)</u>	<u>(10,093)</u>	<u>37,169</u>
Other Financing Sources				
Transfers In	0	0	60	60
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>60</u>	<u>60</u>
Net Change in Fund Balance	52,738	(47,262)	(10,033)	37,229
Fund Balance at Beginning of Year (Restated)	63,271	63,271	63,271	0
Prior Year Encumbrances Appropriated	<u>2,262</u>	<u>2,262</u>	<u>2,262</u>	<u>0</u>
Fund Balance at End of Year	<u>\$118,271</u>	<u>\$18,271</u>	<u>\$55,500</u>	<u>\$37,229</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Federal Law Enforcement Forfeited Fees
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$5,000	\$5,000	\$65,000	\$60,000
Total Revenues	5,000	5,000	65,000	60,000
Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	5,000	5,000	65,000	60,000
Other Financing (Uses)				
Other Financing Uses	(5,000)	(5,000)	(2,464)	2,536
Total Other Financing (Uses)	(5,000)	(5,000)	(2,464)	2,536
Net Change in Fund Balance	0	0	62,536	62,536
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$62,536</u>	<u>\$62,536</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Commission of the Arts
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$35,898	\$35,898	\$0	(\$35,898)
Other	1,000	1,000	0	(1,000)
Total Revenues	36,898	36,898	0	(36,898)
Expenditures				
Current:				
Leisure Time Services	20,332	25,332	22,572	2,760
Total Expenditures	20,332	25,332	22,572	2,760
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,566	11,566	(22,572)	(34,138)
Other Financing Sources				
Transfers In	0	0	23,000	23,000
Total Other Financing Sources	0	0	23,000	23,000
Net Change in Fund Balance	16,566	11,566	428	(11,138)
Fund Balance at Beginning of Year	942	942	942	0
Prior Year Encumbrances Appropriated	1,390	1,390	1,390	0
Fund Balance at End of Year	\$18,898	\$13,898	\$2,760	(\$11,138)

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Safety Town Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	\$8,524	\$8,524	\$5,025	(\$3,499)
Total Revenues	<u>8,524</u>	<u>8,524</u>	<u>5,025</u>	<u>(3,499)</u>
Expenditures				
Current:				
Security of Persons and Property	6,556	6,556	4,813	1,743
Total Expenditures	<u>6,556</u>	<u>6,556</u>	<u>4,813</u>	<u>1,743</u>
Excess of Revenues Over Expenditures	<u>1,968</u>	<u>1,968</u>	<u>212</u>	<u>(1,756)</u>
Other Financing (Uses)				
Other Financing Uses	(75)	(75)	(75)	0
Total Other Financing (Uses)	<u>(75)</u>	<u>(75)</u>	<u>(75)</u>	<u>0</u>
Net Change in Fund Balance	1,893	1,893	137	(1,756)
Fund Balance at Beginning of Year	1,871	1,871	1,871	0
Prior Year Encumbrances Appropriated	761	761	761	0
Fund Balance at End of Year	<u>\$4,525</u>	<u>\$4,525</u>	<u>\$2,769</u>	<u>(\$1,756)</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
DARE
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$13,631	\$13,631	\$16,970	\$3,339
Other	57,354	57,354	100	(57,254)
Total Revenues	70,985	70,985	17,070	(53,915)
Expenditures				
Current:				
Security of Persons and Property	28,819	60,819	26,056	34,763
Total Expenditures	28,819	60,819	26,056	34,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,166	10,166	(8,986)	(19,152)
Other Financing Sources				
Transfers In	5,000	5,000	10,500	5,500
Total Other Financing Sources	5,000	5,000	10,500	5,500
Net Change in Fund Balance	47,166	15,166	1,514	(13,652)
Fund Balance at Beginning of Year	15,526	15,526	15,526	0
Prior Year Encumbrances Appropriated	558	558	558	0
Fund Balance at End of Year	<u>\$63,250</u>	<u>\$31,250</u>	<u>\$17,598</u>	<u>(\$13,652)</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
ODNR Recycling Grant
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Youth Division Donations
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$1,400</u>	<u>(\$3,600)</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>1,400</u>	<u>(3,600)</u>
Expenditures				
Current:				
Leisure Time Services	<u>1,000</u>	<u>1,000</u>	<u>520</u>	<u>480</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>520</u>	<u>480</u>
Net Change in Fund Balance	<u>4,000</u>	<u>4,000</u>	<u>880</u>	<u>(3,120)</u>
Fund Balance at Beginning of Year	<u>5,604</u>	<u>5,604</u>	<u>5,604</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$9,604</u></u>	<u><u>\$9,604</u></u>	<u><u>\$6,484</u></u>	<u><u>(\$3,120)</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Department Emergency Equipment
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	\$12,000	\$12,000	\$4,695	(\$7,305)
Total Revenues	12,000	12,000	4,695	(7,305)
Expenditures				
Current:				
Security of Persons and Property	0	32,000	14,340	17,660
Total Expenditures	0	32,000	14,340	17,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,000	(20,000)	(9,645)	10,355
Other Financing (Uses)				
Other Financing Uses	(100)	(100)	(40)	60
Total Other Financing (Uses)	(100)	(100)	(40)	60
Net Change in Fund Balance	11,900	(20,100)	(9,685)	10,415
Fund Balance at Beginning of Year	22,227	22,227	22,227	0
Fund Balance at End of Year	<u>\$34,127</u>	<u>\$2,127</u>	<u>\$12,542</u>	<u>\$10,415</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Parks Youth Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	862	862	862	0
Fund Balance at End of Year	<u>\$862</u>	<u>\$862</u>	<u>\$862</u>	<u>\$0</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Department Emergency Equipment
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$5,000	\$5,000	\$217	(\$4,783)
Total Revenues	5,000	5,000	217	(4,783)
Expenditures	0	0	0	0
Net Change in Fund Balance	5,000	5,000	217	(4,783)
Fund Balance at Beginning of Year	2,366	2,366	2,366	0
Fund Balance at End of Year	<u>\$7,366</u>	<u>\$7,366</u>	<u>\$2,583</u>	<u>(\$4,783)</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Youth Division Teen Center
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$16,500	\$16,500	\$11,459	(\$5,041)
Other	7,406	7,406	648	(6,758)
Total Revenues	23,906	23,906	12,107	(11,799)
Expenditures				
Current:				
Leisure Time Services	16,814	16,814	12,027	4,787
Total Expenditures	16,814	16,814	12,027	4,787
Excess of Revenues Over Expenditures	7,092	7,092	80	(7,012)
Other Financing (Uses)				
Other Financing Uses	(2,367)	(2,367)	(2,000)	367
Total Other Financing (Uses)	(2,367)	(2,367)	(2,000)	367
Net Change in Fund Balance	4,725	4,725	(1,920)	(6,645)
Fund Balance at Beginning of Year	2,462	2,462	2,462	0
Prior Year Encumbrances Appropriated	920	920	920	0
Fund Balance at End of Year	<u>\$8,107</u>	<u>\$8,107</u>	<u>\$1,462</u>	<u>(\$6,645)</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Parks Lodge Improvement
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$15,000	\$15,000	\$10,425	(\$4,575)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>10,425</u>	<u>(4,575)</u>
Expenditures				
Current:				
Leisure Time Services	1,678	2,678	398	2,280
Capital Outlay	<u>0</u>	<u>10,000</u>	<u>3,705</u>	<u>6,295</u>
Total Expenditures	<u>1,678</u>	<u>12,678</u>	<u>4,103</u>	<u>8,575</u>
Excess of Revenues Over Expenditures	<u>13,322</u>	<u>2,322</u>	<u>6,322</u>	<u>4,000</u>
Other Financing (Uses)				
Other Financing Uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(3,268)</u>	<u>11,732</u>
Total Other Financing (Uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(3,268)</u>	<u>11,732</u>
Net Change in Fund Balance	(1,678)	(12,678)	3,054	15,732
Fund Balance at Beginning of Year	41,569	41,569	41,569	0
Prior Year Encumbrances Appropriated	<u>1,678</u>	<u>1,678</u>	<u>1,678</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$41,569</u></u>	<u><u>\$30,569</u></u>	<u><u>\$46,301</u></u>	<u><u>\$15,732</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Community Relations
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$5,000	\$5,000	\$0	(\$5,000)
Total Revenues	5,000	5,000	0	(5,000)
Expenditures				
Current:				
Community and Economic Development	400	10,400	2,193	8,207
Total Expenditures	400	10,400	2,193	8,207
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,600	(5,400)	(2,193)	3,207
Other Financing Sources				
Transfers In	5,000	5,000	2,200	(2,800)
Total Other Financing Sources	5,000	5,000	2,200	(2,800)
Net Change in Fund Balance	9,600	(400)	7	407
Fund Balance at Beginning of Year	214	214	214	0
Prior Year Encumbrances Appropriated	400	400	400	0
Fund Balance at End of Year	<u>\$10,214</u>	<u>\$214</u>	<u>\$621</u>	<u>\$407</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
SS Ballfield Complex
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$20,000	\$20,000	\$11,694	(\$8,306)
Total Revenues	20,000	20,000	11,694	(8,306)
Expenditures				
Current:				
Leisure Time Services	10,000	35,000	17,904	17,096
Capital Outlay		10,000	1,551	8,449
Total Expenditures	10,000	45,000	19,455	25,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	(25,000)	(7,761)	17,239
Other Financing (Uses)				
Other Financing Uses	(1,000)	(1,000)	(479)	521
Total Other Financing (Uses)	(1,000)	(1,000)	(479)	521
Net Change in Fund Balance	9,000	(26,000)	(8,240)	17,760
Fund Balance at Beginning of Year	29,310	29,310	29,310	0
Fund Balance at End of Year	\$38,310	\$3,310	\$21,070	\$17,760

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Park and Recreation Scholarship Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$9,000	\$9,000	\$261	(\$8,739)
Total Revenues	9,000	9,000	261	(8,739)
Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	9,000	9,000	261	(8,739)
Other Financing (Uses)				
Other Financing Uses	(10,000)	(10,000)	(602)	9,398
Total Other Financing (Uses)	(10,000)	(10,000)	(602)	9,398
Net Change in Fund Balance	(1,000)	(1,000)	(341)	659
Fund Balance at Beginning of Year	1,530	1,530	1,530	0
Fund Balance at End of Year	\$530	\$530	\$1,189	\$659

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Explorer Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	377	377	377	0
Fund Balance at End of Year	<u>\$377</u>	<u>\$377</u>	<u>\$377</u>	<u>\$0</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Building Education/Seminar Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Capital Outlay	<u>0</u>	<u>1,642</u>	<u>1,642</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,642</u>	<u>1,642</u>	<u>0</u>
Net Change in Fund Balance	<u>0</u>	<u>(1,642)</u>	<u>(1,642)</u>	<u>0</u>
Fund Balance at Beginning of Year	<u>1,642</u>	<u>1,642</u>	<u>1,642</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,642</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Community Development
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$100,000	\$100,000	\$27,000	(\$73,000)
Total Revenues	100,000	100,000	27,000	(73,000)
Expenditures				
Capital Outlay	27,000	27,000	27,000	0
Total Expenditures	27,000	27,000	27,000	0
Excess of Revenues Over Expenditures	73,000	73,000	0	(73,000)
Other Financing (Uses)				
Transfers Out	(18,000)	(18,000)	0	18,000
Total Other Financing (Uses)	(18,000)	(18,000)	0	18,000
Net Change in Fund Balance	55,000	55,000	0	(55,000)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$55,000	\$55,000	\$0	(\$55,000)

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
FEMA Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$50,000	\$50,000	\$46,068	(\$3,932)
Total Revenues	50,000	50,000	46,068	(3,932)
Expenditures				
Capital Outlay	50,000	50,000	0	50,000
Total Expenditures	50,000	50,000	0	50,000
Excess of Revenues Over Expenditures	0	0	46,068	46,068
Other Financing (Uses)				
Other Financing Uses	(83,134)	(83,134)	(83,134)	0
Total Other Financing (Uses)	(83,134)	(83,134)	(83,134)	0
Net Change in Fund Balance	(83,134)	(83,134)	(37,066)	46,068
Fund Balance at Beginning of Year	83,134	83,134	83,134	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$46,068</u>	<u>\$46,068</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Disaster Relief
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$15,000	\$15,000	\$0	(\$15,000)
Total Revenues	15,000	15,000	0	(15,000)
Expenditures				
Current:				
Community and Economic Development	0	20,000	5,790	14,210
Total Expenditures	0	20,000	5,790	14,210
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	(5,000)	(5,790)	(790)
Other Financing Sources (Uses)				
Transfers In	15,000	15,000	6,067	(8,933)
Other Financing Uses	(10,000)	(10,000)	(690)	9,310
Total Other Financing Sources (Uses)	5,000	5,000	5,377	377
Net Change in Fund Balance	20,000	0	(413)	(413)
Fund Balance at Beginning of Year	413	413	413	0
Fund Balance at End of Year	\$20,413	\$413	\$0	(\$413)

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Business Assistance Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$275</u>	<u>(\$725)</u>
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>275</u>	<u>(725)</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u>1,000</u>	<u>1,000</u>	<u>275</u>	<u>(725)</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,000</u></u>	<u><u>\$1,000</u></u>	<u><u>\$275</u></u>	<u><u>(\$725)</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Bond Retirement
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$552,076	\$552,076	\$552,076	\$0
Total Revenues	<u>552,076</u>	<u>552,076</u>	<u>552,076</u>	<u>0</u>
Expenditures				
Debt Service:				
Principal Retirements	340,000	340,000	340,000	0
Interest and Fiscal Charges	86,606	245,252	245,252	0
Issuance Costs	<u>141,727</u>	<u>141,726</u>	<u>141,726</u>	<u>0</u>
Total Expenditures	<u>568,333</u>	<u>726,978</u>	<u>726,978</u>	<u>0</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(16,257)</u>	<u>(174,902)</u>	<u>(174,902)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	16,257	16,257	0	(16,257)
Refunding Bonds Issued	0	6,483,797	6,440,000	(43,797)
Accrued Interest Received on Debt Issuance	0	16,203	16,203	0
Payment to Refunded Bond Escrow Agent	<u>0</u>	<u>(6,341,353)</u>	<u>(6,281,301)</u>	<u>60,052</u>
Total Other Financing Sources (Uses)	<u>16,257</u>	<u>174,904</u>	<u>174,902</u>	<u>(2)</u>
Net Change in Fund Balance	0	2	0	(2)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$2</u>	<u>\$0</u>	<u>(\$2)</u>

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the receipts and disbursements of monies used for the acquisition, construction or major renovation of capital facilities. Descriptions of the City's Capital Projects Funds are as follows:

General Capital Improvements – Accounts for resources allocated for specific major capital improvements and the related expenditures.

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Capital Improvements
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$2,662,421	\$2,662,421	\$2,662,421	\$0
Intergovernmental	4,841,835	4,841,835	996,550	(3,845,285)
Interest	5,000	5,000	1,048	(3,952)
Other	4,449,591	4,449,591	14,737	(4,434,854)
Total Revenues	11,958,847	11,958,847	3,674,756	(8,284,091)
Expenditures				
Capital Outlay	7,932,783	10,817,783	5,825,815	4,991,968
Debt Service:				
Principal Retirements	11,000,000	11,000,000	8,919,155	2,080,845
Interest and Fiscal Charges	350,000	350,000	143,708	206,292
Total Expenditures	19,282,783	22,167,783	14,888,678	7,279,105
(Deficiency) of Revenues (Under) Expenditures	<u>(7,323,936)</u>	<u>(10,208,936)</u>	<u>(11,213,922)</u>	<u>(1,004,986)</u>
Other Financing Sources (Uses)				
Transfers In	747,520	747,520	0	(747,520)
Notes Issued	12,060,660	12,060,660	8,465,190	(3,595,470)
Advances In	998,143	998,143	0	(998,143)
Other Financing Sources	225,000	225,000	46,593	(178,407)
Transfers Out	(2,024,193)	(2,024,193)	0	2,024,193
Advances Out	(102,000)	(102,000)	0	102,000
Other Financing Uses	(6,760)	(6,760)	(5,623)	1,137
Total Other Financing Sources (Uses)	11,898,370	11,898,370	8,506,160	(3,392,210)
Net Change in Fund Balance	4,574,434	1,689,434	(2,707,762)	(4,397,196)
Fund Balance at Beginning of Year (Restated)	3,926,106	3,926,106	3,926,106	0
Prior Year Encumbrances Appropriated	1,826,248	1,826,248	1,826,248	0
Fund Balance at End of Year	\$10,326,788	\$7,441,788	\$3,044,592	(\$4,397,196)

PROPRIETARY FUNDS

The Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows.

ENTERPRISE FUND

The Water Fund is used to account for the provision of water treatment and distribution to residential and commercial users within the City.

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. Descriptions of the City's Internal Service Funds are as follows:

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

Self-Insurance – Accounts for the operation of the City's self-insurance program for employee health benefits.

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Water Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating Revenues				
Charges for Services	\$3,550,000	\$3,550,000	\$3,857,300	\$307,300
Tap-In Fees	777,200	777,200	446,383	(330,817)
Other	6,050	6,050	100,622	94,572
Total Operating Revenues	<u>4,333,250</u>	<u>4,333,250</u>	<u>4,404,305</u>	<u>71,055</u>
Operating Expenses				
Personal Services	807,653	817,178	811,444	5,734
Contractual Services	5,879,978	5,904,278	5,587,611	316,667
Materials and Supplies	25,093	40,093	36,793	3,300
Capital Outlay	888,950	938,950	900,708	38,242
Other	305,271	356,571	348,986	7,585
Total Operating Expenses	<u>7,906,945</u>	<u>8,057,070</u>	<u>7,685,542</u>	<u>371,528</u>
Operating (Loss)	<u>(3,573,695)</u>	<u>(3,723,820)</u>	<u>(3,281,237)</u>	<u>442,583</u>
Non-Operating Revenues (Expenses)				
Interest	6,000	6,000	4,963	(1,037)
Notes Issued	4,433,894	4,433,894	2,015,823	(2,418,071)
Other Non-Operating Revenues	23,300	23,300	0	(23,300)
Interest and Fiscal Charges	(13,264)	(48,264)	(48,258)	6
Advances Out	(50,000)	(50,000)	(50,000)	0
Principal Retirement	(3,119,195)	(3,934,070)	(2,080,346)	1,853,724
Total Non-Operating Revenues (Expenses)	<u>1,280,735</u>	<u>430,860</u>	<u>(157,818)</u>	<u>(588,678)</u>
Net Change in Fund Balance	<u>(2,292,960)</u>	<u>(3,292,960)</u>	<u>(3,439,055)</u>	<u>(146,095)</u>
Fund Balance at Beginning of Year	1,472,480	1,472,480	1,472,480	0
Prior Year Encumbrances Appropriated	<u>3,829,730</u>	<u>3,829,730</u>	<u>3,829,730</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$3,009,250</u></u>	<u><u>\$2,009,250</u></u>	<u><u>\$1,863,155</u></u>	<u><u>(\$146,095)</u></u>

City of Stow, Ohio
Summit County
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2004

	Administrative Insurance	Self-Insurance	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$25,538	\$1,426,697	\$1,452,235
Accounts Receivable	<u>0</u>	<u>2,824</u>	<u>2,824</u>
Total Assets	<u>25,538</u>	<u>1,429,521</u>	<u>1,455,059</u>
LIABILITIES			
Accounts Payable	2,700	0	2,700
Claims Payable	<u>0</u>	<u>387,932</u>	<u>387,932</u>
Total Liabilities	<u>2,700</u>	<u>387,932</u>	<u>390,632</u>
NET ASSETS			
Unrestricted	<u>22,838</u>	<u>1,041,589</u>	<u>1,064,427</u>
Total Net Assets	<u><u>\$22,838</u></u>	<u><u>\$1,041,589</u></u>	<u><u>\$1,064,427</u></u>

City of Stow, Ohio
Summit County
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2004

	Administrative Insurance	Self-Insurance	Total
OPERATING REVENUES			
Charges for Services	\$337,818	\$1,688,565	\$2,026,383
Total Operating Revenues	337,818	1,688,565	2,026,383
OPERATING EXPENSES			
Contractual Services	316,373	0	316,373
Claims	0	1,839,044	1,839,044
Total Operating Expenses	316,373	1,839,044	2,155,417
Operating Income (Loss)	21,445	(150,479)	(129,034)
NON-OPERATING REVENUES			
Interest	0	4,460	4,460
Total Non-Operating Revenues	0	4,460	4,460
Change in Net Assets	21,445	(146,019)	(124,574)
Net Assets at Beginning of Year	1,393	1,187,608	1,189,001
Net Assets at End of Year	<u>\$22,838</u>	<u>\$1,041,589</u>	<u>\$1,064,427</u>

City of Stow, Ohio
Summit County
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended December 31, 2004

	Administrative Insurance	Self-Insurance	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$337,818	\$1,692,115	\$2,029,933
Cash Payments for Goods and Services	(316,373)	0	(316,373)
Cash Payments for Claims	0	(1,694,363)	(1,694,363)
Net Cash Provided by (Used in) Operating Activities	<u>21,445</u>	<u>(2,248)</u>	<u>19,197</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>0</u>	<u>4,460</u>	<u>4,460</u>
Net Increase in Cash and Cash Equivalents	21,445	2,212	23,657
Cash and Cash Equivalents Beginning of Year	<u>4,093</u>	<u>1,424,485</u>	<u>1,428,578</u>
Cash and Cash Equivalents End of Year	<u><u>\$25,538</u></u>	<u><u>\$1,426,697</u></u>	<u><u>\$1,452,235</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$21,445	(\$150,479)	(\$129,034)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Decrease in Accounts Receivable	0	3,550	3,550
Increase in Claims Payable	<u>0</u>	<u>144,681</u>	<u>144,681</u>
Total Adjustments	<u>0</u>	<u>148,231</u>	<u>148,231</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$21,445</u></u>	<u><u>(\$2,248)</u></u>	<u><u>\$19,197</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Administrative Insurance
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating Revenues				
Charges for Services	<u>\$491,031</u>	<u>\$491,031</u>	<u>\$337,818</u>	<u>(\$153,213)</u>
Total Operating Revenues	<u>491,031</u>	<u>491,031</u>	<u>337,818</u>	<u>(153,213)</u>
Operating Expenses				
Contractual Services	<u>351,194</u>	<u>381,194</u>	<u>316,373</u>	<u>64,821</u>
Total Operating Expenses	<u>351,194</u>	<u>381,194</u>	<u>316,373</u>	<u>64,821</u>
Net Change in Fund Balance	139,837	109,837	21,445	(88,392)
Fund Balance at Beginning of Year	1,393	1,393	1,393	0
Prior Year Encumbrances Appropriated	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$143,930</u></u>	<u><u>\$113,930</u></u>	<u><u>\$25,538</u></u>	<u><u>(\$88,392)</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Self-Insurance
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating Revenues				
Charges for Services	<u>\$2,295,874</u>	<u>\$2,295,874</u>	<u>\$1,692,115</u>	<u>(\$603,759)</u>
Total Operating Revenues	<u>2,295,874</u>	<u>2,295,874</u>	<u>1,692,115</u>	<u>(603,759)</u>
Operating Expenses				
Claims	<u>1,740,400</u>	<u>1,990,400</u>	<u>1,694,363</u>	<u>296,037</u>
Total Operating Expenses	<u>1,740,400</u>	<u>1,990,400</u>	<u>1,694,363</u>	<u>296,037</u>
Operating Income (Loss)	<u>555,474</u>	<u>305,474</u>	<u>(2,248)</u>	<u>(307,722)</u>
Non-Operating Revenues				
Interest	<u>6,000</u>	<u>6,000</u>	<u>4,306</u>	<u>(1,694)</u>
Total Non-Operating Revenues	<u>6,000</u>	<u>6,000</u>	<u>4,306</u>	<u>(1,694)</u>
Net Change in Fund Balance	<u>561,474</u>	<u>311,474</u>	<u>2,058</u>	<u>(309,416)</u>
Fund Balance at Beginning of Year	<u>1,424,117</u>	<u>1,424,117</u>	<u>1,424,117</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,985,591</u></u>	<u><u>\$1,735,591</u></u>	<u><u>\$1,426,175</u></u>	<u><u>(\$309,416)</u></u>

FIDUCIARY FUNDS

The Fiduciary Funds are used to account for assets held by the City in a trustee capacity and/or as an agent for individuals, private organizations, other governmental units and/or other funds. These include private purpose trust funds and agency funds:

Private Purpose Trust Funds: These funds are used to report all trust arrangements (other than pension and investment trust funds) under which principal and income benefit individuals, private organizations or other governments. The following are the City's private purpose trust funds:

Stutler Scholarship Fund – Accounts for donations in memory of Police Officer Stutler to provide scholarships.

Wells Perkins Cemetery – Accounts for funds bequeathed to the City for Cemetery upkeep.

Tonachio Education Memorial Fund – Accounts for donations in memory of Kathy Tonachio to provide scholarships.

Agency Funds: The following funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operation. The following are the City's material agency funds:

Road Construction Bonds – Accounts for deposits from contractors, held by the City to insure compliance with the contract.

Allotment Deposits – Accounts for deposits from subdivision developers for engineering oversight.

Miscellaneous Service Deposits – Accounts for various service department non-recurring deposits.

Bond Forfeitures – Accounts for forfeitures of bonds by developers and/or contractors.

Park and Recreation Deposits – Accounts for the receipt and subsequent refund of Parks and Recreation deposit monies for rentals to cover extraordinary events or damages.

Other Agency Funds

Deferred Compensation Rotary
Well Performance Bond
Police Forfeited Cash
Police Drug Forfeiture Cash

Ohio BBS 3% Surcharge
Fire Bond Insurance Fund
Unclaimed Money Fund

City of Stow, Ohio
Summit County
Combining Statement of Fiduciary Net Assets
All Fiduciary Funds
December 31, 2004

	Stutler Scholarship Fund	Wells Perkins Cemetery	Tonachio Education Memorial Fund	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	\$450	\$500	\$0	\$950
<i>Total Assets</i>	450	500	0	950
Liabilities	0	0	0	0
Net Assets				
Unrestricted	450	500	0	950
<i>Total Net Assets</i>	<u>\$450</u>	<u>\$500</u>	<u>\$0</u>	<u>\$950</u>

City of Stow, Ohio
Summit County
Combining Statement of Changes in Fiduciary Net Assets
All Fiduciary Funds
For the Year Ended December 31, 2004

	Stutler Scholarship Fund	Wells Perkins Cemetery	Tonachio Education Memorial Fund	Total
ADDITIONS	\$0	\$0	\$0	\$0
DEDUCTIONS				
Miscellaneous	0	0	(1,152)	(1,152)
Total Deductions	0	0	(1,152)	(1,152)
(Deficiency) of Additions (Under) Deductions	0	0	(1,152)	(1,152)
Net Assets at Beginning of Year	450	500	1,152	2,102
Net Assets at End of Year	<u>\$450</u>	<u>\$500</u>	<u>\$0</u>	<u>\$950</u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenses and Changes
In Net Assets - Budget and Actual (Non-GAAP Basis)
Stutler Scholarship Fund
For the Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EXPENSES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets at Beginning of Year	<u>450</u>	<u>450</u>	<u>450</u>	<u>0</u>
Net Assets at End of Year	<u><u>\$450</u></u>	<u><u>\$450</u></u>	<u><u>\$450</u></u>	<u><u>\$0</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenses and Changes
In Net Assets - Budget and Actual (Non-GAAP Basis)
Wells Perkins Cemetery
For the Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EXPENSES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets at Beginning of Year	<u>500</u>	<u>500</u>	<u>500</u>	<u>0</u>
Net Assets at End of Year	<u><u>\$500</u></u>	<u><u>\$500</u></u>	<u><u>\$500</u></u>	<u><u>\$0</u></u>

City of Stow, Ohio
Summit County
Schedule of Revenues, Expenses and Changes
In Net Assets - Budget and Actual (Non-GAAP Basis)
Tonachio Education Memorial Fund
For the Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous	\$4,000	\$4,000	\$0	(\$4,000)
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>(4,000)</u>
EXPENSES				
Miscellaneous	(5,000)	(5,000)	(1,152)	3,848
Total Expenses	<u>(5,000)</u>	<u>(5,000)</u>	<u>(1,152)</u>	<u>3,848</u>
Change in Net Assets	(1,000)	(1,000)	(1,152)	(152)
Net Assets at Beginning of Year	<u>1,152</u>	<u>1,152</u>	<u>1,152</u>	<u>0</u>
Net Assets at End of Year	<u>\$152</u>	<u>\$152</u>	<u>\$0</u>	<u>(\$152)</u>

City of Stow, Ohio
Combining Statement of Changes in
Assets and Liabilities - All Agency Funds
For the Year Ended December 31, 2004

Road Construction Bonds

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$330,195	\$81,750	\$45,850	\$366,095
Total Assets	<u>\$330,195</u>	<u>\$81,750</u>	<u>\$45,850</u>	<u>\$366,095</u>
<u>Liabilities</u>				
Undistributed Monies	\$330,195	\$81,750	\$45,850	\$366,095
Total Liabilities	<u>\$330,195</u>	<u>\$81,750</u>	<u>\$45,850</u>	<u>\$366,095</u>

Allotment Deposits

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$136,798	\$30,494	\$52,503	\$114,789
Total Assets	<u>\$136,798</u>	<u>\$30,494</u>	<u>\$52,503</u>	<u>\$114,789</u>
<u>Liabilities</u>				
Undistributed Monies	\$136,798	\$30,494	\$52,503	\$114,789
Total Liabilities	<u>\$136,798</u>	<u>\$30,494</u>	<u>\$52,503</u>	<u>\$114,789</u>

Miscellaneous Service Deposits

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$9,298	\$0	\$0	\$9,298
Total Assets	<u>\$9,298</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,298</u>
<u>Liabilities</u>				
Undistributed Monies	\$9,298	\$0	\$0	\$9,298
Total Liabilities	<u>\$9,298</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,298</u>

Bond Forfeitures

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$20,557	\$0	\$0	\$20,557
Total Assets	<u>\$20,557</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,557</u>
<u>Liabilities</u>				
Undistributed Monies	\$20,557	\$0	\$0	\$20,557
Total Liabilities	<u>\$20,557</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,557</u>

(continued)

City of Stow, Ohio
Combining Statement of Changes in
Assets and Liabilities - All Agency Funds (Continued)
For the Year Ended December 31, 2004

Park and Recreation Deposits

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$38,834	\$232,277	\$193,210	\$77,901
Total Assets	<u>\$38,834</u>	<u>\$232,277</u>	<u>\$193,210</u>	<u>\$77,901</u>
<u>Liabilities</u>				
Undistributed Monies	\$38,834	\$232,277	\$193,210	\$77,901
Total Liabilities	<u>\$38,834</u>	<u>\$232,277</u>	<u>\$193,210</u>	<u>\$77,901</u>

Deferred Compensation Rotary

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$0	\$18,994	\$18,994	\$0
Total Assets	<u>\$0</u>	<u>\$18,994</u>	<u>\$18,994</u>	<u>\$0</u>
<u>Liabilities</u>				
Undistributed Monies	\$0	\$18,994	\$18,994	\$0
Total Liabilities	<u>\$0</u>	<u>\$18,994</u>	<u>\$18,994</u>	<u>\$0</u>

Well Performance Bond

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$40,000	\$0	\$0	\$40,000
Total Assets	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$40,000</u>
<u>Liabilities</u>				
Undistributed Monies	\$40,000	\$0	\$0	\$40,000
Total Liabilities	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$40,000</u>

Police Forfeited Cash

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$929	\$0	\$0	\$929
Total Assets	<u>\$929</u>	<u>\$0</u>	<u>\$0</u>	<u>\$929</u>
<u>Liabilities</u>				
Undistributed Monies	\$929	\$0	\$0	\$929
Total Liabilities	<u>\$929</u>	<u>\$0</u>	<u>\$0</u>	<u>\$929</u>

(continued)

City of Stow, Ohio
Combining Statement of Changes in
Assets and Liabilities - All Agency Funds (Continued)
For the Year Ended December 31, 2004

Police Drug Forfeiture Cash

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$1,516	\$6,031	\$2,690	\$4,857
Intergovernmental Receivables	100	150	100	150
Total Assets	<u>\$1,616</u>	<u>\$6,181</u>	<u>\$2,790</u>	<u>\$5,007</u>
<u>Liabilities</u>				
Undistributed Monies	\$1,616	\$3,491	\$100	\$5,007
Total Liabilities	<u>\$1,616</u>	<u>\$3,491</u>	<u>\$100</u>	<u>\$5,007</u>

Ohio BBS 3% Surcharge

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$164	\$3,236	\$3,337	\$63
Total Assets	<u>\$164</u>	<u>\$3,236</u>	<u>\$3,337</u>	<u>\$63</u>
<u>Liabilities</u>				
Undistributed Monies	\$164	\$3,236	\$3,337	\$63
Total Liabilities	<u>\$164</u>	<u>\$3,236</u>	<u>\$3,337</u>	<u>\$63</u>

Fire Bond Insurance Fund

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$0	\$7,940	\$7,940	\$0
Total Assets	<u>\$0</u>	<u>\$7,940</u>	<u>\$7,940</u>	<u>\$0</u>
<u>Liabilities</u>				
Undistributed Monies	\$0	\$7,940	\$7,940	\$0
Total Liabilities	<u>\$0</u>	<u>\$7,940</u>	<u>\$7,940</u>	<u>\$0</u>

Unclaimed Money Fund

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$8,437	\$6,769	\$5,364	\$9,842
Total Assets	<u>\$8,437</u>	<u>\$6,769</u>	<u>\$5,364</u>	<u>\$9,842</u>
<u>Liabilities</u>				
Undistributed Monies	\$8,437	\$6,769	\$5,364	\$9,842
Total Liabilities	<u>\$8,437</u>	<u>\$6,769</u>	<u>\$5,364</u>	<u>\$9,842</u>

(continued)

City of Stow, Ohio
Combining Statement of Changes in
Assets and Liabilities - All Agency Funds (Continued)
For the Year Ended December 31, 2004

Total - All Agency Funds

	Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$586,728	\$387,491	\$329,888	\$644,331
Intergovernmental Receivables	100	150	100	150
	<u>\$586,828</u>	<u>\$387,641</u>	<u>\$329,988</u>	<u>\$644,481</u>
<u>Liabilities</u>				
Undistributed Monies	\$586,828	\$384,951	\$327,298	\$644,481
	<u>\$586,828</u>	<u>\$384,951</u>	<u>\$327,298</u>	<u>\$644,481</u>

CITY OF STOW, OHIO

Statistical Section

**City of Stow, Ohio
Governmental Fund Type
Expenditures by Function
Last Ten Calendar Years**

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Current:										
General Government	\$4,662,459	\$4,337,419	\$4,038,069	\$3,787,262	\$3,455,250	\$3,120,550	\$3,354,777	\$3,236,358	\$2,965,849	\$3,156,949
Security of Persons and Property	10,613,717	10,107,920	8,874,918	8,732,322	7,833,280	7,241,474	6,710,720	6,324,247	5,991,745	6,163,266
Public Health	405,931	435,598	469,082	462,594	468,329	442,050	433,642	260,916	264,690	257,931
Transportation	2,856,791	2,542,914	2,352,871	2,217,758	2,384,678	2,063,396	1,790,751	1,819,073	1,807,235	1,817,841
Community Environment	1,293,809	1,163,616	1,132,509	1,096,685	1,119,854	909,323	417,785	755,069	756,368	344,972
Leisure Time Activities	1,712,128	1,646,323	1,486,482	1,492,171	1,501,736	1,388,987	1,329,193	1,233,273	1,204,439	1,143,763
Other	0	3,863	6,389	23,224	50,973	0	0	0	0	0
Capital Outlay	7,333,364	12,567,939	10,434,356	5,548,763	3,649,212	2,057,286	2,434,015	1,438,240	1,608,572	2,278,219
Debt Service:										
Principal Retirement	14,134,662	15,627,361	180,000	315,000	225,000	215,000	200,000	190,000	195,000	85,000
Interest and Fiscal Charges	475,179	735,296	382,395	402,683	414,308	428,908	499,316	532,392	578,347	664,191
Issuance Cost	141,726	0	0	0	0	0	0	0	0	0
Total	\$43,629,766	\$49,168,249	\$29,357,071	\$24,078,462	\$21,102,620	\$17,866,974	\$17,170,199	\$15,789,568	\$15,372,245	\$15,912,132

Source:
City of Stow financial statements.

**City of Stow, Ohio
Governmental Fund Type
Revenues by Source
Last Ten Calendar Years**

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Municipal Income Tax	\$11,422,047	\$11,167,214	\$11,281,810	\$11,221,994	\$10,939,038	\$10,256,841	\$10,148,391	\$9,541,488	\$8,636,091	\$8,467,874
Property and Other Taxes	6,847,919	6,675,497	6,133,362	5,984,321	4,360,593	4,421,931	4,599,832	4,470,272	3,398,150	2,877,819
Charges for Services	1,062,425	977,307	1,043,272	837,868	424,981	298,254	274,948	262,153	254,203	248,145
Fines, Licenses and Permits	975,553	974,274	692,963	686,027	666,389	866,429	609,740	596,807	567,425	463,050
Intergovernmental	5,212,987	5,274,336	4,425,388	6,602,441	4,702,144	4,046,790	3,591,199	2,907,420	3,083,574	3,419,354
Special Assessments	57,600	53,454	52,917	55,319	56,032	56,788	54,819	54,615	54,482	53,136
Investment Income	215,183	285,379	457,090	574,944	817,719	536,138	430,127	300,429	233,741	236,254
Rent	95,644	0	0	0	0	0	0	0	0	0
Contributions and Donations	5,697	0	0	0	0	0	0	0	0	0
Other	422,376	520,129	718,788	493,111	347,600	156,232	225,403	125,951	130,108	245,608
Total	\$26,317,431	\$25,927,590	\$24,805,590	\$26,456,025	\$22,314,496	\$20,639,403	\$19,934,459	\$18,259,135	\$16,357,774	\$16,011,240

Source:
City of Stow financial statements.

**City of Stow, Ohio
Property Tax Levies and Collections
Real and Public Utility Taxes
Last Ten Calendar Years**

Year	Current Levy	Current Collection	Percent of		Delinquent Collection	Total Collection	Total Collection As a Percent of		Outstanding Delinquent Taxes	Ratio of	
			Current Levy Collected	Current Levy			Current Levy	Delinquent Taxes to Total Levy			
2004	\$6,817,956	\$6,644,645	97.46%	\$165,073	\$6,809,718	99.88%	\$8,238	0.12%			
2003	6,694,114	6,499,566	97.09%	160,251	6,659,817	99.49%	34,297	0.51%			
2002	6,102,629	5,791,916	94.91%	144,724	5,936,640	97.28%	165,989	2.72%			
2001	5,898,640	5,580,204	94.60%	127,890	5,708,094	96.77%	190,546	3.23%			
2000	4,278,289	4,062,677	94.96%	77,990	4,140,667	96.78%	137,622	3.22%			
1999	3,985,361	3,801,725	95.39%	84,055	3,885,780	97.50%	99,581	2.50%			
1998	3,908,376	3,714,778	95.05%	84,821	3,799,599	97.22%	108,777	2.78%			
1997	3,837,411	3,620,923	94.36%	106,111	3,727,034	97.12%	110,377	2.88%			
1996	3,119,525	2,925,162	93.77%	74,226	2,999,388	96.15%	120,137	3.85%			
1995	3,052,409	2,835,750	92.90%	98,731	2,934,481	96.14%	117,928	3.86%			

Source: Summit County Fiscal Officer

City of Stow, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Collection Year	Real Property	Public Utility Property	Tangible Personal	Total Assessed Value	Estimated Actual Value	Ratio
2004	\$705,710,080	\$10,855,300	\$51,014,864	\$767,580,244	\$2,232,709,538	34.38%
2003	693,300,320	11,361,260	51,014,864	755,676,444	2,197,828,036	34.38%
2002	611,933,190	10,647,060	54,307,489	676,887,739	1,977,709,431	34.23%
2001	588,277,820	13,019,160	53,892,421	655,189,401	1,910,834,603	34.29%
2000	567,191,520	14,630,840	53,811,583	635,633,943	1,850,424,372	34.35%
1999	526,516,730	14,428,370	52,133,728	593,078,828	1,727,296,796	34.34%
1998	512,961,810	14,557,040	50,150,238	577,669,088	1,680,763,163	34.37%
1997	496,489,730	14,797,730	43,318,973	554,606,433	1,606,615,708	34.52%
1996	402,622,020	15,296,120	40,995,870	458,914,010	1,329,628,229	34.51%
1995	387,604,050	16,572,590	36,747,218	440,923,858	1,271,001,605	34.69%

Source: Summit County Fiscal Officer

City of Stow, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 Assessed Valuation)
Last Ten Calendar Years

Year	General Operating	Police Pension	Fire Pension	EMS	Total City Levy	Stow City School District	Summit County	Total
2004	\$6.60	\$0.30	\$0.30	\$2.30	\$9.50	\$47.93	\$13.07	\$70.50
2003	6.60	0.30	0.30	2.30	9.50	48.32	13.07	70.89
2002	6.60	0.30	0.30	2.30	9.50	45.74	13.07	68.31
2001	6.60	0.30	0.30	2.30	9.50	46.44	13.07	69.01
2000	6.60	0.30	0.30	0.00	7.20	46.44	13.07	66.71
1999	6.60	0.30	0.30	0.00	7.20	47.64	12.27	67.11
1998	6.60	0.30	0.30	0.00	7.20	47.74	11.65	66.59
1997	6.60	0.30	0.30	0.00	7.20	49.34	11.39	67.93
1996	6.60	0.30	0.30	0.00	7.20	52.41	13.99	73.60
1995	6.60	0.30	0.30	0.00	7.20	52.34	14.16	73.70

Source: Summit County Fiscal Officer

City of Stow, Ohio
Special Assessment Billings and Collections
Last Ten Calendar Years

<u>Collection Year</u>	<u>Current Levy</u>	<u>Current Collection</u>	<u>Total Collection As a Percentage of Current Levy</u>	<u>Total Delinquent Tax</u>
2004	\$106,418	\$96,912	91.07%	\$12,612
2003	88,887	86,186	96.96%	2,701
2002	51,326	49,629	96.69%	1,697
2001	57,834	55,319	95.65%	2,515
2000	58,392	56,032	95.96%	2,360
1999	57,512	55,815	97.05%	1,697
1998	57,447	54,819	95.43%	2,628
1997	56,909	54,615	95.97%	2,294
1996	56,568	54,482	96.31%	2,086
1995	54,454	53,136	97.58%	1,318

Source: Summit County Fiscal Officer

City of Stow, Ohio
Computation of Legal Debt Margin
December 31, 2004

Assessed Valuation (2004)	<u>\$767,580,244</u>
Overall Debt Limitation 10-1/2% of Assessed Value (1)	<u>\$80,595,926</u>
Outstanding Debt:	
General Obligation Debt	<u>20,745,000</u>
Total Outstanding Debt Subject to Overall Debt Limitation	<u>20,745,000</u>
<i>Overall Debt Margin</i>	<u>\$59,850,926</u>
Unvoted Debt Limitations 5-1/2% of Assessed Value (1)	\$42,216,913
Amount of Debt Applicable	<u>20,745,000</u>
<i>Unvoted Debt Margin</i>	<u>\$21,471,913</u>

Source: Summit County Fiscal Officer and City Financial Records.

(1) Ohio Bond Law sets a limit of 10-1/2% of assessed value for voted debt and 5-1/2% for unvoted debt.

City of Stow, Ohio
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Calendar Years

Year	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Assessed Valuation	Population	Ratio of Net Debt to Assessed Value	Net Bonded Debt Per Capita
2004	\$6,100,000	\$0	\$6,100,000	\$767,580,244	34,394	0.79%	\$177.36
2003	5,820,000	0	5,820,000	755,676,444	34,290	0.77%	169.73
2002	6,015,000	0	6,015,000	676,887,739	33,808	0.89%	177.92
2001	6,195,000	0	6,195,000	655,108,563	33,577	0.95%	184.50
2000	6,360,000	0	6,360,000	635,633,943	32,139	1.00%	197.89
1999	6,510,000	0	6,510,000	593,078,828	32,162	1.10%	202.41
1998	6,650,000	0	6,650,000	577,669,088	31,762	1.15%	209.37
1997	6,775,000	1,502	6,773,498	554,606,433	30,833	1.22%	219.68
1996	6,890,000	1,502	6,888,498	458,914,010	30,766	1.50%	223.90
1995	7,000,000	1,847	6,998,153	440,923,858	30,427	1.59%	230.00

Source: Summit County Fiscal Officer

City of Stow, Ohio
Ratio of Annual Debt Principal Expenditures for
General Obligation Bonded Debt to Total Governmental Fund Type Expenditures
Last Ten Calendar Years

Year	Principal	Total Governmental Fund Type Expenditures	Ratio of Debt Service to Governmental Expenditures (Percentages)
2004	\$340,000	\$43,629,766	0.78%
2003	195,000	49,168,249	0.40%
2002	180,000	29,357,071	0.61%
2001	165,000	24,078,462	0.69%
2000	150,000	21,102,620	0.71%
1999	140,000	17,866,974	0.78%
1998	125,000	17,170,199	0.73%
1997	115,000	15,789,568	0.73%
1996	120,000	15,372,245	0.78%
1995	10,000	15,912,132	0.06%

Source:
City of Stow financial statements.

**City of Stow, Ohio
 Computation of Direct and Overlapping General Obligation Debt
 December 31, 2004**

Jurisdiction	Unvoted Debt	Valuation of Entity	Stow City Overlapping Valuation	Stow City Overlapping Percentage	Unvoted Debt Applicable to Stow City
City of Stow	\$20,745,000	\$767,580,244	\$767,580,244	100.00%	\$20,745,000
<u>Overlapping Debt</u>					
Stow-Munroe Falls City School District	6,149,000	882,687,178	767,580,244	86.96%	5,347,139
Metro Transit	1,680,000	11,876,411,268	767,580,244	6.46%	108,580
Summit County	82,679,464	11,876,411,268	767,580,244	6.46%	5,343,628
Total Overlapping Debt	90,508,464				10,799,347
Total	\$111,253,464				\$31,544,347

Source: Summit County Fiscal Officer

**City of Stow, Ohio
Demographic Statistics
Last Ten Calendar Years**

Year	Population (1)	(000)		Unemployment Rate (2)			School Enrollment (3)	Average Residential Sales Price	
		Employed in County (2)	Employed in PMSA (2)	PMSA	State	United States		City (4)	County (4)
2004	34,394	266.8	371	6.0%	6.1%	5.8%	6,076	\$164,902	\$154,269
2003	34,290	290.7	377	5.7%	6.1%	6.0%	6,001	154,662	142,868
2002	33,808	275.1	350	5.2%	6.1%	5.8%	5,836	150,135	133,790
2001	33,577	270.7	352	4.6%	4.3%	4.8%	6,018	147,450	133,766
2000	32,139	282.1	335	4.0%	4.1%	4.0%	5,964	148,688	142,789
1999	32,162	281.4	331	4.2%	4.3%	4.2%	6,001	133,887	117,327
1998	31,762	277.7	325	4.0%	4.3%	4.5%	6,075	136,121	110,296
1997	30,833	281.3	322	4.3%	4.6%	4.9%	6,105	123,146	100,809
1996	30,766	278.8	319	4.6%	4.9%	5.4%	6,150	120,948	102,677
1995	30,427	275.4	313	4.5%	4.8%	5.6%	6,051	108,277	91,377

PMSA = Primary Metropolitan Statistical Area

Source:

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

City of Stow, Ohio
Property Value and Construction Activity
Last Ten Calendar Years

Year	Total Assessed Valuation (1)	Value of Building Permits Issued (2)		
		Agriculture Residential	Commercial Industrial	Total
2004	\$767,580,244	\$37,425,529	\$17,900,362	\$55,325,891
2003	755,676,444	32,400,571	10,693,491	43,094,062
2002	676,887,739	34,165,164	18,435,178	52,600,342
2001	655,108,563	20,662,121	17,860,352	38,522,473
2000	635,633,943	49,987,381	21,773,449	71,760,830
1999	593,078,828	41,900,006	21,738,541	63,638,547
1998	577,669,088	35,599,140	24,811,952	60,411,092
1997	554,606,433	18,099,274	13,813,689	31,912,963
1996	458,914,010	24,652,986	20,745,384	45,398,370
1995	440,923,858	21,632,460	10,625,572	32,258,032

Source:

- (1) Summit County Fiscal Officer
- (2) City of Stow Building Department

**City of Stow, Ohio
Principal Taxpayers
Real Estate Tax
December 31, 2004**

Name of Taxpayer	Assessed Value	Percent of Total Assessed Value of Real Property	Percent of Total Assessed Value
Heron Springs Associates, LLC	\$8,776,140	1.24%	1.14%
DDR Ohio Opportunity II, LLC	7,799,400	1.11%	1.02%
Wyndham Ridge, Ltd.	6,184,070	0.88%	0.81%
Stow-Glen Properties	4,388,800	0.62%	0.57%
Morgan Adhesives Company	4,109,550	0.58%	0.54%
Steels Corners Apartment Company Ltd.	4,078,020	0.58%	0.53%
Aetna Life Insurance Company	3,863,760	0.55%	0.50%
Stow Associates	3,569,890	0.51%	0.47%
Risman, William B. Trustee	2,933,420	0.42%	0.38%
Stow Falls Retail Limited Partnership	2,538,490	0.36%	0.33%
<i>Total</i>	\$48,241,540	6.85%	6.29%
<i>Total Assessed Value of Real Property</i>	\$705,710,080		
<i>Total Assessed Value</i>	\$767,580,244		

Source: Summit County Fiscal Officer

**City of Stow, Ohio
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2004**

Name of Taxpayer	Assessed Value	Percent of Total Assessed Value of Personal Property	Percent of Total Assessed Value
Morgan Adhesives	\$6,560,970	12.86%	0.93%
Audio-Technican U.S. Inc.	2,734,000	5.36%	0.39%
Lowes Home Centers, Inc.	1,683,470	3.30%	0.24%
GOJO Industries, Inc.	1,552,020	3.04%	0.22%
Safway Steel Products, Inc.	1,516,970	2.97%	0.21%
Marhofer Chevrolet, Inc.	1,444,110	2.83%	0.20%
Wrayco Industries, Inc.	1,388,849	2.72%	0.20%
Wal Mart Stores East, Inc.	1,295,920	2.54%	0.18%
Bolognue Management Company, Inc.	1,096,970	2.15%	0.16%
Tamarkin Company	1,004,720	1.97%	0.14%
<i>Total</i>	\$20,277,999	39.74%	2.87%
<i>Total Assessed Value of Tangible Personal Property</i>	\$51,014,864		
<i>Total Real Assessed Value</i>	\$705,710,080		

Source: Summit County Fiscal Officer

City of Stow, Ohio
Miscellaneous Statistics
December 31, 2004

Date of Incorporation as a Village	January, 1957
Date of Incorporation as a City	January, 1960
City Charter adopted	November, 1958
Form of Government	Mayor/Council
Area (Square Miles)	17.00
Miles of Streets:	
City lane miles	283 miles
State highway miles	47 miles
Number of intersections with street lights	46
Fire Protection:	
Number of Stations	3
Number of Sworn Firefighters	54
Police Protection:	
Number of Stations	1
Number of Sworn Police Officers	34
Building:	
2004 Permits issued	877
2004 Valuation of construction	\$55,325,891
Parks and Recreation:	
Number of community parks	4
Number of neighborhood parks	6
Number of acres in parks system	407.75
Number of lodges	4
Number of tennis courts	4
Number of volleyball courts	3
Number of camp sites	27
Number of soccer/baseball fields	7
Number of basketball courts	5

Source: City of Stow Records



**Auditor of State
Betty Montgomery**

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**CITY OF STOW
SUMMIT COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 16, 2005**