



**CITY OF STOW
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

CITY OF STOW
SUMMIT COUNTY

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Mary Taylor, CPA

Auditor of State

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

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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2007. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated June 27, 2007.

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*.

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 27, 2007.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the City Council, audit committee, and management. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 27, 2007

**CITY OF STOW
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006**

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

FINDING NUMBER 2006-001

Significant Deficiency - Capital Assets

During Capital Assets testing, the following deficiencies were noted:

- In practice, the City only capitalizes new roads or roads that are fully replaced; however, the City's Capital Asset Policy does not specifically outline a capitalization threshold for roads and/or other infrastructure assets.
- The City capitalized seven storm sewer assets that were valued at less than \$5,000 (the capitalization threshold for all other asset classes).
- In practice, the City depreciates roads for 20 – 30 years and storm sewers for 25 – 40 years, depending on the materials used; however, the City's Capital Asset Policy does not specifically outline useful lives for these infrastructure assets.
- Net adjustments to road accumulated depreciation totaled approximately \$83,629 due to depreciation calculations utilizing the original asset values as opposed to the replaced values, and improperly including an additional year of depreciation.
- The City's master capital asset listing contains numerous assets which are fully depreciated.
- The City changed the useful lives of various asset classes from 6 years to 15 years and from 30 years to 50 years; however, depreciation on assets within those asset classes was calculated using the original useful lives, resulting in net adjustments to accumulated depreciation totaling \$382,331.
- Due to a capital asset worksheet that was inadvertently excluded from the GAAP conversion process, \$1,142,994 in construction in progress related to Water Fund infrastructure assets including the City's installation of a new Water Meter Reading system, North Main Pump Station, and various water lines were improperly excluded from construction in progress additions. Additionally, six out of 30 assets tested were improperly excluded from the City's Master Capital Asset Listing and not recorded on the City's capital asset system resulting in proposed audit adjustments \$483,903.
- The City updates the Storm Sewer Inventory Sheets utilizing the engineer's cost estimates, estimated prices for materials used, and linear footage estimates; however, when the project is finished, no comparison is made to ensure the Storm Sewer Inventory reflects the actual costs.

To help improve the accountability and reporting of the capital assets, the City should:

- Review and update its Capital Asset Policy to reflect the capitalization threshold(s) for infrastructure assets.
- Ensure capitalization thresholds are reasonable and are followed in a consistent manner.
- Review and update its Capital Asset Policy to reflect the useful lives including infrastructure.
- Review its calculation of road infrastructure depreciation to ensure they are properly calculated using the correct asset values and reflect the proper number of years.
- Consider removing from the capital asset system assets that are fully depreciated and no longer in use or revising the useful lives of the assets to more accurately reflect the life of the asset.
- Review the capital asset system reports to ensure proper asset useful lives are being reflected in order for depreciation to be calculated in accordance with the City's Capital Asset Policy.
- Develop internal control procedures to identify, monitor, and compile additions to the City's Capital Assets and ensure all amounts are included within the financial statements. For example, the City should run and review an Expense Audit Trail report showing expenditures classified as Capital Outlay to help ensure all amounts which should be capitalized are properly included as Capital Assets.
- Track the actual cost of materials used in Waterline and Storm Sewer assets as they are purchased as well as determining the actual linear footage of materials installed.

FINDING NUMBER 2006-001 (Continued)

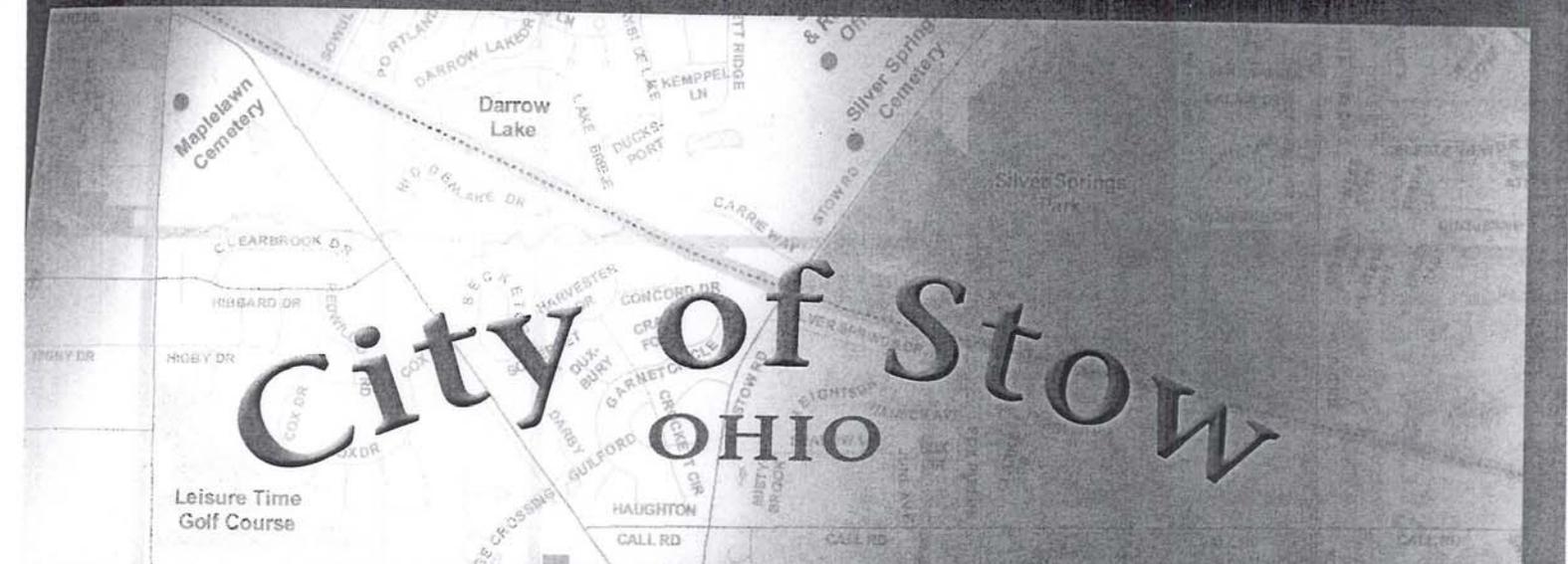
Officials' Response: In response to the Auditor's Finding 2006-001, the Finance Director will be updating the City's current Fixed Asset Policy, dated March 28, 2007. The current policy reflects a detailed schedule of useful lives for the fixed assets being capitalized in the General Fund, Water Fund and Storm Water Fund. In addition, the Finance Director will be updating the policy to refine the capitalization requirements and thresholds for all City fixed assets including roads, water and storm water infrastructure assets.

During the revision process, the policy will be expanded to include periodic audits of departmental assets during the year. Included in this process will be running detailed expense audit reports along with the City's query report for assets over the \$5,000 threshold for capitalization. In addition, all storm sewer assets that are to be capitalized will be done at actual expense rather than engineer's estimate. As part of the Finance Department's updating, a procedure will be developed to evaluate depreciation along with assets that are fully depreciated.

**CITY OF STOW
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

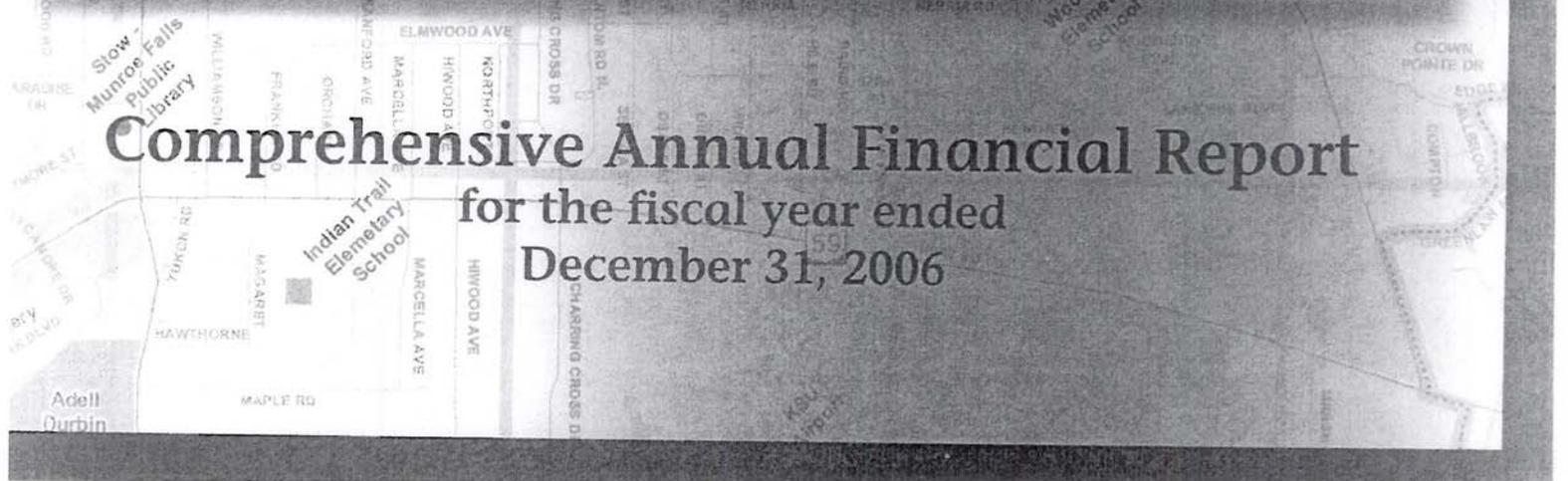
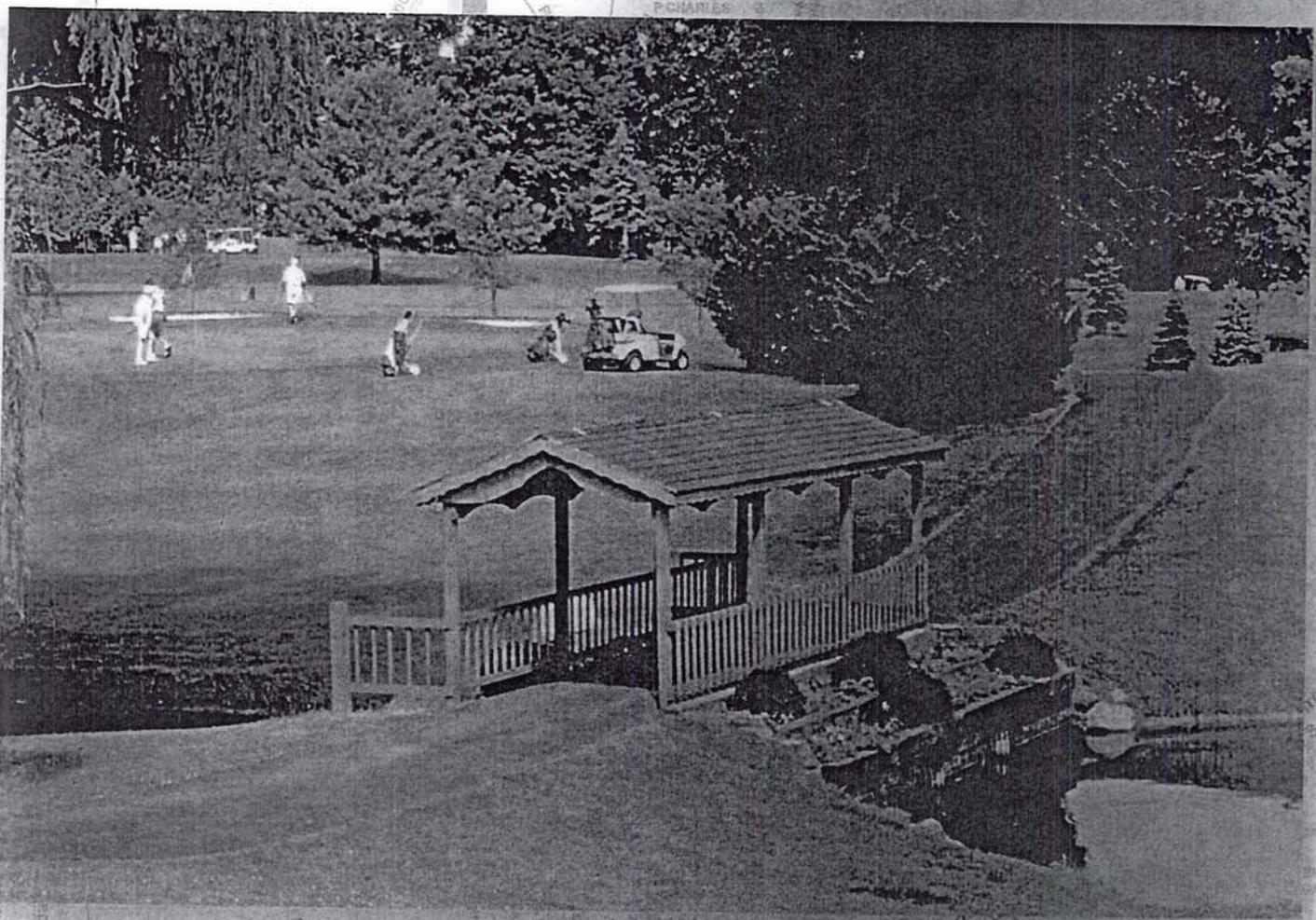
Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2005-001	Cash Reconciliation – discrepancies included an unreconciled amount totaling \$1,160, stale dated checks, uncollected NSF, timely recording of transactions and timely reconciliation	No	Partially Corrected, See Management Letter Recommendation #1.



A detailed street map of Stow, Ohio, showing major roads like Darrow Lake, Silver Springs, and various residential streets. Landmarks such as Mapletown Cemetery, Silver Springs Cemetery, and Silver Springs Park are marked. The text 'City of Stow OHIO' is overlaid in a large, stylized font.

City of Stow OHIO

Leisure Time
Golf Course



A detailed street map of Stow, Ohio, showing major roads like Elmwood Ave, Indian Trail, and various residential streets. Landmarks such as Stow Falls Muntroe Public Library, Indian Trail Elementary School, and Wood Glen School are marked. The text 'Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006' is overlaid in a large, bold font.

Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006

CITY OF STOW, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

PREPARED BY:

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

*3760 DARROW ROAD
STOW, OHIO 44224*

INTRODUCTORY SECTION

CITY OF STOW, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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John M. Baranek
Director of Finance

June 27, 2007

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 (the "City") for the fiscal year ended December 31, 2006, 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 (2006). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the City. To the best of our knowledge, the data in this report is accurate in all material respects and it presents fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

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

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

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

As a part of the City's independent audit, considerations are made to assess the internal control structure, in relation to the financial statements, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2006, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

COMMUNITY PROFILE

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

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

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

The City of Stow provides a full range of services to its citizens. The City's major general government services include police and fire protection, emergency medical service, street maintenance and snow removal, parks and recreation, building and zoning inspection and enforcement, urban forestry and various administrative and operational services. The City also operates and maintains the Stow Water System which provides water distribution service to all Stow residents and businesses and a Storm Water Management Utility. Three cemeteries and numerous community and neighborhood parks, playgrounds and other recreation facilities, including an 18 hole municipal golf course, are also owned and managed by the City for the benefit of its citizens.

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

ECONOMIC CONDITION AND FUTURE OUTLOOK

Local Economy

The City of Stow was originally founded as a township, eventually became a village and was incorporated as a city in 1960 with a population of 12,194. The 2000 population reached 32,139. Stow became the third largest city in Summit County in 1990 and continued as such in 2005. The most recent Census Bureau estimate indicates that Stow's population reached 34,404 in 2005, which is more than a 7.0 percent increase from 2000. To accommodate the City's population growth, over 10,000 dwelling units have been constructed in Stow since 1970. It has been recently estimated that there is unused community capacity for at least an additional 3,600 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 vacancy rates have fluctuated from 8 to 15 percent over the past several years. A 2007 renovation of a large commercial center by a major retail developer will result in a retail vacancy rate of approximately 12 percent when the new space is available and occupied. With a few exceptions, the Stow vacancy rate for retail has typically been lower than the rate for the Akron Metropolitan 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. As of March 2007, there was approximately 613,000 square feet of office space in Stow. The office vacancy rate was 11.6 percent, well below the 15 percent vacancy rate for the Akron Metropolitan Area. In addition, there was over 3,500,000 square feet of industrial space in Stow, and the vacancy rate was 9.9 percent. This rate is also below the 13 percent vacancy rate for industrial properties in the Akron Metropolitan Area.

Through the use of development incentive programs and an aggressive construction schedule for public infrastructure, City officials are planning to encourage the construction of a minimum of 240,000 square feet of additional office, flex space and light industrial 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 Interchange area could eventually account for 100,000-150,000 square feet of the City's expected new office space by the end of this decade. Supporting commercial and service and related businesses are already constructed or being planned in the vicinity of the Interchange, including two medium-sized hotels which have opened. A sizeable health and wellness medical facility is under construction and will open in mid-year 2007. A third hotel is scheduled for construction in the summer of 2007.

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.

In 2006, the City administration completed its first long-term Economic Development Strategy to guide and facilitate the efforts of the City government and other community organizations in undertaking economic development activities in Stow. The formal Strategy Plan was reviewed and evaluated in public by the City's legislative body and has now been officially adopted. It is in the process of being implemented by the City

Major Initiatives and Long-Term Financial Planning

Current Year – The City's voter-approved program to expand the City's Emergency Medical Services (EMS) and fire response capabilities has proven to be very successful. The expansion program was funded through an increase of 2.3 mills in the City's Charter property tax rate and included two new fire stations, and fifteen additional paramedics as well as new fire trucks and equipment. One of the new fire stations is an additional station to increase emergency coverage on the City's east side, while the other is a relocated replacement facility to improve response times on the City's west side. The fifteen additional paramedics have enabled the City's Fire Department to operate a full EMS transport system throughout the entire community and to fully staff the two new fire stations. The City's centrally located Safety Building continues to serve the community as its main fire station. Three new fire trucks were approved for purchased in 2006 for delivery in 2007 to further upgrade and enhance the City's ability to provide high quality emergency fire service to its residents.

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

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

A program to revitalize older commercial areas of the City by completing improvements in or adjacent to the City right-of-way such as the installation of needed sidewalks, landscape strips, street trees, planters and/or decorative paving blocks was continued by the City in 2006. 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 five very successful full operating years for the System in 2006. The City provides water to its citizens based on a 99-year water service agreement 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 were finalized and a formal contract executed in 2006.

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

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

In 2006, the City continued with the long-term improvements program outlined in its comprehensive Capital Plan for the Water System, including numerous waterline replacement projects and rehabilitation of a secondary pump station. The City previously enacted an ongoing, monthly \$4.00 Water System capital improvements fee for all water customers to generate the revenue necessary to undertake and complete the improvements identified in the long-term Plan on a programmed basis over the next 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. Installation of the automatic meter reading system is near completion. It will cost approximately \$2.3 million and should be fully operational by mid-2007.

In order to accomplish the Water System 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. This past year the City continued the phased engineering studies in every neighborhood within the City to identify storm water problems that need to be corrected as part of a long-term storm water management plan. An ongoing, monthly storm water improvement fee was enacted by City Council to pay all future operating and capital costs associated with maintaining and upgrading the City's existing storm water management system over the next ten-twenty years. The fee is graduated and is based on an engineering evaluation of the size of the impervious surfaces of individual residential and non-residential properties in Stow. Numerous storm water projects have been completed in 2005 and 2006 as a result of the enactment of the new fee. Many more projects are being evaluated and prioritized for completion in 2007 and 2008.

In 2006, 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 Stow Senior Center, adopt-a-spot beautification, the neighborhood playground upgrades, residential storm sewer improvements, sidewalk repair, housing repair, litter and recycling education and awareness, neighborhood beautification and tree planting programs were important accomplishments of the City again this past year.

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 2006 and will continue to be used as it is updated in future years to identify available capital improvement funding sources and all potential general capital projects which are necessary to improve the City's infrastructure, buildings, facilities and major equipment over the ten-year period. The Plan also serves as the City's guide for both short-term and long-term debt management.

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

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

After assessing the feasibility of converting its Safety/Service communications system to 800 MHz capability, in 2006, the City executed a 10-year agreement to participate with other communities in the Summit County/Akron radio system. The County-wide system increases compatibility, interoperability and mutual communications capabilities with surrounding communities.

Future – Various major initiatives designed to improve and enhance the City of Stow and/or to enable the City to accommodate the continued growth and development of Stow community are underway in 2007.

As of January 1, 2009, the City of Stow will become the new home of the Stow Municipal Court (formerly the Cuyahoga Falls Municipal Court). Construction of a new \$9.2 million courthouse will commence in 2007 in northwest Stow near a major interchange and will serve over 160,000 people in 16 local communities. The new court facility, which will be completed and ready for occupancy in late 2008, will become a recognized landmark and an important community asset in Stow.

The City has joined with five other communities in forming a Council of Governments (COG) for the purpose of evaluating the feasibility of establishing a regional dispatch communications center. The center, if established, will be located in Stow and will eliminate duplicative dispatching facilities and potentially reduce long-term capital and operating costs for each of the participating governments. The new center may be functional as early as year end 2007. At least one additional City is considering joining the original five communities in forming a COG.

The Route 8 Interchange project, located at State Route 8 and Seasons Road in both Stow and Hudson, continues in the planning stages. Engineering and design have commenced and right-of-way acquisition is expected to begin in the second half of 2007. The project 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, the new interchange is necessary to facilitate expansion of the industrial and commercial growth areas of Stow. The total construction cost for the interchange is expected to be at least \$10,000,000, depending upon the final design and the actual year in which the project is bid. Stow and Hudson will be responsible for paying for a combined fifty percent of the cost, or a minimum of \$2,500,000 each, although a significant portion of the local share could be offset by additional state and federal grants. Preliminary planning estimates are that bidding for the construction could be underway in 2009.

Through the City's annual concrete and asphalt road paving program and such projects as the Norton/Seasons Roads connection, the Route 8 Interchange construction, the Steels Corners Interchange upgrade, the Hudson Drive widening and various other planned road, intersection, traffic light and bridge improvements, the City of Stow will continue to upgrade the community transportation system significantly over the next decade.

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 have or will receive state and/or federal funding.

In 2007, 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.

Plans to construct a new boulevard to provide public access through the City Hall site are being completed. The new roadway is being designed to be compatible with the planned community facilities on the City Center campus, such as the amphitheater and other related improvements.

A unique, special needs playground is being planned as a supplemental facility for one of Stow's major parks in 2008. It is expected to cost up to \$200,000 and will be funded through a combination of private donations and City funding. It will be designed for the inclusion and accessibility of all children regardless of disability.

The proceeds of the City's lodging tax, which is collected on all overnight hotel and motel room occupancies, have been dedicated exclusively to pay for infrastructure improvements in specified areas of the City to encourage economic development. In 2007, the usage of the tax will be expanded to include support of the City's Community Improvement Corporation (C.I.C.), which has the ability to offer financial aid to new and/or expanding businesses in Stow.

OTHER INFORMATION

Awards – The City prepared and submitted a Comprehensive Annual Financial Report (CAFR) for the first time for 2000 to the Government Finance Officers Association of the United States and Canada (GFOA). A Certificate of Achievement for Excellence in Financial Reporting was awarded to the City of Stow for its Comprehensive Annual Financial Report for the years ended December 31, 2000, 2001, 2002, 2003, 2004 and 2005. 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 2006 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 2006 award.

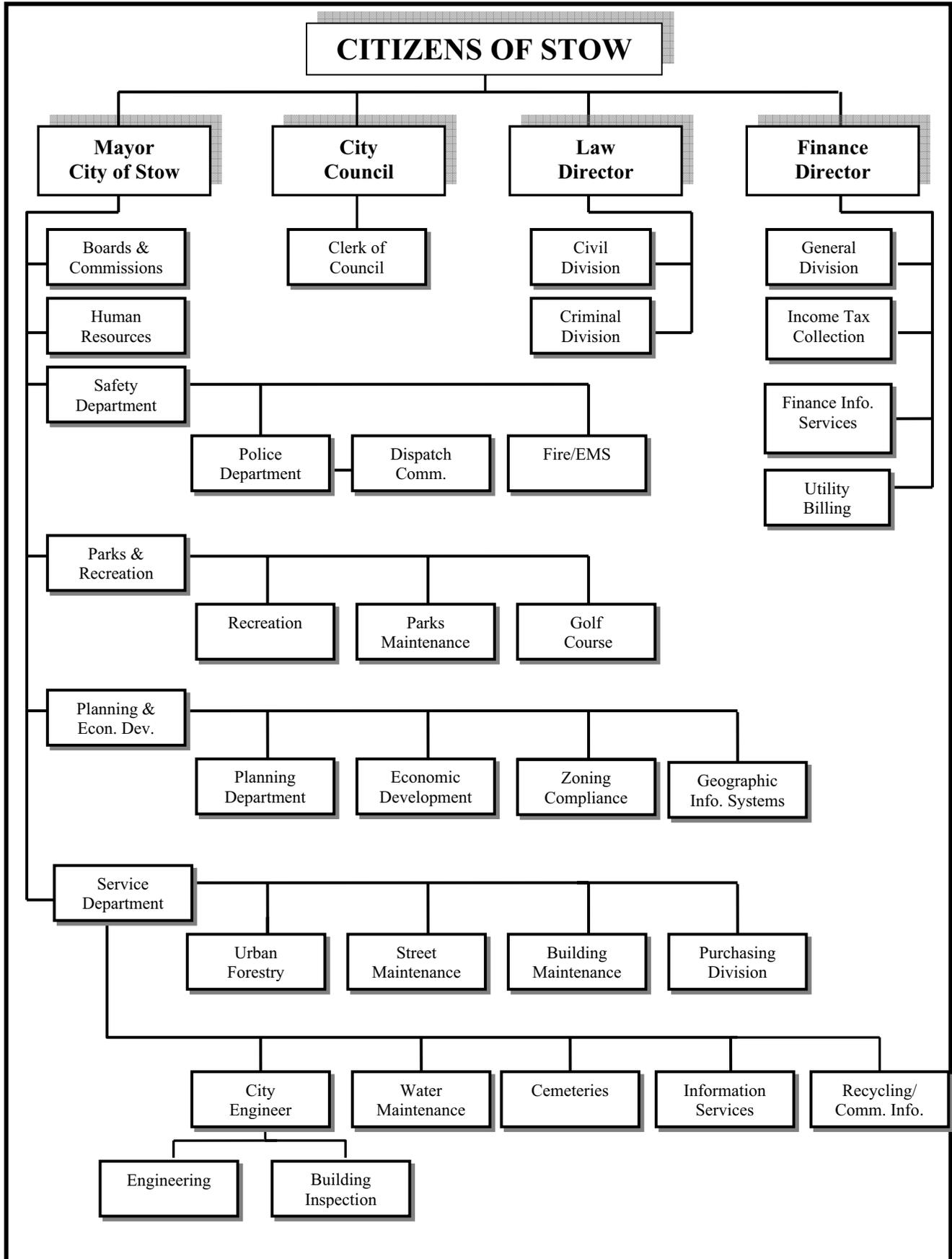
Acknowledgment – I would like to express my sincere appreciation and thanks to those individuals who assisted in the preparation of the 2006 Comprehensive Annual Financial Report. Successful preparation of a report of this scope required the dedicated services of the entire staff of the Finance Department. 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,

A handwritten signature in black ink, appearing to read "John M. Baranek". The signature is fluid and cursive, with a large initial "J" and "M".

John M. Baranek
Director of Finance

City of Stow, Ohio
General Organization Chart
 2006



CITY OF STOW, OHIO
PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2006

Elected Officials

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

Department Officials

Service Director	Dano Koehler
Planning & Development Director	Ken Trenner
City Engineer	J. William Drew
Fire Chief	William Kalbaugh
Police Chief	Louis A. Dirker, Jr.
Assistant Service Director	Thom Sheridan
Assistant Finance Director	John Earle
Assistant City Engineer	Jim McCleary
Assistant City Engineer	Gerald Dolson
Manager of Information Services	Mark Hatfield
Tax Administrator	Dennis Bernaciak
Deputy City Engineer	Edward Carey
Deputy Planning Director	Rob Kurtz
Deputy Law Director	Brian Reali
Economic Development Coordinator	Chuck Wiedie
Senior Engineer	Brad Kosco
Parks and Recreation Director	Nick Wren
Human Resources Director	Patrick Graham
Water Distribution Superintendent	Kathy Vaughn
Project Manager of Information Services	Dale Germano
Chief Building Inspector	Tony Catalona
Parks Manager	Paul Kelly
Assistant Law Director/Prosecutor	John Scavelli
Road Superintendent	Jim Megenhardt
Landscape Arborist	Sue Mottl
M.I.S. Coordinator – Finance	Lisa Paxton
M.I.S. Coordinator – Network	Sean Shotts
Clerk of Council	Bonnie Emahiser
Inspector	Tony Avolio
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, 2005

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.



President

Executive Director

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FINANCIAL SECTION



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2006, 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, 2006, and the respective changes in financial position and where applicable, cash flows, 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 27, 2007, 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.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining 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 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 27, 2007

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006 UNAUDITED

The management's discussion and analysis for the City of Stow's (the "City") financial statements provides an overview of the City's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the notes to the basic financial statements and the basic financial statements.

Financial Highlights

The City's key financial highlights for 2006 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2006 by \$69,106,168 (net assets). Of this amount, \$8,857,474 is considered restricted for various purposes such as capital projects, debt service and other restrictions. Another \$47,609,404 is invested in capital assets and the remaining \$12,639,290 is considered unrestricted and may be used to meet the City's ongoing obligations.
- Total net assets increased \$4,624,649 or 7.17 percent as a result of this year's operations. Net assets for business-type activities increased \$963,259 or 4.34 percent, while the net assets related to governmental activities increased \$3,661,390, or 8.66 percent.
- The City's total revenues amounted to \$38,013,247 in 2006, of which \$31,013,521 related to governmental activities and \$6,999,726 to business-type activities. Program specific revenues in the form of charges for services, grants and contributions accounted for \$12,498,844 or 32.88 percent of total revenues.
- The City had \$33,388,598 in expenses in 2006, \$27,352,131 of which were for governmental activities and \$6,036,467 for business-type activities.
- Among the major funds, the General Fund had \$18,666,656 in revenues and \$17,348,493 in expenditures in 2006. The amount of \$569,879 was transferred to other funds.
- The General Fund's balance increased to \$6,278,829, an increase of \$748,284 from the beginning of 2006. The General Fund balance was 33.64 percent of total General Fund revenues, which is a modest increase from the percentage in 2005.
- The City's total governmental activities long-term obligations decreased from \$17,812,376 to \$16,661,612 during 2006. This decrease of \$1,150,764 was due to a reduction in City bond and note indebtedness.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006 UNAUDITED

Reporting the City as a Whole

Statement of Net Assets and Statement of Activities

The analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's finances is, "How did the City perform financially during 2006?" The Statement of Net Assets and the Statement of Activities provide information concerning the City as a whole and its financial activities that will assist the reader in answering this question. These statements include all assets and liabilities using the accrual method of accounting similar to the accounting used by most private-sector businesses. This method of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Fund Financial Statements

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

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

Governmental Funds

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

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006 UNAUDITED

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

The financial statement notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found on pages 27 through 55 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 56 through 140 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 2006 the City's total assets, as shown in Table 1, exceeded liabilities by \$66,336,846. Some \$44,592,842 of the net assets were in governmental activities while \$21,744,004 were in business-type activities. The table below provides a summary of the City's net assets for 2006 compared to 2005:

CITY OF STOW, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED*

Table 1 - Net Assets

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>	Business-Type Activities <u>2006</u>	Business-Type Activities <u>2005</u>	2006 Total	2005 Total
Assets						
Current and other assets	\$ 28,024,523	\$ 25,121,869	\$ 5,873,608	\$ 4,431,998	\$ 33,898,131	\$ 29,553,867
Capital assets, net	<u>44,796,109</u>	<u>44,564,492</u>	<u>27,368,034</u>	<u>20,904,581</u>	<u>72,164,143</u>	<u>65,469,073</u>
Total assets	<u>72,820,632</u>	<u>69,686,361</u>	<u>33,241,642</u>	<u>25,336,579</u>	<u>106,062,274</u>	<u>95,022,940</u>
Liabilities						
Current and other liabilities	10,202,943	9,579,298	732,651	718,312	10,935,594	10,297,610
Long term liabilities:						
Due within one year	1,796,545	1,764,610	1,007,923	604,970	2,804,468	2,369,580
Due in more than one year	<u>14,865,067</u>	<u>16,047,766</u>	<u>8,350,977</u>	<u>1,826,465</u>	<u>23,216,044</u>	<u>17,874,231</u>
Total liabilities	<u>26,864,555</u>	<u>27,391,674</u>	<u>10,091,551</u>	<u>3,149,747</u>	<u>36,956,106</u>	<u>30,541,421</u>
Net Assets						
Invested in capital assets, net of related debt	29,534,790	27,553,492	18,074,614	18,532,258	47,609,404	46,085,750
Restricted	8,857,474	7,001,862	-	-	8,857,474	7,001,862
Unrestricted	<u>7,563,813</u>	<u>7,739,333</u>	<u>5,075,477</u>	<u>3,654,574</u>	<u>12,639,290</u>	<u>11,393,907</u>
Total net assets	<u>\$ 45,956,077</u>	<u>\$ 42,294,687</u>	<u>\$ 23,150,091</u>	<u>\$ 22,186,832</u>	<u>\$ 69,106,168</u>	<u>\$ 64,481,519</u>

During 2006, the City's overall financial position improved by \$4,624,649 as governmental activities net assets increased by \$3,661,390 and those for business-type activities increased by \$963,259.

The majority of the City's net assets (68.89 percent) reflect its investment in capital assets (e.g. land, construction in progress, buildings, vehicles, infrastructure and equipment, furniture and fixtures), less any related debt used to acquire those assets. These capital assets are utilized by the City to provide services to its citizens. They are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

CITY OF STOW, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED*

Statement of Activities

The table below shows the changes in net assets for years ended 2006 and 2005.

Table 2 - Change in Net Assets

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>	Business-Type Activities <u>2006</u>	Business-Type Activities <u>2005</u>	2006 <u>Total</u>	2005 <u>Total</u>
Revenues						
Program revenues:						
Charges for services	\$ 2,018,277	\$ 2,079,593	\$ 6,616,411	\$ 5,654,864	\$ 8,634,688	\$ 7,734,457
Operating grants and contributions	2,010,283	1,926,451	177,876	106,378	2,188,159	2,032,829
Capital grants and contributions	<u>1,675,997</u>	<u>1,444,831</u>	<u>-</u>	<u>856,697</u>	<u>1,675,997</u>	<u>2,301,528</u>
Total program revenues	<u>5,704,557</u>	<u>5,450,875</u>	<u>6,794,287</u>	<u>6,617,939</u>	<u>12,498,844</u>	<u>12,068,814</u>
General revenues:						
Taxes	19,450,556	18,668,681	-	-	19,450,556	18,668,681
Grants and entitlements	3,814,628	3,354,221	-	-	3,814,628	3,354,221
Investment income	894,418	471,060	-	-	894,418	471,060
Miscellaneous	<u>1,149,362</u>	<u>884,356</u>	<u>205,439</u>	<u>26,941</u>	<u>1,354,801</u>	<u>911,297</u>
Total general revenues	<u>25,308,964</u>	<u>23,378,318</u>	<u>205,439</u>	<u>26,941</u>	<u>25,514,403</u>	<u>23,405,259</u>
Total revenues	<u>31,013,521</u>	<u>28,829,193</u>	<u>6,999,726</u>	<u>6,644,880</u>	<u>38,013,247</u>	<u>35,474,073</u>
Expenses:						
General government	6,231,092	6,090,778	-	-	6,231,092	6,090,778
Security of persons and property	13,210,277	12,048,393	-	-	13,210,277	12,048,393
Public health	443,480	440,074	-	-	443,480	440,074
Leisure time activities	2,223,971	1,951,619	-	-	2,223,971	1,951,619
Community and economic development	1,521,061	1,545,734	-	-	1,521,061	1,545,734
Transportation	3,127,917	3,779,144	-	-	3,127,917	3,779,144
Interest and fiscal charges	594,333	694,127	-	-	594,333	694,127
Water	-	-	3,888,570	3,614,891	3,888,570	3,614,891
Golf Course	-	-	1,361,329	-	1,361,329	-
Storm Water Utility	<u>-</u>	<u>-</u>	<u>786,568</u>	<u>642,835</u>	<u>786,568</u>	<u>642,835</u>
Total expenses	<u>27,352,131</u>	<u>26,549,869</u>	<u>6,036,467</u>	<u>4,257,726</u>	<u>33,388,598</u>	<u>30,807,595</u>
Change in net assets	3,661,390	2,279,324	963,259	2,387,154	1,855,327	4,666,478
Net assets at beginning of year	<u>42,294,687</u>	<u>40,015,363</u>	<u>22,186,832</u>	<u>19,799,678</u>	<u>64,481,519</u>	<u>59,815,041</u>
Net assets at end of year	<u>\$ 45,956,077</u>	<u>\$ 42,294,687</u>	<u>\$ 23,150,091</u>	<u>\$ 22,186,832</u>	<u>\$ 66,336,846</u>	<u>\$ 64,481,519</u>

Governmental Activities

The information in Table 2 indicates that security of persons and property accounted for \$13,210,277, or 48.30 percent of the \$27,352,131 expensed for governmental activities this past year. General government accounted for \$6,231,092, or 22.78 percent in the governmental activities category.

CITY OF STOW, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED*

Some \$19,450,556 in tax revenues was generated for the City in 2006 to support governmental activities. This amount represented 62.72 percent of total revenues for governmental activities which reached \$31,013,521 in 2006. Other major revenues received by the City included \$3,814,628 in unrestricted grants and entitlements.

Program revenues to support governmental activities amounted to \$5,704,557 in 2006, which included \$2,018,277 in charges for services.

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

	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>
Program Expenses:				
General government	\$ 6,231,092	\$ 5,353,066	\$ 6,090,778	\$ 5,281,261
Security of persons and property	13,210,277	12,232,442	12,048,393	10,915,033
Public health	443,480	387,721	440,074	383,713
Leisure time activities	2,223,971	1,951,822	1,951,619	1,599,667
Community and economic development	1,521,061	1,268,343	1,545,734	1,295,151
Transportation	3,127,917	984,847	3,779,144	930,042
Interest and fiscal charges	<u>594,333</u>	<u>594,333</u>	<u>694,127</u>	<u>694,127</u>
Total Expenses	<u>\$ 27,352,131</u>	<u>\$ 22,772,574</u>	<u>\$ 26,549,869</u>	<u>\$ 21,098,994</u>

The dependence upon general revenues for governmental activities is apparent, with 83.26% of expenses supported through taxes and other general revenues in 2006 and 79.47% in 2005.

Business-Type Activities

Water system expenses were \$3,888,570 for the year, which were offset by the \$4,905,336 in charges for services generated by the water system through the operation of the City's water distribution system in 2006.

Golf course expenses were \$1,361,329 for the year, which were offset by the \$936,183 in charges for services generated by the Fox Den Golf Course through user fees. The City also issued debt in the amount of \$5,500,000 for the purchase of the Fox Den Golf Course, which was retired during the year and another \$5,500,000 was issued and outstanding as of December 31, 2006.

Storm water utility expenses were \$786,568 for the year, which were offset by the \$774,892 in charges for services generated by the storm water system in 2006.

The City experienced a increase in net assets of \$963,259 in the area of business-type activities in 2006. Water system revenues totaled \$5,129,516 for the year as compared to \$5,639,497 in 2005. This decrease was due to fewer capital grants and contributions obtained for City water system improvements and decreased service charges.

Financial Analysis of the City's Funds

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

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006 UNAUDITED

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 \$14,492,314, an increase of \$2,210,992 as compared with the prior year. Approximately 77.62 percent of this total year end amount or \$11,248,959, represents unreserved fund balance, which is available at the City's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$2,446,232); 2) to repay loans (\$330,000); and 3) materials and supplies (\$467,123).

The General fund is the City's chief operating fund. The General fund's year end balance increased by \$748,284 during the current year to reach an ending total of \$6,278,829. The unreserved fund balance of the General fund was \$5,275,404. 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 30.41 percent of total General fund expenditures, while total fund balance represents 36.19 percent of such expenditures.

Transfers from the General fund to other governmental funds, which occurred principally for funding of pensions, amounted to \$569,879.

The EMS/Fire Tax Levy fund is one of the City's major special revenue funds. Total revenues and other financing sources during the year totaled \$5,707,472 which is a decrease of \$438,802 from prior year revenues. Total expenditures during the year totaled \$5,783,883 which is a decrease of \$643,978. The decrease in revenues and decrease in expenditures resulted in the EMS/Fire Tax Levy fund's year end balance decreasing \$76,411 during the year to reach an ending total of \$24,048.

The General Capital Improvements fund is the City's major capital projects fund. Total revenues and other financing sources during the year totaled \$11,906,436, which is a decrease of \$141,929 from prior year revenues. Total expenditures during the year totaled \$10,892,210 which is a decrease of \$867,939 from prior year expenditures. The significant decrease in expenditures contributed to the increase in fund balance of \$1,014,226 during the year to reach an ending total fund balance of \$5,756,715.

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, Golf Course and Storm Water Utility funds at the end of the year amounted to \$5,063,753. Total assets were \$33,529,918 at year-end.

The Golf Course fund is a new fund for the City for 2006. This fund is a result of the City purchasing the Fox Den Golf Course during the year with proceeds from a \$5,500,000 debt issuance that was outstanding at the end of the year.

Budgeting Highlights

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

CITY OF STOW, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED*

Regarding revenues, there were no significant differences between the General fund original budget and the final budget other than income tax revenues. The income tax revenue projection in the original and final budgets was significantly in excess of actual revenues due to the effects of a poor economy and a partial overestimate of expected revenues. For the reasons indicated, actual total revenues and other financing sources were \$986,511 less than final budgeted revenues.

General fund expenditures in 2006 were less than both original and final budgeted expenditures by \$2,101,776. This variance was the result of the conservative budgeting by the City, a large contingency allocation that was not expended, and the decision not to expand the City's safety forces as had been originally contemplated, particularly in the police area, due to insufficient revenue enhancement to pay for such employee expansion.

Capital Assets and Debt Administration

Capital Assets

The City's net investment in capital assets, for both its governmental and business-type activities amounted to \$72,164,143 (net of accumulated depreciation) at year end 2006. The investment in capital assets, which include land, buildings and building improvements, vehicles, equipment, furniture and fixtures, infrastructure and construction in progress, increased by \$6,695,070 during 2006.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$10,127,855	\$10,157,855	\$ 5,377,376	\$ 262,011	\$15,505,231	\$10,419,866
Construction in progress	1,071,785	2,755,424	1,142,994	-	2,214,779	2,755,424
Buildings and building improvements	17,088,395	17,793,185	2,974,588	2,916,349	20,062,983	20,709,534
Vehicles	2,931,700	2,931,661	284,577	58,238	3,216,277	2,989,899
Equipment, furniture and fixtures	1,280,437	1,183,759	51,384	67,305	1,331,821	1,251,064
Infrastructure	<u>12,295,937</u>	<u>9,742,608</u>	<u>17,537,115</u>	<u>17,600,678</u>	<u>29,833,052</u>	<u>27,343,286</u>
Totals	<u>\$44,796,109</u>	<u>\$44,564,492</u>	<u>\$27,368,034</u>	<u>\$20,904,581</u>	<u>\$72,164,143</u>	<u>\$65,469,073</u>

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

Debt

At the end of the current fiscal year, the City's total outstanding general obligation bonded debt for governmental activities amounted to \$5,355,000 (before unamortized charges). This debt was originally issued in the amount of \$6.44 million in 2004 to pay for the refinancing of the Stow Safety Center debt issued in 1995. The City also had governmental activity general obligation notes outstanding at year-end in the amount of \$10,423,200. As can be seen from Table 4, the total debt for governmental activities declined \$1,199,850 or 7.24 percent during the year.

CITY OF STOW, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006 UNAUDITED

Debt related to business-type activity for the City amounted to \$9,293,420 at year-end, which consisted of \$9,021,800 in general obligation notes, \$220,104 in Ohio Public Works Commission (OPWC) loans and \$51,516 in Ohio Water Development Authority (OWDA) loans. Total business-type activity debt for the City increased \$6,921,097 or 291.74 percent of the total business-type activity outstanding debt at the commencement of the year. This significant increase is due to the acquisition of the Fox Den Golf Course.

At December 31, 2006, the City's outstanding general obligation bonds were rated "Aa3" by Moody's Investors Service. State statute limits the total amount of debt a governmental entity may issue. The City's debt limitation at year-end, per the limits described by state statute, was substantially higher than the City's existing outstanding debt.

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

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

Table 4 - Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 4,959,599	\$ 5,301,649	\$ -	\$ -	\$ 4,959,599	\$ 5,301,649
General obligation notes	10,423,200	11,281,000	9,021,800	2,064,000	19,445,000	13,345,000
OWDA loans	-	-	51,516	76,635	51,516	76,635
OPWC loans	-	-	220,104	231,688	220,104	231,688
Total long-term obligations	<u>\$ 15,382,799</u>	<u>\$ 16,582,649</u>	<u>\$ 9,293,420</u>	<u>\$ 2,372,323</u>	<u>\$ 24,676,219</u>	<u>\$ 18,954,972</u>

Economic Factors and Next Year's Budget

The City is a growing community with a stable and diversified economy. Since 2000, the City's population has grown by 7.3 percent. This growth has facilitated steady total tax revenue increases annually, including 2006. Trends in the local economy compare favorably with those of the state and nation. The City's unemployment rate in 2006 stood at 4.3 percent. The county, state and national unemployment rates were 5.8, 5.5, and 4.6, respectively in 2006. Inflationary trends in the region compare favorably to national indices.

The City's budgets were forecast conservatively for 2006 and 2007 based on local, state and national economic conditions and trends. The service needs of the citizens of Stow were taken into account as were the ongoing financial condition of the City and any applicable budgetary constraints.

Requests for Information

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

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BASIC
FINANCIAL STATEMENTS

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CITY OF STOW, OHIO

*STATEMENT OF NET ASSETS
DECEMBER 31, 2006*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 14,591,284	\$ 5,647,728	\$ 20,239,012
Receivables (net of allowances for uncollectibles):			
Property taxes	8,278,680	-	8,278,680
Income taxes	1,830,100	-	1,830,100
Accounts	176,138	435,061	611,199
Intergovernmental	2,079,776	-	2,079,776
Accrued interest	124,197	-	124,197
Special assessments	67,469	-	67,469
Internal balances	288,276	(288,276)	-
Materials and supplies inventory.	467,123	79,095	546,218
Deferred charges	121,480	-	121,480
Capital assets:			
Nondepreciable capital assets	11,199,640	6,520,370	17,720,010
Depreciable capital assets, net.	33,596,469	20,847,664	54,444,133
Total capital assets.	<u>44,796,109</u>	<u>27,368,034</u>	<u>72,164,143</u>
Total assets.	<u>72,820,632</u>	<u>33,241,642</u>	<u>106,062,274</u>
Liabilities:			
Accounts payable.	569,171	124,442	693,613
Accrued wages and benefits	69,212	9,707	78,919
Intergovernmental payable	1,037,452	337,822	1,375,274
Unearned revenue.	8,016,715	-	8,016,715
Accrued interest payable.	315,007	260,680	575,687
Claims payable.	195,386	-	195,386
Long-term liabilities:			
Due within one year	1,796,545	1,007,923	2,804,468
Due in more than one year	14,865,067	8,350,977	23,216,044
Total liabilities	<u>26,864,555</u>	<u>10,091,551</u>	<u>36,956,106</u>
Net assets:			
Invested in capital assets, net of related debt	29,534,790	18,074,614	47,609,404
Restricted for:			
EMS/Fire protection	192,511	-	192,511
Police	105,072	-	105,072
Street repair and maintenance.	1,786,390	-	1,786,390
Public health	184	-	184
Leisure time activities.	496,834	-	496,834
Community and economic development.	358,542	-	358,542
Capital outlay	5,709,174	-	5,709,174
Other purposes	208,767	-	208,767
Unrestricted.	<u>7,563,813</u>	<u>5,075,477</u>	<u>12,639,290</u>
Total net assets	<u>\$ 45,956,077</u>	<u>\$ 23,150,091</u>	<u>\$ 69,106,168</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government.	\$ 6,231,092	\$ 878,026	\$ -	\$ -
Security of persons and property	13,210,277	564,625	413,210	-
Public health.	443,480	50,759	5,000	-
Leisure time activities.	2,223,971	272,149	-	-
Community and economic development	1,521,061	252,718	-	-
Transportation.	3,127,917	-	1,592,073	550,997
Interest and fiscal charges.	594,333	-	-	-
Total governmental activities	27,352,131	2,018,277	2,010,283	550,997
Business-type Activities:				
Water	3,888,570	4,905,336	177,876	-
Golf Course	1,361,329	936,183	-	-
Storm Water Utility.	786,568	774,892	-	-
Total business-type activities	6,036,467	6,616,411	177,876	-
Total primary government.	\$ 33,388,598	\$ 8,634,688	\$ 2,188,159	\$ 550,997

General Revenues:

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,353,066)	\$ -	\$ (5,353,066)
(12,232,442)	-	(12,232,442)
(387,721)	-	(387,721)
(1,951,822)	-	(1,951,822)
(1,268,343)	-	(1,268,343)
(984,847)	-	(984,847)
(594,333)	-	(594,333)
<u>(22,772,574)</u>	<u>-</u>	<u>(22,772,574)</u>
-	1,194,642	1,194,642
-	(425,146)	(425,146)
-	(11,676)	(11,676)
<u>-</u>	<u>757,820</u>	<u>757,820</u>
<u>(22,772,574)</u>	<u>757,820</u>	<u>(22,014,754)</u>
4,992,077	-	4,992,077
2,312,818	-	2,312,818
566,557	-	566,557
7,637,359	-	7,637,359
1,050,000	-	1,050,000
2,891,745	-	2,891,745
3,814,628	-	3,814,628
894,418	-	894,418
2,274,362	205,439	2,479,801
26,433,964	205,439	26,639,403
3,661,390	963,259	4,624,649
42,294,687	22,186,832	64,481,519
<u>\$ 45,956,077</u>	<u>\$ 23,150,091</u>	<u>\$ 69,106,168</u>

CITY OF STOW, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006*

	<u>General</u>	<u>EMS/Fire Tax Levy</u>	<u>General Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 5,254,046	\$ 156,543	\$ 5,366,589	\$ 2,169,094	\$ 12,946,272
Receivables (net of allowance for uncollectibles):					
Property taxes	5,731,422	1,997,313	-	549,945	8,278,680
Income taxes	1,098,060	-	732,040	-	1,830,100
Accounts	101,055	-	-	70	101,125
Intergovernmental	1,252,900	102,000	-	724,876	2,079,776
Accrued interest	124,197	-	-	-	124,197
Special assessments	-	-	67,469	-	67,469
Loans to other funds	300,000	-	30,000	-	330,000
Materials and supplies	60,087	-	-	407,036	467,123
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 13,921,767</u>	<u>\$ 2,255,856</u>	<u>\$ 6,196,098</u>	<u>\$ 3,851,021</u>	<u>\$ 26,224,742</u>
Liabilities:					
Accounts payable	\$ 167,900	\$ 8,348	\$ 302,969	\$ 84,954	\$ 564,171
Accrued wages and benefits	63,965	5,247	-	-	69,212
Intergovernmental payable	602,433	118,900	-	316,119	1,037,452
Deferred revenue	1,239,132	158,424	136,414	480,908	2,014,878
Unearned revenue	5,569,508	1,940,889	-	506,318	8,016,715
Loans from other funds	-	-	-	30,000	30,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>7,642,938</u>	<u>2,231,808</u>	<u>439,383</u>	<u>1,418,299</u>	<u>11,732,428</u>
Fund Balances:					
Reserved for encumbrances	643,338	21,617	1,532,887	248,390	2,446,232
Reserved for materials and supplies	60,087	-	-	407,036	467,123
Reserved for loans	300,000	-	30,000	-	330,000
Unreserved, undesignated, reported in:					
General fund	5,275,404	-	-	-	5,275,404
Special revenue funds	-	2,431	-	1,777,296	1,779,727
Capital projects funds	-	-	4,193,828	-	4,193,828
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>6,278,829</u>	<u>24,048</u>	<u>5,756,715</u>	<u>2,432,722</u>	<u>14,492,314</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 13,921,767</u>	<u>\$ 2,255,856</u>	<u>\$ 6,196,098</u>	<u>\$ 3,851,021</u>	<u>\$ 26,224,742</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006*

Total governmental fund balances		\$ 14,492,314
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		44,796,109
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes	\$ 233,056	
Municipal income taxes	341,034	
Intergovernmental	1,400,886	
Interest	39,902	
Total		2,014,878
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Compensated absences	(1,278,813)	
General obligation bonds payable	(4,959,599)	
Construction notes payable	(10,423,200)	
Total		(16,661,612)
In the statement of activities interest is accrued on outstanding bonds, notes payable, whereas in governmental funds, interest expenditures are reported when due.		(315,007)
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on a full accrual basis.		121,480
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,519,639
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(11,724)
Net assets of governmental activities		\$ 45,956,077

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>General</u>	<u>EMS/Fire Tax Levy</u>	<u>General Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property and other taxes	\$ 5,069,382	\$ 1,763,744	\$ -	\$ 583,044	\$ 7,416,170
Income taxes	7,557,838	-	2,838,730	1,616,557	12,013,125
Special assessments	-	-	-	51,417	51,417
Charges for services	298,039	-	-	531,262	829,301
Licenses and permits	812,102	-	-	70	812,172
Fines and forfeitures	137,007	-	-	6,815	143,822
Intergovernmental	3,406,909	239,846	550,997	2,282,836	6,480,588
Investment income	840,494	-	-	33,261	873,755
Rent	181,635	-	-	82,935	264,570
Contributions and donations	110	-	-	12,483	12,593
Other	363,140	368	1,715,177	100,079	2,178,764
Total revenues	<u>18,666,656</u>	<u>2,003,958</u>	<u>5,104,904</u>	<u>5,300,759</u>	<u>31,076,277</u>
Expenditures:					
Current:					
General government.	5,126,246	-	-	-	5,126,246
Security of persons and property	8,259,032	2,076,095	-	1,333,599	11,668,726
Public health.	386,186	-	-	14,335	400,521
Leisure time activities	1,694,296	-	-	148,755	1,843,051
Community and economic development	1,345,612	-	-	23,172	1,368,784
Transportation.	537,121	-	-	1,963,464	2,500,585
Capital outlay	-	17,087	3,434,099	768,863	4,220,049
Debt service:					
Principal retirement	-	3,675,000	7,206,000	775,000	11,656,000
Interest and fiscal charges.	-	15,701	252,111	318,557	586,369
Total expenditures.	<u>17,348,493</u>	<u>5,783,883</u>	<u>10,892,210</u>	<u>5,345,745</u>	<u>39,370,331</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>1,318,163</u>	<u>(3,779,925)</u>	<u>(5,787,306)</u>	<u>(44,986)</u>	<u>(8,294,054)</u>
Other financing sources (uses):					
Notes issued.	-	3,675,000	6,748,200	-	10,423,200
Premium on notes.	-	28,514	53,332	-	81,846
Transfers in	-	-	-	569,879	569,879
Transfers out	<u>(569,879)</u>	-	-	-	<u>(569,879)</u>
Total other financing sources (uses)	<u>(569,879)</u>	<u>3,703,514</u>	<u>6,801,532</u>	<u>569,879</u>	<u>10,505,046</u>
Net change in fund balances.	748,284	(76,411)	1,014,226	524,893	2,210,992
Fund balances at beginning of year	<u>5,530,545</u>	<u>100,459</u>	<u>4,742,489</u>	<u>1,907,829</u>	<u>12,281,322</u>
Fund balances at end of year	<u>\$ 6,278,829</u>	<u>\$ 24,048</u>	<u>\$ 5,756,715</u>	<u>\$ 2,432,722</u>	<u>\$ 14,492,314</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006*

Net change in fund balances - total governmental funds		\$ 2,210,992
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital asset additions	2,722,203	
Current year depreciation	<u>(1,968,641)</u>	
Total		753,562
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(521,945)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(111,275)	
Intergovernmental	(104,389)	
Municipal income taxes	132,536	
Interest	<u>20,372</u>	
Total		(62,756)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement net assets.		
		11,656,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
Accrued interest	(46,737)	
Unamortized charges	(32,950)	
Bond issuance costs	<u>(10,123)</u>	
Total		(89,810)
The issuance of of bonds and notes are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		
		(10,423,200)
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds.		
		(49,086)
Internal service funds used by management to charge the cost of insurance, to individual funds is not reported in the expenditures and related internal service fund revenues are eliminated. The net revenue of the internal service funds are allocated among the governmental activities		
		<u>187,633</u>
Change in net assets of governmental activities		<u>\$ 3,661,390</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 6,198,920	\$ 5,046,914	\$ 5,069,382	\$ 22,468
Income taxes	10,790,990	8,785,595	7,481,940	(1,303,655)
Charges for services	450,526	366,800	297,264	(69,536)
Licenses and permits	1,150,265	936,500	808,649	(127,851)
Fines and forfeitures	186,941	152,200	129,478	(22,722)
Intergovernmental	3,222,891	2,623,950	3,414,199	790,249
Investment income	951,901	775,000	753,083	(21,917)
Rental income	256,706	209,000	182,435	(26,565)
Contributions and donations	1,228	1,000	110	(890)
Other	719,455	585,752	359,660	(226,092)
Total revenues	<u>23,929,823</u>	<u>19,482,711</u>	<u>18,496,200</u>	<u>(986,511)</u>
Expenditures:				
Current:				
General government	5,960,070	5,960,070	5,358,820	601,250
Security of persons and property	9,377,057	9,377,057	8,431,104	945,953
Public health	433,556	433,556	389,819	43,737
Leisure time activities	1,950,585	1,950,585	1,753,811	196,774
Community and economic environment	1,543,382	1,543,382	1,387,686	155,696
Transportation	602,380	602,380	541,612	60,768
Capital outlay	333,659	333,659	300,000	33,659
Total expenditures	<u>20,200,689</u>	<u>20,200,689</u>	<u>18,162,852</u>	<u>2,037,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,729,134</u>	<u>(717,978)</u>	<u>333,348</u>	<u>1,051,326</u>
Other financing uses:				
Transfers out	(633,818)	(633,818)	(569,879)	63,939
Total other financing uses	<u>(633,818)</u>	<u>(633,818)</u>	<u>(569,879)</u>	<u>63,939</u>
Net change in fund balance	3,095,316	(1,351,796)	(236,531)	1,115,265
Fund balance at beginning of year	4,130,188	4,130,188	4,130,188	-
Prior year encumbrances appropriated	<u>464,550</u>	<u>464,550</u>	<u>464,550</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,690,054</u>	<u>\$ 3,242,942</u>	<u>\$ 4,358,207</u>	<u>\$ 1,115,265</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS/FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes	\$ 1,774,743	\$ 1,755,915	\$ 1,763,744	\$ 7,829
Intergovernmental.	321,224	317,816	240,446	(77,370)
Other	<u>2,047,552</u>	<u>2,025,830</u>	<u>368</u>	<u>(2,025,462)</u>
Total revenues	<u>4,143,519</u>	<u>4,099,561</u>	<u>2,004,558</u>	<u>(2,095,003)</u>
Expenditures:				
Current:				
Security of persons and property.	2,161,451	2,153,729	2,115,571	38,158
Capital outlay.	18,046	18,577	18,248	329
Debt service:				
Principal retirement	3,634,549	3,741,284	3,675,000	66,284
Interest and fiscal charges	<u>15,528</u>	<u>15,984</u>	<u>15,701</u>	<u>283</u>
Total expenditures	<u>5,829,574</u>	<u>5,929,574</u>	<u>5,824,520</u>	<u>105,054</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,686,055)</u>	<u>(1,830,013)</u>	<u>(3,819,962)</u>	<u>(1,989,949)</u>
Other financing sources:				
Notes issued	3,710,801	3,725,000	3,675,000	(50,000)
Premium on notes	-	-	28,514	28,514
Total other financing sources	<u>3,710,801</u>	<u>3,725,000</u>	<u>3,703,514</u>	<u>(21,486)</u>
Net change in fund balance	2,024,746	1,894,987	(116,448)	(2,011,435)
Fund balance at beginning of year	184,974	184,974	184,974	-
Prior year encumbrances appropriated.	<u>58,052</u>	<u>58,052</u>	<u>58,052</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,267,772</u>	<u>\$ 2,138,013</u>	<u>\$ 126,578</u>	<u>\$ (2,011,435)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

STATEMENT OF FUND NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2006

	Business-type Activities -Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Golf Course	Storm Water Utility	Total	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 5,198,729	\$ 179,992	\$ 269,007	\$ 5,647,728	\$ 1,645,012
Receivables (net of allowance for uncollectibles):					
Accounts	353,114	-	81,947	435,061	75,013
Materials and supplies inventory	79,095	-	-	79,095	-
Total current assets	<u>5,630,938</u>	<u>179,992</u>	<u>350,954</u>	<u>6,161,884</u>	<u>1,720,025</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable capital assets	1,405,005	5,115,365	-	6,520,370	-
Depreciable capital assets, net.	15,432,741	157,103	5,257,820	20,847,664	-
Total noncurrent assets	<u>16,837,746</u>	<u>5,272,468</u>	<u>5,257,820</u>	<u>27,368,034</u>	<u>-</u>
Total assets	<u>22,468,684</u>	<u>5,452,460</u>	<u>5,608,774</u>	<u>33,529,918</u>	<u>1,720,025</u>
Liabilities:					
Current liabilities:					
Accounts payable	62,011	37,145	25,286	124,442	5,000
Accrued wages and benefits.	7,342	486	1,879	9,707	-
Intergovernmental	303,801	22,169	11,852	337,822	-
Accrued interest payable.	102,009	158,671	-	260,680	-
Claims payable.	-	-	-	-	195,386
Notes payable	942,200	-	-	942,200	-
Current portion of OWDA loans.	25,535	-	-	25,535	-
Current portion of OPWC loan	11,584	-	-	11,584	-
Current portion of compensated absences	23,745	-	4,859	28,604	-
Total current liabilities	<u>1,478,227</u>	<u>218,471</u>	<u>43,876</u>	<u>1,740,574</u>	<u>200,386</u>
Long-term liabilities:					
Notes payable	2,579,600	5,500,000	-	8,079,600	-
OWDA loans	25,981	-	-	25,981	-
OPWC loan	208,520	-	-	208,520	-
Loans from other funds	300,000	-	-	300,000	-
Compensated absences	30,678	-	6,198	36,876	-
Total long-term liabilities	<u>3,144,779</u>	<u>5,500,000</u>	<u>6,198</u>	<u>8,650,977</u>	<u>-</u>
Total liabilities	<u>4,623,006</u>	<u>5,718,471</u>	<u>50,074</u>	<u>10,391,551</u>	<u>200,386</u>
Net assets:					
Invested in capital assets, net of related debt.	13,044,326	(227,532)	5,257,820	18,074,614	-
Unrestricted.	4,801,352	(38,479)	300,880	5,063,753	1,519,639
Total net assets	<u>\$ 17,845,678</u>	<u>\$ (266,011)</u>	<u>\$ 5,558,700</u>	<u>23,138,367</u>	<u>\$ 1,519,639</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				<u>11,724</u>	
Net assets of business-type activities				<u>\$ 23,150,091</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Golf Course	Storm Water Utility	Total	
Operating revenues:					
Charges for services	\$ 4,729,503	\$ 936,183	\$ 774,892	\$ 6,440,578	\$ 2,418,540
Tap-in fees	175,833	-	-	175,833	-
Other.	46,304	159,135	-	205,439	-
Total operating revenues	4,951,640	1,095,318	774,892	6,821,850	2,418,540
Operating expenses:					
Personal services	992,151	414,620	269,885	1,676,656	-
Contract services	2,573,866	465,145	252,242	3,291,253	279,424
Materials and supplies	55,376	307,957	30,870	394,203	-
Claims.	-	-	-	-	1,957,406
Depreciation	155,876	3,100	232,618	391,594	-
Total operating expenses	3,777,269	1,190,822	785,615	5,753,706	2,236,830
Operating income (loss)	1,174,371	(95,504)	(10,723)	1,068,144	181,710
Nonoperating revenues (expenses):					
Intergovernmental.	177,876	-	-	177,876	-
Interest expense and fiscal charges	(106,331)	(170,507)	-	(276,838)	-
Total nonoperating revenues (expenses)	71,545	(170,507)	-	(98,962)	-
Changes in net assets	1,245,916	(266,011)	(10,723)	969,182	181,710
Net assets at beginning of year	16,599,762	-	5,569,423	1,337,929	1,337,929
Net assets (deficit) at end of year	\$ 17,845,678	\$ (266,011)	\$ 5,558,700	\$ 1,519,639	\$ 1,519,639
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(5,923)	
Changes in net assets of business-type activities				\$ 963,259	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Golf Course	Storm Water Utility	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 4,719,361	\$ 936,183	\$ 772,624	\$ 6,428,168	\$ 2,424,423
Cash received from tap-in fees	175,833	-	-	175,833	-
Cash received from other operations.	46,304	159,135	-	205,439	-
Cash payments for personal services	(993,397)	(390,807)	(269,578)	(1,653,782)	-
Cash payments for contract services	(2,815,200)	(460,737)	(250,421)	(3,526,358)	(274,424)
Cash payments for materials and supplies	(70,019)	(300,547)	(34,170)	(404,736)	-
Cash payments for claims	-	-	-	-	(2,080,115)
Net cash provided by (used in) operating activities.	<u>1,062,882</u>	<u>(56,773)</u>	<u>218,455</u>	<u>1,224,564</u>	<u>69,884</u>
Cash flows from noncapital financing activities:					
Intergovernmental	<u>177,876</u>	<u>-</u>	<u>-</u>	<u>177,876</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>177,876</u>	<u>-</u>	<u>-</u>	<u>177,876</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets.	(1,310,659)	(5,251,399)	(275,757)	(6,837,815)	-
Principal retirement	(2,100,703)	(5,500,000)	-	(7,600,703)	-
Note issuance	3,521,800	11,000,000	-	14,521,800	-
Premium on notes	26,911	52,581	-	79,492	-
Interest and fiscal charges.	(77,879)	(64,417)	-	(142,296)	-
Net cash provided by (used in) capital and related financing activities	<u>59,470</u>	<u>236,765</u>	<u>(275,757)</u>	<u>20,478</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents.	<u>1,300,228</u>	<u>179,992</u>	<u>(57,302)</u>	<u>1,422,918</u>	<u>69,884</u>
Cash and cash equivalents at beginning of year . .	<u>3,898,501</u>	<u>-</u>	<u>326,309</u>	<u>4,224,810</u>	<u>1,575,128</u>
Cash and cash equivalents at end of year . . .	<u>\$ 5,198,729</u>	<u>\$ 179,992</u>	<u>\$ 269,007</u>	<u>\$ 5,647,728</u>	<u>\$ 1,645,012</u>

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CITY OF STOW, OHIO

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2006*

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Golf Course	Storm Water Utility	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,174,371	\$ (95,504)	\$ (10,723)	\$ 1,068,144	\$ 181,710
Adjustments:					
Depreciation	155,876	3,100	232,618	391,594	-
Changes in assets and liabilities:					
(Increase) in materials and supplies inventory.	(12,205)	-	-	(12,205)	-
(Increase) decrease in accounts receivable	(10,142)	-	(2,268)	(12,410)	5,883
Increase (decrease) in accounts payable	(493,688)	12,976	(7,619)	(488,331)	5,000
Increase (decrease) in accrued wages and benefits.	(326)	486	(897)	(737)	-
Increase in due to other governments.	254,198	22,169	3,784	280,151	-
Increase (decrease) in compensated absences payable	(5,202)	-	3,560	(1,642)	-
Decrease in claims payable.	-	-	-	-	(122,709)
Net cash provided by (used in) operating activities.	<u>\$ 1,062,882</u>	<u>\$ (56,773)</u>	<u>\$ 218,455</u>	<u>\$ 1,224,564</u>	<u>\$ 69,884</u>

During 2006, the Water, Golf Course and Storm Water Utility funds purchased \$41,214, \$24,169, and \$246 of capital assets on account. During 2005, the Water and Storm Water funds purchased \$12,984 and \$35,413 of capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006*

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents.	\$ 1,250	\$ 594,982
Receivables:		
Accounts	<u>-</u>	<u>740</u>
Total assets.	<u>1,250</u>	<u>\$ 595,722</u>
Liabilities:		
Undistributed monies	<u>-</u>	<u>\$ 595,722</u>
Total liabilities	<u>-</u>	<u>\$ 595,722</u>
Net assets:		
Held in trust.	<u>1,250</u>	
Total net assets	<u>\$ 1,250</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STOW, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Private Purpose Trust</u>
Net assets at beginning of year	\$ <u>1,250</u>
Net assets at end of year	\$ <u><u>1,250</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - DESCRIPTION OF THE CITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation - Fund Accounting

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

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

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

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

C. Fund Accounting

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

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

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

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

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

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

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

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

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

Golf Course Fund - The golf course fund accounts for revenues generated and expenses for the Fox Den Golf Course.

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

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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

D. Measurement Focus

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

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

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

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

E. Basis of Accounting

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

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as unearned revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

F. Budgetary Process

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the Annual Appropriation Ordinance. On or about January 1, the Certificate of Estimated Resources is amended to include unencumbered fund balances at December 31 of the preceding year. The Certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official Certificate of Estimated Resources issued during 2006.

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 original and final appropriation amounts, including all amendments and modifications.

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

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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

G. Cash, Cash Equivalents and Investments

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

During fiscal year 2006, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), repurchase agreements, and federal agency securities.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2006.

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 2006 amounted to \$840,494 of which \$618,429 was assigned from other City funds.

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

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

H. Interfund Balances

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

I. Inventory

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

J. Capital Assets

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	4 to 50 years	4 to 50 years
Infrastructure	20 to 75 years	20 to 75 years
Equipment, Furniture and Fixtures	3 to 10 years	3 to 10 years
Vehicles	15 years	15 years

K. Compensated Absences

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

M. Fund Balance Reserves

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

N. Net Assets

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

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

O. Unamortized Issuance Costs/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

For advance refundings resulting in the defeasance of debt reported in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt.

On the governmental fund financial statements, issuance costs are recognized in the current period.

P. Operating Revenues and Expenses

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

CITY OF STOW, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

Q. 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.

R. 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 Basic Financial Statements ("BFS").

S. 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 2006.

T. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2006, the City has implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

The implementation of GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the City as previously reported at December 31, 2005.

B. Deficit Fund Balances

Fund balances/net assets, at December 31, 2006 included the following individual fund deficits:

	<u>Deficit</u>
<u>Major Funds</u>	
Golf Course	\$ 266,011
<u>Nonmajor Funds</u>	
Police Pension and Disability	134,416
Fire Pension and Disability	144,827
Building Education/Seminar	13

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories:

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

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

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

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

A. Deposits with Financial Institutions

At December 31, 2006, the carrying amount of all City deposits was \$151,640 exclusive of the \$2,465,000 repurchase agreement included in investments below. As of December 31, 2006, the City's bank balance of \$311,669 was exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Deposit Insurance Corporation.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

B. Investments

As of December 31, 2006, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
FHLB	\$ 1,973,595	\$ -	\$ 500,000	\$ 1,473,595	\$ -
FHLMC	2,484,915	997,925	987,730	-	499,260
FNMA	1,483,565	489,500	495,625	-	498,440
STAR Ohio	12,276,529	12,276,529	-	-	-
Repurchase Agreement	<u>2,465,000</u>	<u>2,465,000</u>	-	-	-
	<u>\$ 20,683,604</u>	<u>\$ 16,228,954</u>	<u>\$ 1,983,355</u>	<u>\$ 1,473,595</u>	<u>\$ 997,700</u>

The weighted average maturity of the City's investments is 0.27.

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

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

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

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2006:

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 1,973,595	9.54
FNMA	1,483,565	7.17
FHLMC	2,484,915	12.01
STAR Ohio	12,276,529	59.35
Repurchase Agreement	<u>2,465,000</u>	<u>11.93</u>
	<u>\$ 20,683,604</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 151,640
Investments	<u>20,683,604</u>
Total	<u>\$ 20,835,244</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 14,591,284
Business type activities	5,647,728
Private purpose trust funds	1,250
Agency funds	<u>594,982</u>
Total	<u>\$ 20,835,244</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund loan receivables/payables balances at December 31, 2006, consist of the following individual fund receivables and payables:

<u>Payable Fund</u>	<u>Receivable Funds</u>	
	<u>General</u>	<u>General Capital Improvements</u>
Nonmajor governmental	\$ -	\$ 30,000
Water	<u>300,000</u>	<u>-</u>
	<u>\$ 300,000</u>	<u>\$ 30,000</u>

CITY OF STOW, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

Interfund transfers for the year ended December 31, 2006, consisted of the following:

<u>Transfer To</u>	<u>Transfers From</u>
	<u>General</u>
Nonmajor Governmental	<u>\$ 569,879</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; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2006, consisted primarily of taxes, accounts (billings for user charged services, rents and royalties), special assessments, accrued interest, loans receivable and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenues received during 2006 for real and public utility property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

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. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006 and collected in 2007 real property taxes.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 7 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenues received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 18.75% for 2006. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The tax rate for all City operations for the year ended December 31, 2006, was \$9.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$ 785,872,830
Tangible Personal Property	47,772,680
Public Utility Property	<u>10,062,490</u>
Total	<u>\$ 843,708,000</u>

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

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County, including the City of Stow. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006 and for which there is an enforceable legal claim. In the general fund, EMS/fire levy, police pension and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 8 - INCOME TAX

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

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

Accordingly, the Capital Projects portion of income tax revenues, approximated \$2,838,730, the Street Construction Fund portion was \$1,050,000, and the General Bond Retirement Fund was \$566,557 for 2006. Initially, 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 \$732,040.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 9 - CAPITAL ASSETS

A. Capital asset activity for the year ended December 31, 2006, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/06</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 10,157,855	\$ -	\$ (30,000)	\$ 10,127,855
Construction in progress	<u>2,755,424</u>	<u>1,082,266</u>	<u>(2,765,905)</u>	<u>1,071,785</u>
Total capital assets, not being depreciated	<u>12,913,279</u>	<u>1,082,266</u>	<u>(2,795,905)</u>	<u>11,199,640</u>
<i>Capital assets, being depreciated:</i>				
Buildings and building improvements	22,784,783	50,710	(82,962)	22,752,531
Vehicles	7,043,447	359,089	(398,226)	7,004,310
Equipment, furniture and fixtures	4,175,837	311,111	(63,398)	4,423,550
Infrastructure	<u>16,704,928</u>	<u>3,684,932</u>	<u>(979,433)</u>	<u>19,410,427</u>
Total capital assets, being depreciated	<u>50,708,995</u>	<u>4,405,842</u>	<u>(1,524,019)</u>	<u>53,590,818</u>
<i>Less: accumulated depreciation:</i>				
Buildings and building improvements	(4,991,598)	(755,472)	82,934	(5,664,136)
Vehicles	(4,111,786)	(359,050)	398,226	(4,072,610)
Equipment, furniture and fixtures	(2,992,078)	(214,433)	63,398	(3,143,113)
Infrastructure	<u>(6,962,320)</u>	<u>(639,686)</u>	<u>487,516</u>	<u>(7,114,490)</u>
Total accumulated depreciation	<u>(19,057,782)</u>	<u>(1,968,641)</u>	<u>1,032,074</u>	<u>(19,994,349)</u>
Total capital assets, being depreciated, net	<u>31,651,213</u>	<u>2,437,201</u>	<u>(491,945)</u>	<u>33,596,469</u>
Governmental activities capital assets, net	<u>\$ 44,564,492</u>	<u>\$ 3,519,467</u>	<u>\$ (3,287,850)</u>	<u>\$ 44,796,109</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 209,051
Security of persons and property	852,018
Public health and welfare	8,166
Transportation	699,403
Community environment	49,265
Leisure time activity	<u>150,738</u>
Total depreciation expense	<u>\$ 1,968,641</u>

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Capital asset activity for the year ended December 31, 2006 was as follows:

<u>Business-type Activities:</u>	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/06</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 262,011	\$ 5,115,365	\$ -	\$ 5,377,376
Construction in progress	<u>-</u>	<u>1,142,994</u>	<u>-</u>	<u>1,142,994</u>
Total capital assets, not being depreciated	<u>262,011</u>	<u>6,258,359</u>	<u>-</u>	<u>6,520,370</u>
<i>Capital assets, being depreciated:</i>				
Buildings and building improvements	3,259,288	149,303	-	3,408,591
Vehicles	199,508	244,491	-	443,999
Equipment, furniture and fixtures	265,601	10,900	-	276,501
Infrastructure	<u>21,318,972</u>	<u>191,994</u>	<u>-</u>	<u>21,510,966</u>
Total capital assets, being depreciated	<u>25,043,369</u>	<u>596,688</u>	<u>-</u>	<u>25,640,057</u>
<i>Less: accumulated depreciation:</i>				
Buildings and building improvements	(342,939)	(91,064)	-	(434,003)
Vehicles	(141,270)	(18,152)	-	(159,422)
Equipment, furniture and fixtures	(198,296)	(26,821)	-	(225,117)
Infrastructure	<u>(3,718,294)</u>	<u>(255,557)</u>	<u>-</u>	<u>(3,973,851)</u>
Total accumulated depreciation	<u>(4,400,799)</u>	<u>(391,594)</u>	<u>-</u>	<u>(4,792,393)</u>
Total capital assets, being depreciated, net	<u>20,642,570</u>	<u>205,094</u>	<u>-</u>	<u>20,847,664</u>
Business-type activities capital assets, net	<u>\$ 20,904,581</u>	<u>\$ 6,463,453</u>	<u>\$ -</u>	<u>\$ 27,368,034</u>

Depreciation expense was charged to business - type activities as follows:

Water	\$ 155,876
Storm Water	232,618
Golf	<u>3,100</u>
Total depreciation expense	<u>\$ 391,594</u>

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10 - LONG-TERM OBLIGATIONS

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
Business-Type Activities			
OWDA Water Construction Loan	8.09%	\$ 120,663	1/1/2009
OWDA Water Maintenance Loan	7.86%	10,127	7/1/2007
OPWC Lillian Road Waterline Improvement	0.00%	231,688	7/1/2025
2005 Water System Anticipation	3.50%	1,400,000	5/11/2006
2005 Service and Parks Maintenance Center Construction Note	3.50%	664,000	5/11/2006
2006 Water System Anticipation	4.50%	900,000	5/10/2007
2006 Service and Parks Maintenance Center Construction Note	4.50%	621,800	5/10/2007
2006 Water Meter Reading System Notes	4.50%	2,000,000	5/10/2007
2006 Golf Course Notes	4.00%	5,500,000	5/11/2006
2006 Golf Course Notes	4.50%	5,500,000	5/10/2007
Governmental Activities			
Safety Center Construction General Obligation Bond	2.00%-4.05%	6,440,000	12/1/2018
2005 Fire Station Construction/ Equipment Note	3.50%	4,075,000	5/11/2006
2005 Service and Parks Maintenance Center Construction Note	3.50%	7,206,000	5/11/2006
2006 Fire Station Construction/ Equipment Note	4.50%	3,675,000	5/10/2007
2006 Service and Parks Maintenance Center Construction Note	4.50%	6,748,200	5/10/2007

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Governmental Activities:	<u>Balance</u> <u>12/31/05</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>12/31/06</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>General Obligation Refunding Bonds</u>					
Safety Center Construction General Obligation Bonds	\$ 5,730,000	\$ -	\$ (375,000)	\$ 5,355,000	\$ 385,000
Less Deferred Unamortized Charges	<u>(428,351)</u>	<u>32,950</u>	<u>-</u>	<u>(395,401)</u>	<u>-</u>
Total General Obligation Bonds	<u>5,301,649</u>	<u>32,950</u>	<u>(375,000)</u>	<u>4,959,599</u>	<u>385,000</u>
<u>Long-Term Notes:</u>					
2005 Construction Note	4,075,000	-	(4,075,000)	-	-
2005 Construction Note	7,206,000	-	(7,206,000)	-	-
2006 Construction Note	-	3,675,000	-	3,675,000	400,000
2006 Construction Note	<u>-</u>	<u>6,748,200</u>	<u>-</u>	<u>6,748,200</u>	<u>457,800</u>
Total Long-Term Notes	<u>11,281,000</u>	<u>10,423,200</u>	<u>(11,281,000)</u>	<u>10,423,200</u>	<u>857,800</u>
<u>Other Debt:</u>					
Compensated Absences	<u>1,229,727</u>	<u>228,551</u>	<u>(179,465)</u>	<u>1,278,813</u>	<u>553,745</u>
Total Other Debt	<u>1,229,727</u>	<u>228,551</u>	<u>(179,465)</u>	<u>1,278,813</u>	<u>553,745</u>
Total Governmental Activities	<u>\$ 17,812,376</u>	<u>\$ 10,684,701</u>	<u>\$(11,835,465)</u>	<u>\$ 16,661,612</u>	<u>\$ 1,796,545</u>

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Business-Type Activities	<u>Balance 12/31/2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2006</u>	<u>Amounts Due in One Year</u>
<u>OWDA Loans</u>					
OWDA Water Construction	\$ 72,255	\$ -	\$ (22,236)	\$ 50,019	\$ 24,038
OWDA Water Maintenance	<u>4,380</u>	<u>-</u>	<u>(2,883)</u>	<u>1,497</u>	<u>1,497</u>
Total OWDA Loans	<u>76,635</u>	<u>-</u>	<u>(25,119)</u>	<u>51,516</u>	<u>25,535</u>
<u>OPWC Loan</u>					
OPWC Lillian Road Water Line Improvement	<u>231,688</u>	<u>-</u>	<u>(11,584)</u>	<u>220,104</u>	<u>11,584</u>
Total OPWC Loans	<u>231,688</u>	<u>-</u>	<u>(11,584)</u>	<u>220,104</u>	<u>11,584</u>
<u>Long-Term Notes:</u>					
2005 Water System Anticipation	1,400,000	-	(1,400,000)	-	-
2005 Construction Note	664,000	-	(664,000)	-	-
2006 Water System Anticipation	-	900,000	-	900,000	500,000
2006 Construction Note	-	621,800	-	621,800	42,200
2006 Water Meter Note	-	2,000,000	-	2,000,000	400,000
2006 Golf Course Note	<u>-</u>	<u>11,000,000</u>	<u>(5,500,000)</u>	<u>5,500,000</u>	<u>-</u>
Total Long-Term Notes	<u>2,064,000</u>	<u>14,521,800</u>	<u>(7,564,000)</u>	<u>9,021,800</u>	<u>942,200</u>
<u>Other Debt:</u>					
Compensated Absences	<u>59,112</u>	<u>6,368</u>	<u>-</u>	<u>65,480</u>	<u>28,604</u>
Total Other Debt	<u>59,112</u>	<u>6,368</u>	<u>-</u>	<u>65,480</u>	<u>28,604</u>
Total Business-Type Activities	<u>\$ 2,431,435</u>	<u>\$14,528,168</u>	<u>\$ (7,600,703)</u>	<u>\$ 9,358,900</u>	<u>\$ 1,007,923</u>

General Obligation Bonds, Loans and Notes

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

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

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 11 - RISK MANAGEMENT - (Continued)

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.

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 \$100,000 per employee and for claims in excess of \$1,939,669 in the aggregate from Companion Life Insurance Company. The City pays into the self-insurance internal service fund \$715.61 per month for each employee with family medical coverage and \$216.95 per month for each employee with individual medical coverage. Premiums for dental coverage are \$79.53 monthly for each employee with family coverage and \$37.69 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 \$195,386 reported in the self-insurance internal service fund at December 31, 2006 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Services", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the City's third party administrator. A summary of the fund's claims liability during the past two years are as follows:

	Balance at Beginning <u>of Year</u>	Current <u>Claims</u>	Claims <u>Payment</u>	Balance at <u>End of Year</u>
2005	\$ 387,932	\$ 1,780,207	\$ (1,850,044)	\$ 318,095
2006	318,095	1,957,406	(2,080,115)	195,386

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement under the traditional plan, were required to contribute 9.0% of their annual covered salaries. Members participating in the traditional plan that were in law enforcement contributed 10.1% of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.70%, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 16.93% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$739,293, \$988,832, and \$936,041, respectively; 72.76% has been contributed for 2006 and 100% has been contributed for 2005 and 2004. The City and plan members did not make any contributions to the member-directed plan for 2006.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The portion of the City's contributions to fund pension obligations was 11.75% for police officers and 16.25% for firefighters. The City's contributions to the fund for police and firefighters were \$317,591 and \$557,820 for the year ended December 31, 2006, \$283,225 and \$537,866 for the year ended December 31, 2005, and \$273,234 and \$387,267 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 74.48% and 74.02%, respectively, have been contributed for 2006 with the remainder being reported as a liability.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 13 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70% of covered payroll (16.93% for public safety and law enforcement); 4.50% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus an additional factor ranging from .50% to 6.00% for the next nine years. In subsequent years, (10 and beyond) health care costs were assumed to increase at 4.00%.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2006. The City's actual employer contributions for 2006 which were used to fund postemployment benefits were \$361,611. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$11.1 billion. At December 31, 2005 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional fund to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers".

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 13 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2005 and 2006. 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 City's actual contributions for 2006 that were used to fund postemployment benefits were \$209,094 for police and \$266,139 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$108.039 million, which was net of member contributions of \$55.272 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005 (the latest information available), was 13,922 for police and 10,537 for firefighters.

NOTE 14 - COMPENSATED ABSENCES

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

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

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

As of December 31, 2006, the liability for compensated absences was \$1,344,293 for the entire City.

CITY OF STOW, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>EMS/Fire Tax Levy</u>
Budget basis	\$ (236,531)	\$ (116,448)
Net adjustment for revenue accruals	170,456	(600)
Net adjustment for expenditure accruals	15,444	10,672
Adjustment for encumbrances	<u>798,915</u>	<u>29,965</u>
GAAP basis	<u>\$ 748,284</u>	<u>\$ (76,411)</u>

NOTE 16 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the reporting units included herein or on the overall financial position of the City at December 31, 2006.

CITY OF STOW, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 16 – CONTINGENCIES - (Continued)

B. Litigation

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

NOTE 17 - SIGNIFICANT SUBSEQUENT EVENTS

The following notes were due and refinanced in 2007:

- The \$900,000 2006 Water System Anticipation Note was retired and \$400,000 was refinanced on May 10, 2007.
- The \$7,370,000 2006 Construction Note was retired and \$6,870,000 was refinanced on May 10, 2007.
- The \$3,675,000 2006 Construction and Equipment Note was retired and \$3,275,000 was refinanced on May 10, 2007.
- The \$5,500,000 2006 Golf Course Notes were retired and \$5,500,000 in bonds were issued on May 9, 2007.
- The \$2,000,000 2006 Water Meter Note was retired and \$1,600,000 was refinanced on May 10, 2007.

The City also issued the following bonds and notes in 2007:

- \$5,000,000 in notes on May 9, 2007 to finance the construction of the Municipal Courthouse.
- \$4,200,000 in bonds on May 9, 2007 to finance the construction of the Municipal Courthouse.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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CITY OF STOW, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

GENERAL FUND

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

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

SPECIAL REVENUE FUNDS

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

Nonmajor Special Revenue Funds

Street Construction Fund

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

State Highway Improvement Fund

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

Police Pension and Disability Fund

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

Fire Pension and Disability Fund

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

Motor Vehicle License Tax Fund

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

ODNR Litter Prevention Grant Fund

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

EMS Transport Fees Fund

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

Police Enforcement and Education Fund

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

CITY OF STOW, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

Nonmajor Special Revenue Funds (Continued)

Special Assessment Improvements Fund

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

Tree Trust Fund

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

Communications Tower Fund

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

Cemetery Trust Fund

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

Park Improvements Fund

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

Other Nonmajor Special Revenue Funds

Federal Law Enforcement Forfeited Fees	Parks Lodge Improvement
Commission of the Arts	Community Relations
Safety Town	SS Ballfield Complex
D.A.R.E. Program	Park and Recreation Scholarship
Police MVA Fees	Police Explorer
Youth Division Donations	Community Development
Fire Department Emergency Equipment	FEMA
Parks Youth	Business Assistance
Police Department Emergency Repair	City Lodging Tax
Youth Division Teen Center	Enhanced 911 Wireless
	Building Education/Seminar

NONMAJOR DEBT SERVICE FUND

General Obligation Bond Retirement Fund

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

MAJOR CAPITAL PROJECTS FUND

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

General Capital Improvements Fund

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

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CITY OF STOW, OHIO

*BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006*

	Nonmajor Special Revenue Funds
	<hr/>
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,169,094
Receivables (net of allowances of uncollectibles):	
Property taxes.	549,945
Accounts	70
Due from other governments	724,876
Materials and supplies inventory	<hr/> 407,036
Total assets	<hr/> <hr/> \$ 3,851,021
Liabilities:	
Accounts payable	\$ 84,954
Loans from other funds	30,000
Due to other governments	316,119
Deferred revenue	480,908
Unearned revenue	<hr/> 506,318
Total liabilities	<hr/> 1,418,299
Fund Balances:	
Reserved for encumbrances.	248,390
Reserved for materials and supplies inventory	407,036
Unreserved, undesignated, reported in:	
Special revenue funds.	<hr/> 1,777,296
Total fund balances	<hr/> 2,432,722
Total liabilities and fund equity.	<hr/> <hr/> \$ 3,851,021

CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:			
Property and other local taxes	\$ 583,044	\$ -	\$ 583,044
Income taxes	1,050,000	566,557	1,616,557
Special assessments	51,417	-	51,417
Charges for services	531,262	-	531,262
Licenses and permits	70	-	70
Fines and forfeitures	6,815	-	6,815
Intergovernmental	2,282,836	-	2,282,836
Investment income	33,261	-	33,261
Contributions and donations	12,483	-	12,483
Rental income	82,935	-	82,935
Other	100,079	-	100,079
	<hr/>	<hr/>	<hr/>
Total revenues	4,734,202	566,557	5,300,759
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property	1,333,599	-	1,333,599
Public health	14,335	-	14,335
Leisure time activities	148,755	-	148,755
Community and economic environment	23,172	-	23,172
Transportation	1,963,464	-	1,963,464
Capital outlay.	768,863	-	768,863
Debt service:			
Principal retirement.	400,000	375,000	775,000
Interest and fiscal charges	127,000	191,557	318,557
	<hr/>	<hr/>	<hr/>
Total expenditures	4,779,188	566,557	5,345,745
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures.	(44,986)	-	(44,986)
	<hr/>	<hr/>	<hr/>
Other financing sources :			
Transfers in.	569,879	-	569,879
	<hr/>	<hr/>	<hr/>
Total other financing sources.	569,879	-	569,879
	<hr/>	<hr/>	<hr/>
Net change in fund balances.	524,893	-	524,893
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	1,907,829	-	1,907,829
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	<u>\$ 2,432,722</u>	<u>\$ -</u>	<u>\$ 2,432,722</u>

CITY OF STOW, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006*

	<u>Street Construction</u>	<u>State Highway Improvement</u>	<u>Police Pension and Disability</u>	<u>Fire Pension and Disability</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 553,240	\$ 73,677	\$ -	\$ -
Receivables (net of allowances for uncollectibles):				
Property taxes.	-	-	260,518	260,518
Accounts	-	-	-	-
Due from other governments	627,432	50,873	13,500	13,500
Materials and supplies.	<u>407,036</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,587,708</u>	<u>\$ 124,550</u>	<u>\$ 274,018</u>	<u>\$ 274,018</u>
 Liabilities:				
Accounts payable.	\$ 66,163	\$ 2,225	\$ -	\$ -
Loans from other funds	-	-	-	-
Due to other governments	34,600	1,071	134,416	144,827
Deferred revenue	406,250	32,940	20,859	20,859
Unearned revenue	<u>-</u>	<u>-</u>	<u>253,159</u>	<u>253,159</u>
Total liabilities.	<u>507,013</u>	<u>36,236</u>	<u>408,434</u>	<u>418,845</u>
 Fund Balances:				
Reserved for encumbrances.	160,717	4,406	-	-
Reserved for materials and supplies inventory	407,036	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	<u>512,942</u>	<u>83,908</u>	<u>(134,416)</u>	<u>(144,827)</u>
Total fund balances.	<u>1,080,695</u>	<u>88,314</u>	<u>(134,416)</u>	<u>(144,827)</u>
Total liabilities and fund equity	<u>\$ 1,587,708</u>	<u>\$ 124,550</u>	<u>\$ 274,018</u>	<u>\$ 274,018</u>

<u>Motor Vehicle License Tax</u>	<u>ODNR Litter Prevention Grant</u>	<u>EMS Transport Fees</u>	<u>Police Enforcement and Education</u>	<u>Special Assessment Improvements</u>	<u>Tree Trust</u>
\$ 160,265	\$ 12,839	\$ 178,645	\$ 20,382	\$ 36,554	\$ 176,048
-	-	-	-	-	-
-	-	-	-	-	-
17,926	-	-	711	-	-
-	-	-	-	-	-
<u>\$ 178,191</u>	<u>\$ 12,839</u>	<u>\$ 178,645</u>	<u>\$ 21,093</u>	<u>\$ 36,554</u>	<u>\$ 176,048</u>
\$ -	\$ -	\$ 1,676	\$ -	\$ 1,842	\$ -
-	-	-	-	30,000	-
-	425	-	-	185	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>425</u>	<u>1,676</u>	<u>-</u>	<u>32,027</u>	<u>-</u>
-	-	54,689	-	575	-
-	-	-	-	-	-
178,191	12,414	122,280	21,093	3,952	176,048
<u>178,191</u>	<u>12,414</u>	<u>176,969</u>	<u>21,093</u>	<u>4,527</u>	<u>176,048</u>
<u>\$ 178,191</u>	<u>\$ 12,839</u>	<u>\$ 178,645</u>	<u>\$ 21,093</u>	<u>\$ 36,554</u>	<u>\$ 176,048</u>

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CITY OF STOW, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2006*

	<u>Communication Tower</u>	<u>Cemetery Trust</u>	<u>Park Improvements</u>	<u>Federal Law Enforcement Forfeited Fees</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 287,423	\$ 194,912	\$ 34,004	\$ 71,195
Receivables (net of allowances for uncollectibles):				
Property taxes.	-	-	-	-
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Materials and supplies.	-	-	-	-
Total assets	<u>\$ 287,423</u>	<u>\$ 194,912</u>	<u>\$ 34,004</u>	<u>\$ 71,195</u>
Liabilities:				
Accounts payable.	\$ 296	\$ -	\$ 2,370	\$ 8,098
Loans from other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities.	<u>296</u>	<u>-</u>	<u>2,370</u>	<u>8,098</u>
Fund Balances:				
Reserved for encumbrances.	8,930	10,062	-	663
Reserved for materials and supplies inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	278,197	184,850	31,634	62,434
Total fund balances.	<u>287,127</u>	<u>194,912</u>	<u>31,634</u>	<u>63,097</u>
Total liabilities and fund equity	<u>\$ 287,423</u>	<u>\$ 194,912</u>	<u>\$ 34,004</u>	<u>\$ 71,195</u>

<u>Commission of the Arts</u>	<u>Safety Town</u>	<u>D.A.R.E. Program</u>	<u>Police MVA Fees</u>	<u>Youth Division Donations</u>	<u>Fire Department Emergency Equipment</u>
\$ 4,737	\$ 392	\$ 20,747	\$ 4,078	\$ 6,105	\$ 2,587
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,737</u>	<u>\$ 392</u>	<u>\$ 20,747</u>	<u>\$ 4,078</u>	<u>\$ 6,105</u>	<u>\$ 2,587</u>
\$ -	\$ -	\$ 162	\$ -	\$ -	\$ 498
-	-	-	-	-	-
-	-	577	-	5	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>739</u>	<u>-</u>	<u>5</u>	<u>498</u>
2,626	-	-	-	-	-
-	-	-	-	-	-
2,111	392	20,008	4,078	6,100	2,089
<u>4,737</u>	<u>392</u>	<u>20,008</u>	<u>4,078</u>	<u>6,100</u>	<u>2,089</u>
<u>\$ 4,737</u>	<u>\$ 392</u>	<u>\$ 20,747</u>	<u>\$ 4,078</u>	<u>\$ 6,105</u>	<u>\$ 2,587</u>

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CITY OF STOW, OHIO

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31, 2006

	<u>Parks Youth Fund</u>	<u>Police Department Emergency Equipment</u>	<u>Youth Division Teen Center</u>	<u>Parks Lodge Improvement</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 862	\$ 35	\$ 7,783	\$ 57,894
Receivables (net of allowances for uncollectibles):				
Property taxes.	-	-	-	-
Accounts	-	70	-	-
Due from other governments	-	-	-	-
Materials and supplies.	-	-	-	-
Total assets	<u>\$ 862</u>	<u>\$ 105</u>	<u>\$ 7,783</u>	<u>\$ 57,894</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ 149	\$ 357
Loans from other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities.	<u>-</u>	<u>-</u>	<u>149</u>	<u>357</u>
Fund Balances:				
Reserved for encumbrances.	-	-	9	4,350
Reserved for materials and supplies inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	862	105	7,625	53,187
Total fund balances.	<u>862</u>	<u>105</u>	<u>7,634</u>	<u>57,537</u>
Total liabilities and fund equity	<u>\$ 862</u>	<u>\$ 105</u>	<u>\$ 7,783</u>	<u>\$ 57,894</u>

<u>Community Relations</u>	<u>SS Ballfield Complex</u>	<u>Park and Recreation Scholarship</u>	<u>Police Explorer</u>	<u>Community Development</u>	<u>FEMA</u>
\$ 3,160	\$ 21,526	\$ 1,655	\$ 377	\$ 68,299	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,160</u>	<u>21,526</u>	<u>1,655</u>	<u>377</u>	<u>68,299</u>	<u>-</u>
\$ 44	\$ 1,074	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>44</u>	<u>1,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
348	1,015	-	-	-	-
-	-	-	-	-	-
2,768	19,437	1,655	377	68,299	-
<u>3,116</u>	<u>20,452</u>	<u>1,655</u>	<u>377</u>	<u>68,299</u>	<u>-</u>
<u>\$ 3,160</u>	<u>\$ 21,526</u>	<u>\$ 1,655</u>	<u>\$ 377</u>	<u>\$ 68,299</u>	<u>\$ -</u>

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CITY OF STOW, OHIO

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31, 2006

	<u>Business Assistance</u>	<u>City Lodging Tax</u>	<u>Enhanced 911 Wireless</u>	<u>Building Education/Seminar</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:					
Equity in pooled cash and cash equivalents.	\$ 742	\$ 128,196	\$ 40,735	\$ -	\$ 2,169,094
Receivables (net of allowances for uncollectibles):					
Property taxes.	-	28,909	-	-	549,945
Accounts	-	-	-	-	70
Due from other governments	-	-	934	-	724,876
Materials and supplies.	-	-	-	-	407,036
Total assets	<u>\$ 742</u>	<u>\$ 157,105</u>	<u>\$ 41,669</u>	<u>\$ -</u>	<u>\$ 3,851,021</u>
Liabilities:					
Accounts payable.	\$ -	\$ -	\$ -	\$ -	\$ 84,954
Loans from other funds	-	-	-	-	30,000
Due to other governments	-	-	-	13	316,119
Deferred revenue	-	-	-	-	480,908
Unearned revenue	-	-	-	-	506,318
Total liabilities.	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>911,981</u>
Fund Balances:					
Reserved for encumbrances.	-	-	-	-	248,390
Reserved for materials and supplies inventory	-	-	-	-	407,036
Unreserved, undesignated (deficit), reported in:					
Special revenue funds	742	157,105	41,669	(13)	1,777,296
Total fund balances.	<u>742</u>	<u>157,105</u>	<u>41,669</u>	<u>(13)</u>	<u>2,432,722</u>
Total liabilities and fund equity	<u>\$ 742</u>	<u>\$ 157,105</u>	<u>\$ 41,669</u>	<u>\$ -</u>	<u>\$ 3,344,703</u>

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CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Street Construction	State Highway Improvement	Police Pension and Disability	Fire Pension and Disability
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ 230,427	\$ 230,427
Income taxes	1,050,000	-	-	-
Special assessments	-	-	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	1,457,650	108,721	27,044	27,044
Investment income	24,011	2,362	-	-
Rental income	-	-	-	-
Contributions and donations	-	-	-	-
Other	25,361	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,557,022	111,083	257,471	257,471
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Security of persons and property	-	-	529,941	555,568
Public health	-	-	-	-
Leisure time activities	-	-	-	-
Community and economic environment	-	-	-	-
Transportation	1,915,412	48,052	-	-
Capital outlay	173,854	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
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Total expenditures	2,089,266	48,052	529,941	555,568
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	467,756	63,031	(272,470)	(298,097)
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Other financing sources:				
Transfers in	-	-	256,154	282,725
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	256,154	282,725
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	467,756	63,031	(16,316)	(15,372)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at beginning of year	612,939	25,283	(118,100)	(129,455)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at end of year	\$ 1,080,695	\$ 88,314	\$ (134,416)	\$ (144,827)
	<hr/>	<hr/>	<hr/>	<hr/>

Motor Vehicle License Tax	ODNR Litter Prevention Grant	EMS Transport Fees	Police Enforcement and Education	Special Assessment Improvement	Tree Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	51,417	-
-	-	500,293	-	-	-
-	-	-	-	-	-
-	-	-	6,815	-	-
237,457	5,000	-	291	-	-
6,888	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,498	-	-	-	39,005
<u>244,345</u>	<u>11,498</u>	<u>500,293</u>	<u>7,106</u>	<u>51,417</u>	<u>39,005</u>
-	-	48,908	-	129,022	-
-	9,275	-	-	-	-
-	-	-	-	-	111,375
-	-	-	-	-	-
200,000	-	2,399	-	11,802	-
-	-	400,000	-	-	-
-	-	127,000	-	-	-
<u>200,000</u>	<u>9,275</u>	<u>578,307</u>	<u>-</u>	<u>140,824</u>	<u>111,375</u>
<u>44,345</u>	<u>2,223</u>	<u>(78,014)</u>	<u>7,106</u>	<u>(89,407)</u>	<u>(72,370)</u>
-	9,000	-	-	-	-
-	9,000	-	-	-	-
44,345	11,223	(78,014)	7,106	(89,407)	(72,370)
<u>133,846</u>	<u>1,191</u>	<u>254,983</u>	<u>13,987</u>	<u>93,934</u>	<u>248,418</u>
<u>\$ 178,191</u>	<u>\$ 12,414</u>	<u>\$ 176,969</u>	<u>\$ 21,093</u>	<u>\$ 4,527</u>	<u>\$ 176,048</u>

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CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Communications Tower</u>	<u>Cemetery Trust</u>	<u>Park Improvements</u>	<u>Federal Law Enforcement Forfeited Fees</u>
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ 5,450	\$ -
Income taxes	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	99,366
Investment income	-	-	-	-
Rental income	82,935	-	-	-
Contributions and donations	-	-	-	-
Other	907	13,879	-	1,127
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Total revenues	83,842	13,879	5,450	100,493
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Security of persons and property	-	-	-	21,757
Public health	-	5,060	-	-
Leisure time activities	-	-	10,121	-
Community and economic environment	21,082	-	-	-
Transportation	-	-	-	-
Capital outlay	36,550	-	15,424	59,738
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
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Total expenditures	57,632	5,060	25,545	81,495
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	26,210	8,819	(20,095)	18,998
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources:				
Transfers in	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	26,210	8,819	(20,095)	18,998
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) at beginning of year	260,917	186,093	51,729	44,099
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Fund balances (deficits) at end of year	\$ 287,127	\$ 194,912	\$ 31,634	\$ 63,097
	<hr/>	<hr/>	<hr/>	<hr/>

<u>Commission of the Arts</u>	<u>Safety Town</u>	<u>D.A.R.E. Program</u>	<u>Police MVA Fees</u>	<u>Youth Division Donations</u>	<u>Fire Department Emergency Equipment</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,100	-	-
-	-	-	-	-	-
-	-	18,943	-	-	-
-	-	-	-	-	-
-	5,000	-	-	-	6,715
-	-	-	3,530	-	-
-	5,000	18,943	9,630	-	6,715
-	6,024	26,729	2,022	-	12,697
-	-	-	-	-	-
6,536	-	-	-	145	-
-	-	-	-	-	-
-	-	-	-	-	250
-	-	-	-	-	-
-	-	-	-	-	-
6,536	6,024	26,729	2,022	145	12,947
(6,536)	(1,024)	(7,786)	7,608	(145)	(6,232)
10,000	-	9,000	-	-	-
10,000	-	9,000	-	-	-
3,464	(1,024)	1,214	7,608	(145)	(6,232)
1,273	1,416	18,794	(3,530)	6,245	8,321
<u>\$ 4,737</u>	<u>\$ 392</u>	<u>\$ 20,008</u>	<u>\$ 4,078</u>	<u>\$ 6,100</u>	<u>\$ 2,089</u>

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CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Parks Youth Fund</u>	<u>Police Department Emergency Equipment</u>	<u>Youth Division Teen Center</u>	<u>Parks Lodge Improvement</u>
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	-	12,959	11,910
Licenses and permits	-	70	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	124,800	-	-
Investment income	-	-	-	-
Rental income	-	-	-	-
Contributions and donations	-	768	-	-
Other	-	-	226	-
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Total revenues	-	125,638	13,185	11,910
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Security of persons and property	-	-	-	-
Public health	-	-	-	-
Leisure time activities	-	-	14,595	1,458
Community and economic environment	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	130,612	-	5,928
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
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Total expenditures	-	130,612	14,595	7,386
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	(4,974)	(1,410)	4,524
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources:				
Transfers in	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	(4,974)	(1,410)	4,524
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Fund balances (deficits) at beginning of year	862	5,079	9,044	53,013
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Fund balances (deficits) at end of year	\$ 862	\$ 105	\$ 7,634	\$ 57,537
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Community Relations	SS Ballfield Complex	Park and Recreation Scholarship	Police Explorer	Community Development	FEMA Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	134,851	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7,203	98	-	-	-
-	7,203	98	-	134,851	-
-	-	-	-	-	-
-	-	-	-	-	-
44	4,481	-	-	-	-
1,657	-	-	-	-	-
-	-	-	-	-	-
-	6,921	-	-	111,552	13,333
-	-	-	-	-	-
-	-	-	-	-	-
1,701	11,402	-	-	111,552	13,333
(1,701)	(4,199)	98	-	23,299	(13,333)
3,000	-	-	-	-	-
3,000	-	-	-	-	-
1,299	(4,199)	98	-	23,299	(13,333)
1,817	24,651	1,557	377	45,000	13,333
\$ 3,116	\$ 20,452	\$ 1,655	\$ 377	\$ 68,299	\$ -

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CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Business Assistance	City Lodging Tax	Enhanced 911 Wireless	Building Education/Seminar	Total Nonmajor Special Revenue Funds
Revenues:					
Property and other local taxes	\$ -	\$ 116,740	\$ -	\$ -	\$ 583,044
Income taxes	-	-	-	-	1,050,000
Special assessments	-	-	-	-	51,417
Charges for services	-	-	-	-	531,262
Licenses and permits	-	-	-	-	70
Fines and forfeitures	-	-	-	-	6,815
Intergovernmental	-	-	41,669	-	2,282,836
Investment income	-	-	-	-	33,261
Rental income	-	-	-	-	82,935
Contributions and donations	-	-	-	-	12,483
Other	1,825	-	-	420	100,079
Total revenues	1,825	116,740	41,669	420	4,734,202
Expenditures:					
Current:					
Security of persons and property	931	-	-	-	1,333,599
Public health	-	-	-	-	14,335
Leisure time activities	-	-	-	-	148,755
Community and economic environment	-	-	-	433	23,172
Transportation	-	-	-	-	1,963,464
Capital outlay	500	-	-	-	768,863
Debt service:					
Principal retirement	-	-	-	-	400,000
Interest and fiscal charges	-	-	-	-	127,000
Total expenditures	1,431	-	-	433	4,779,188
Excess (deficiency) of revenues over (under) expenditures	394	116,740	41,669	(13)	(44,986)
Other financing sources:					
Transfers in	-	-	-	-	569,879
Total other financing sources	-	-	-	-	569,879
Net change in fund balances	394	116,740	41,669	(13)	524,893
Fund balances (deficits) at beginning of year	348	40,365	-	-	1,907,829
Fund balances (deficits) at end of year	\$ 742	\$ 157,105	\$ 41,669	\$ (13)	\$ 2,432,722

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 1,030,000	\$ 1,030,000	\$ 1,050,000	\$ 20,000
Intergovernmental.	1,507,500	1,507,500	1,398,556	(108,944)
Investment income	52,500	52,500	24,011	(28,489)
Other	82,000	82,000	25,360	(56,640)
Total revenues.	<u>2,672,000</u>	<u>2,672,000</u>	<u>2,497,927</u>	<u>(174,073)</u>
Expenditures:				
Current:				
Transportation	2,584,412	2,751,145	2,403,467	347,678
Capital outlay	168,036	201,303	175,863	25,440
Total expenditures.	<u>2,752,448</u>	<u>2,952,448</u>	<u>2,579,330</u>	<u>373,118</u>
Net change in fund balance.	(80,448)	(280,448)	(81,403)	199,045
Fund balance at beginning of year	271,907	271,907	271,907	-
Prior year encumbrances appropriated	135,948	135,948	135,948	-
Fund balance at end of year.	<u>\$ 327,407</u>	<u>\$ 127,407</u>	<u>\$ 326,452</u>	<u>\$ 199,045</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 119,600	\$ 119,600	\$ 103,928	\$ (15,672)
Investment income	20,400	20,400	2,362	(18,038)
Total revenues.	<u>140,000</u>	<u>140,000</u>	<u>106,290</u>	<u>(33,710)</u>
Expenditures:				
Current:				
Transportation	<u>116,546</u>	<u>146,546</u>	<u>60,130</u>	<u>86,416</u>
Total expenditures.	<u>116,546</u>	<u>146,546</u>	<u>60,130</u>	<u>86,416</u>
Net change in fund balance	23,454	(6,546)	46,160	52,706
Fund balance at beginning of year.	14,468	14,468	14,468	-
Prior year encumbrances appropriated . . .	<u>6,418</u>	<u>6,418</u>	<u>6,418</u>	<u>-</u>
Fund balance at end of year	<u>\$ 44,340</u>	<u>\$ 14,340</u>	<u>\$ 67,046</u>	<u>\$ 52,706</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION AND DISABILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<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.	\$ 189,750	\$ 229,405	\$ 230,427	\$ 1,022
Intergovernmental.	22,420	27,106	27,122	16
Total revenues.	<u>212,170</u>	<u>256,511</u>	<u>257,549</u>	<u>1,038</u>
Expenditures:				
Current:				
Security of persons and property	<u>532,698</u>	<u>532,698</u>	<u>514,290</u>	<u>18,408</u>
Total expenditures.	<u>532,698</u>	<u>532,698</u>	<u>514,290</u>	<u>18,408</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(320,528)</u>	<u>(276,187)</u>	<u>(256,741)</u>	<u>19,446</u>
Other financing sources:				
Transfers in	<u>\$ 284,950</u>	<u>344,500</u>	<u>256,154</u>	<u>(88,346)</u>
Total other financing sources	<u>284,950</u>	<u>344,500</u>	<u>256,154</u>	<u>(88,346)</u>
Net change in fund balance	(35,578)	68,313	(587)	(68,900)
Fund balance at beginning of year	<u>587</u>	<u>587</u>	<u>587</u>	<u>-</u>
Fund balance at end of year	<u>\$ (34,991)</u>	<u>\$ 68,900</u>	<u>\$ -</u>	<u>\$ (68,900)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE PENSION AND DISABILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<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	\$ 245,230	\$ 229,405	\$ 230,427	\$ 1,022
Intergovernmental	28,976	27,106	27,122	16
Total revenues	<u>274,206</u>	<u>256,511</u>	<u>257,549</u>	<u>1,038</u>
Expenditures:				
Current:				
Security of persons and property	<u>557,202</u>	<u>557,202</u>	<u>540,861</u>	<u>16,341</u>
Total expenditures	<u>557,202</u>	<u>557,202</u>	<u>540,861</u>	<u>16,341</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(282,996)</u>	<u>(300,691)</u>	<u>(283,312)</u>	<u>17,379</u>
Other financing sources:				
Transfers in.	<u>440,334</u>	<u>411,919</u>	<u>282,725</u>	<u>(129,194)</u>
Total other financing sources.	<u>440,334</u>	<u>411,919</u>	<u>282,725</u>	<u>(129,194)</u>
Net change in fund balance.	157,338	111,228	(587)	(111,815)
Fund balance at beginning of year	<u>587</u>	<u>587</u>	<u>587</u>	<u>-</u>
Fund balance at end of year	<u>\$ 157,925</u>	<u>\$ 111,815</u>	<u>\$ -</u>	<u>\$ (111,815)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 282,250	\$ 282,250	\$ 237,835	\$ (44,415)
Investment income	1,000	1,000	6,888	5,888
Total revenues	<u>283,250</u>	<u>283,250</u>	<u>244,723</u>	<u>(38,527)</u>
Expenditures:				
Capital outlay	<u>301,000</u>	<u>301,000</u>	<u>200,000</u>	<u>101,000</u>
Total expenditures.	<u>301,000</u>	<u>301,000</u>	<u>200,000</u>	<u>101,000</u>
Net change in fund balance	(17,750)	(17,750)	44,723	62,473
Fund balance at beginning of year.	<u>115,542</u>	<u>115,542</u>	<u>115,542</u>	<u>-</u>
Fund balance at end of year	<u>\$ 97,792</u>	<u>\$ 97,792</u>	<u>\$ 160,265</u>	<u>\$ 62,473</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ODNR LITTER PREVENTION GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<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
Other	35,000	-	133	133
Total revenues.	<u>35,000</u>	<u>-</u>	<u>5,133</u>	<u>5,133</u>
Expenditures:				
Current:				
Public health	<u>9,169</u>	<u>11,169</u>	<u>9,354</u>	<u>1,815</u>
Total expenditures	<u>9,169</u>	<u>11,169</u>	<u>9,354</u>	<u>1,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,831</u>	<u>(11,169)</u>	<u>(4,221)</u>	<u>6,948</u>
Other financing sources:				
Transfers in.	<u>15,000</u>	<u>20,000</u>	<u>9,000</u>	<u>(11,000)</u>
Total other financing sources.	<u>15,000</u>	<u>20,000</u>	<u>9,000</u>	<u>(11,000)</u>
Net change in fund balance	40,831	8,831	4,779	(4,052)
Fund balance at beginning of year.	7,924	7,924	7,924	-
Prior year encumbrances appropriated. . .	<u>136</u>	<u>136</u>	<u>136</u>	<u>-</u>
Fund balance at end of year	<u>\$ 48,891</u>	<u>\$ 16,891</u>	<u>\$ 12,839</u>	<u>\$ (4,052)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS TRANSPORT FEES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 737,100	\$ 737,100	\$ 505,152	\$ (231,948)
Total revenues	<u>737,100</u>	<u>737,100</u>	<u>505,152</u>	<u>(231,948)</u>
Expenditures:				
Current:				
Security of persons and property.	80,839	62,029	58,086	3,943
Capital outlay	72,925	55,957	52,399	3,558
Debt service:				
Principal retirement	400,000	427,156	400,000	27,156
Interest and fiscal charges	<u>127,000</u>	<u>135,622</u>	<u>127,000</u>	<u>8,622</u>
Total expenditures	<u>680,764</u>	<u>680,764</u>	<u>637,485</u>	<u>43,279</u>
Net change in fund balance	56,336	56,336	(132,333)	(188,669)
Fund balance at beginning of year	223,849	223,849	223,849	-
Prior year encumbrances appropriated. . .	<u>30,764</u>	<u>30,764</u>	<u>30,764</u>	<u>-</u>
Fund balance at end of year	<u>\$ 310,949</u>	<u>\$ 310,949</u>	<u>\$ 122,280</u>	<u>\$ (188,669)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeitures	\$ 39,202	\$ 39,202	\$ 6,815	\$ (32,387)
Total revenues	<u>39,202</u>	<u>39,202</u>	<u>6,815</u>	<u>(32,387)</u>
Expenditures:				
Current:				
Security of persons and property	2,000	2,000	-	2,000
Capital outlay	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance.	24,202	24,202	6,815	(17,387)
Fund balance at beginning of year	<u>13,567</u>	<u>13,567</u>	<u>13,567</u>	<u>-</u>
Fund balance at end of year	<u>\$ 37,769</u>	<u>\$ 37,769</u>	<u>\$ 20,382</u>	<u>\$ (17,387)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL ASSESSMENT IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments.	\$ 225,000	\$ 225,000	\$ 51,417	\$ (173,583)
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>51,417</u>	<u>(173,583)</u>
Expenditures:				
Current:				
Security of persons and property.	65,911	134,776	132,490	2,286
Capital outlay.	<u>5,871</u>	<u>12,006</u>	<u>11,802</u>	<u>204</u>
Total expenditures	<u>71,782</u>	<u>146,782</u>	<u>144,292</u>	<u>2,490</u>
Net change in fund balance.	153,218	78,218	(92,875)	(171,093)
Fund balance at beginning of year	125,545	125,545	125,545	-
Prior year encumbrances appropriated	<u>1,282</u>	<u>1,282</u>	<u>1,282</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 280,045</u>	<u>\$ 205,045</u>	<u>\$ 33,952</u>	<u>\$ (171,093)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TREE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ -	\$ -	\$ 39,005	\$ 39,005
Total revenues	-	-	39,005	39,005
Expenditures:				
Current:				
Leisure time activities	117,204	117,204	114,986	2,218
Total expenditures.	117,204	117,204	114,986	2,218
Net change in fund balance.	(117,204)	(117,204)	(75,981)	41,223
Fund balance at beginning of year	248,339	248,339	248,339	-
Prior year encumbrances appropriated . . .	3,690	3,690	3,690	-
Fund balance at end of year.	<u>\$ 134,825</u>	<u>\$ 134,825</u>	<u>\$ 176,048</u>	<u>\$ 41,223</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNICATIONS TOWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 589,000	\$ 589,000	\$ 83,842	\$ (505,158)
Total revenues	<u>589,000</u>	<u>589,000</u>	<u>83,842</u>	<u>(505,158)</u>
Expenditures:				
Current:				
Economic development	262,647	132,542	31,477	101,065
Capital outlay.	<u>42,893</u>	<u>172,998</u>	<u>41,085</u>	<u>131,913</u>
Total expenditures	<u>305,540</u>	<u>305,540</u>	<u>72,562</u>	<u>232,978</u>
Net change in fund balance.	283,460	283,460	11,280	(272,180)
Fund balance at beginning of year	251,221	251,221	251,221	-
Prior year encumbrances appropriated . .	<u>15,696</u>	<u>15,696</u>	<u>15,696</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 550,377</u>	<u>\$ 550,377</u>	<u>\$ 278,197</u>	<u>\$ (272,180)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CEMETERY TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ -	\$ 13,879	\$ 13,879
Total revenues.	-	-	13,879	13,879
Expenditures:				
Current:				
Public health	15,125	15,125	15,122	3
Total expenditures.	15,125	15,125	15,122	3
Net change in fund balance.	(15,125)	(15,125)	(1,243)	13,882
Fund balance at beginning of year	<u>186,093</u>	<u>186,093</u>	<u>186,093</u>	<u>-</u>
Fund balance at end of year	<u>\$ 170,968</u>	<u>\$ 170,968</u>	<u>\$ 184,850</u>	<u>\$ 13,882</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARK IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other local taxes.	\$ 20,000	\$ 20,000	\$ 5,450	\$ (14,550)
Total revenues.	<u>20,000</u>	<u>20,000</u>	<u>5,450</u>	<u>(14,550)</u>
Expenditures:				
Current:				
Leisure time activities.	17,382	15,959	14,133	1,826
Capital outlay	<u>15,993</u>	<u>17,416</u>	<u>15,424</u>	<u>1,992</u>
Total expenditures.	<u>33,375</u>	<u>33,375</u>	<u>29,557</u>	<u>3,818</u>
Net change in fund balance.	(13,375)	(13,375)	(24,107)	(10,732)
Fund balance at beginning of year	44,882	44,882	44,882	-
Prior year encumbrances appropriated . . .	<u>10,859</u>	<u>10,859</u>	<u>10,859</u>	<u>-</u>
Fund balance at end of year	<u>\$ 42,366</u>	<u>\$ 42,366</u>	<u>\$ 31,634</u>	<u>\$ (10,732)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEDERAL LAW ENFORCEMENT FORFEITED FEES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 260,000	\$ 260,000	\$ 99,366	\$ (160,634)
Other	-	-	1,127	1,127
Total revenues.	<u>260,000</u>	<u>260,000</u>	<u>100,493</u>	<u>(159,507)</u>
Expenditures:				
Current:				
Security of persons and property	13,878	13,878	13,877	1
Capital outlay	<u>68,282</u>	<u>68,282</u>	<u>68,281</u>	<u>1</u>
Total expenditures	<u>82,160</u>	<u>82,160</u>	<u>82,158</u>	<u>2</u>
Net change in fund balance.	177,840	177,840	18,335	(159,505)
Fund balance at beginning of year	40,499	40,499	40,499	-
Prior year encumbrances appropriated . . .	<u>3,600</u>	<u>3,600</u>	<u>3,600</u>	<u>-</u>
Fund balance at end of year	<u>\$ 221,939</u>	<u>\$ 221,939</u>	<u>\$ 62,434</u>	<u>\$ (159,505)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMISSION OF THE ARTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 39,525	\$ 39,525	\$ -	\$ (39,525)
Total revenues	<u>39,525</u>	<u>39,525</u>	<u>-</u>	<u>(39,525)</u>
Expenditures:				
Current:				
Leisure time activities	21,000	21,000	9,162	11,838
Total expenditures	<u>21,000</u>	<u>21,000</u>	<u>9,162</u>	<u>11,838</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>18,525</u>	<u>18,525</u>	<u>(9,162)</u>	<u>(27,687)</u>
Other financing sources:				
Transfers in.	-	-	10,000	10,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Net change in fund balance.	18,525	18,525	838	(17,687)
Fund balance at beginning of year	<u>1,273</u>	<u>1,273</u>	<u>1,273</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 19,798</u>	<u>\$ 19,798</u>	<u>\$ 2,111</u>	<u>\$ (17,687)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SAFETY TOWN FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ 9,131	\$ 9,131	\$ 5,000	\$ (4,131)
Total revenues	<u>9,131</u>	<u>9,131</u>	<u>5,000</u>	<u>(4,131)</u>
Expenditures:				
Current:				
Security of persons and property	6,190	6,190	6,024	166
Total expenditures	<u>6,190</u>	<u>6,190</u>	<u>6,024</u>	<u>166</u>
Net change in fund balance.	2,941	2,941	(1,024)	(3,965)
Fund balance at beginning of year	1,286	1,286	1,286	-
Prior year encumbrances appropriated . . .	<u>130</u>	<u>130</u>	<u>130</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,357</u>	<u>\$ 4,357</u>	<u>\$ 392</u>	<u>\$ (3,965)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
D.A.R.E PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 18,943	(1,057)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>18,943</u>	<u>(1,057)</u>
Expenditures:				
Current:				
Security of persons and property	47,436	47,436	30,463	16,973
Total expenditures	<u>47,436</u>	<u>47,436</u>	<u>30,463</u>	<u>16,973</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(27,436)</u>	<u>(27,436)</u>	<u>(11,520)</u>	<u>15,916</u>
Other financing sources:				
Transfers in.	30,000	30,000	9,000	(21,000)
Total other financing sources.	<u>30,000</u>	<u>30,000</u>	<u>9,000</u>	<u>(21,000)</u>
Net change in fund balance.	2,564	2,564	(2,520)	(5,084)
Fund balance at beginning of year	19,475	19,475	19,475	-
Prior year encumbrances appropriated . . .	<u>3,630</u>	<u>3,630</u>	<u>3,630</u>	<u>-</u>
Fund balance at end of year	<u>\$ 25,669</u>	<u>\$ 25,669</u>	<u>\$ 20,585</u>	<u>\$ (5,084)</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE MVA FEES
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 10,000	\$ 10,000	\$ 6,100	\$ (3,900)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>6,100</u>	<u>(3,900)</u>
Expenditures:				
Current:				
Security of persons and property	2,025	2,025	2,022	3
Total expenditures	<u>2,025</u>	<u>2,025</u>	<u>2,022</u>	<u>3</u>
Net change in fund balance.	7,975	7,975	4,078	(3,897)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 7,975</u>	<u>\$ 7,975</u>	<u>\$ 4,078</u>	<u>\$ (3,897)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YOUTH DIVISION DONATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Leisure time activities	\$ 5,100	\$ 5,100	\$ 148	\$ 4,952
Total expenditures	<u>5,100</u>	<u>5,100</u>	<u>148</u>	<u>4,952</u>
Net change in fund balance.	(5,100)	(5,100)	(148)	4,952
Fund balance at beginning of year	<u>6,253</u>	<u>6,253</u>	<u>6,253</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,153</u>	<u>\$ 1,153</u>	<u>\$ 6,105</u>	<u>\$ 4,952</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE DEPARTMENT EMERGENCY EQUIPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 35,000	\$ 35,000	\$ 6,714	\$ (28,286)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>6,714</u>	<u>(28,286)</u>
Expenditures:				
Current:				
Security of persons and property	15,561	15,561	14,029	1,532
Capital outlay	<u>277</u>	<u>277</u>	<u>250</u>	<u>27</u>
Total expenditures	<u>15,838</u>	<u>15,838</u>	<u>14,279</u>	<u>1,559</u>
Net change in fund balance.	19,162	19,162	(7,565)	(26,727)
Fund balance at beginning of year	6,686	6,686	6,686	-
Prior year encumbrances appropriated . . .	<u>2,970</u>	<u>2,970</u>	<u>2,970</u>	<u>-</u>
Fund balance at end of year	<u>\$ 28,818</u>	<u>\$ 28,818</u>	<u>\$ 2,091</u>	<u>\$ (26,727)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARKS YOUTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

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

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE DEPARTMENT EMERGENCY EQUIPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 160,000	\$ 160,000	\$ 124,800	\$ (35,200)
Other	-	-	768	768
Total revenues.	<u>160,000</u>	<u>160,000</u>	<u>125,568</u>	<u>(34,432)</u>
Expenditures:				
Capital outlay	<u>130,612</u>	<u>130,612</u>	<u>130,612</u>	<u>-</u>
Total expenditures.	<u>130,612</u>	<u>130,612</u>	<u>130,612</u>	<u>-</u>
Net change in fund balance.	29,388	29,388	(5,044)	(34,432)
Fund balance at beginning of year	<u>5,079</u>	<u>5,079</u>	<u>5,079</u>	<u>-</u>
Fund balance at end of year	<u>\$ 34,467</u>	<u>\$ 34,467</u>	<u>\$ 35</u>	<u>\$ (34,432)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YOUTH DIVISION TEEN CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services.	\$ 24,000	\$ 24,000	\$ 12,959	\$ (11,041)
Other	28,388	28,388	226	(28,162)
Total revenues.	<u>52,388</u>	<u>52,388</u>	<u>13,185</u>	<u>(39,203)</u>
Expenditures:				
Current:				
Leisure time activities.	16,025	16,025	14,854	1,171
Total expenditures.	<u>16,025</u>	<u>16,025</u>	<u>14,854</u>	<u>1,171</u>
Net change in fund balance.	36,363	36,363	(1,669)	(38,032)
Fund balance at beginning of year	8,369	8,369	8,369	-
Prior year encumbrances appropriated . . .	<u>925</u>	<u>925</u>	<u>925</u>	<u>-</u>
Fund balance at end of year	<u>\$ 45,657</u>	<u>\$ 45,657</u>	<u>\$ 7,625</u>	<u>\$ (38,032)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARKS LODGE IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 170,000	\$ 170,000	\$ 11,910	\$ (158,090)
Total revenues	<u>170,000</u>	<u>170,000</u>	<u>11,910</u>	<u>(158,090)</u>
Expenditures:				
Current:				
Leisure time activities	6,035	6,035	6,033	2
Capital outlay	<u>5,928</u>	<u>5,928</u>	<u>5,928</u>	-
Total expenditures	<u>11,963</u>	<u>11,963</u>	<u>11,961</u>	<u>2</u>
Net change in fund balance.	158,037	158,037	(51)	(158,088)
Fund balance at beginning of year	<u>53,238</u>	<u>53,238</u>	<u>53,238</u>	<u>-</u>
Fund balance at end of year	<u>\$ 211,275</u>	<u>\$ 211,275</u>	<u>\$ 53,187</u>	<u>\$ (158,088)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY RELATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Community development	\$ 3,124	\$ 3,124	\$ 2,530	\$ 594
Total expenditures	<u>3,124</u>	<u>3,124</u>	<u>2,530</u>	<u>594</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(3,124)</u>	<u>(3,124)</u>	<u>(2,530)</u>	<u>594</u>
Other financing sources:				
Transfers in.	<u>20,000</u>	<u>20,000</u>	<u>3,000</u>	<u>(17,000)</u>
Total other financing sources.	<u>20,000</u>	<u>20,000</u>	<u>3,000</u>	<u>(17,000)</u>
Net change in fund balance.	16,876	16,876	470	(16,406)
Fund balance at beginning of year	1,384	1,384	1,384	-
Prior year encumbrances appropriated . . .	<u>914</u>	<u>914</u>	<u>914</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 19,174</u>	<u>\$ 19,174</u>	<u>\$ 2,768</u>	<u>\$ (16,406)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SS BALLFIELD COMPLEX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other.	\$ 20,000	\$ 20,000	\$ 7,203	\$ (12,797)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>7,203</u>	<u>(12,797)</u>
Expenditures:				
Current:				
Leisure time activities.	8,301	8,300	6,570	1,730
Capital outlay	<u>8,013</u>	<u>8,014</u>	<u>6,343</u>	<u>1,671</u>
Total expenditures	<u>16,314</u>	<u>16,314</u>	<u>12,913</u>	<u>3,401</u>
Net change in fund balance.	3,686	3,686	(5,710)	(9,396)
Fund balance at beginning of year.	20,193	20,193	20,193	-
Prior year encumbrances appropriated . .	<u>4,954</u>	<u>4,954</u>	<u>4,954</u>	<u>-</u>
Fund balance at end of year	<u>\$ 28,833</u>	<u>\$ 28,833</u>	<u>\$ 19,437</u>	<u>\$ (9,396)</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARK AND RECREATION SCHOLARSHIP FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other.	\$ -	\$ -	\$ 98	\$ 98
Total revenues	-	-	98	98
Net change in fund balance.	-	-	98	98
Fund balance at beginning of year	<u>1,557</u>	<u>1,557</u>	<u>1,557</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 1,557</u>	<u>\$ 1,557</u>	<u>\$ 1,655</u>	<u>\$ 98</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE EXPLORER FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

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

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 78,750	\$ 138,750	\$ 179,851	\$ 41,101
Total revenues	<u>78,750</u>	<u>138,750</u>	<u>179,851</u>	<u>41,101</u>
Expenditures:				
Capital outlay	<u>144,712</u>	<u>144,712</u>	<u>121,413</u>	<u>23,299</u>
Total expenditures	<u>144,712</u>	<u>144,712</u>	<u>121,413</u>	<u>23,299</u>
Net change in fund balance.	(65,962)	(5,962)	58,438	64,400
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated . .	<u>9,861</u>	<u>9,861</u>	<u>9,861</u>	<u>-</u>
Fund balance at end of year.	<u>\$ (56,101)</u>	<u>\$ 3,899</u>	<u>\$ 68,299</u>	<u>\$ 64,400</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEMA FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 100,000	\$ 140,000	\$ -	\$ (140,000)
Total revenues	<u>100,000</u>	<u>140,000</u>	<u>-</u>	<u>(140,000)</u>
Expenditures:				
Capital outlay	<u>129,000</u>	<u>129,000</u>	<u>13,333</u>	<u>115,667</u>
Total expenditures	<u>129,000</u>	<u>129,000</u>	<u>13,333</u>	<u>115,667</u>
Net change in fund balance.	(29,000)	11,000	(13,333)	(24,333)
Fund balance at beginning of year	<u>13,333</u>	<u>13,333</u>	<u>13,333</u>	<u>-</u>
Fund balance at end of year.	<u>\$ (15,667)</u>	<u>\$ 24,333</u>	<u>\$ -</u>	<u>\$ (24,333)</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUSINESS ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 20,000	\$ 20,000	\$ 1,825	\$ (18,175)
Total revenues.	20,000	20,000	1,825	(18,175)
Expenditures:				
Current:				
Security of persons and property	931	932	931	1
Capital outlay	500	500	500	-
Total expenditures	1,431	1,432	1,431	1
Net change in fund balance.	18,569	18,568	394	(18,174)
Fund balance at beginning of year	348	348	348	-
Fund balance at end of year.	\$ 18,917	\$ 18,916	\$ 742	\$ (18,174)

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY LODGING TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes	\$ 125,000	\$ 125,000	\$ 107,978	\$ (17,022)
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>107,978</u>	<u>(17,022)</u>
Expenditures:				
Current:				
General government.	95,000	95,000	-	95,000
Total expenditures	<u>95,000</u>	<u>95,000</u>	<u>-</u>	<u>95,000</u>
Net change in fund balance.	30,000	30,000	107,978	77,978
Fund balance at beginning of year	<u>20,218</u>	<u>20,218</u>	<u>20,218</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 50,218</u>	<u>\$ 50,218</u>	<u>\$ 128,196</u>	<u>\$ 77,978</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENHANCED 911 WIRELESS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 40,735	\$ 40,735
Total revenues	-	-	40,735	40,735
Net change in fund balance.	-	-	40,735	40,735
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,735</u>	<u>\$ 40,735</u>

CITY OF STOW OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUILDING EDUCATION/SEMINAR
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ 11,000	\$ 11,000	\$ 420	\$ (10,580)
Total revenues	<u>11,000</u>	<u>11,000</u>	<u>420</u>	<u>(10,580)</u>
Expenditures:				
Current:				
Community environment	<u>11,000</u>	<u>11,000</u>	<u>420</u>	<u>10,580</u>
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>420</u>	<u>10,580</u>
Net change in fund balance.	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL OBLIGATION BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes.	\$ 566,557	\$ 566,557	\$ 566,557	\$ -
Total revenues.	<u>566,557</u>	<u>566,557</u>	<u>566,557</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal retirement.	375,000	375,000	375,000	-
Interest and fiscal charges.	<u>191,557</u>	<u>191,557</u>	<u>191,557</u>	<u>-</u>
Total expenditures.	<u>566,557</u>	<u>566,557</u>	<u>566,557</u>	<u>-</u>
Net change in fund balance.	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 4,422,800	\$ 4,422,800	\$ 2,788,132	\$ (1,634,668)
Intergovernmental.	2,775,000	2,775,000	550,997	(2,224,003)
Other	4,394,716	4,394,716	1,660,293	(2,734,423)
Total revenues.	<u>11,592,516</u>	<u>11,592,516</u>	<u>4,999,422</u>	<u>(6,593,094)</u>
Expenditures:				
Capital outlay	14,735,895	14,735,895	5,195,955	9,539,940
Debt service:				
Principal retirement.	7,206,000	7,206,000	7,206,000	-
Interest and fiscal charges.	252,111	252,111	252,111	-
Total expenditures.	<u>22,194,006</u>	<u>22,194,006</u>	<u>12,654,066</u>	<u>9,539,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,601,490)</u>	<u>(10,601,490)</u>	<u>(7,654,644)</u>	<u>2,946,846</u>
Other financing sources:				
Note issued.	8,000,000	8,000,000	6,748,200	(1,251,800)
Premium on notes	-	-	53,332	53,332
Total other financing sources.	<u>8,000,000</u>	<u>8,000,000</u>	<u>6,801,532</u>	<u>(1,198,468)</u>
Net change in fund balance.	(2,601,490)	(2,601,490)	(853,112)	1,748,378
Fund balance at beginning of year	3,350,095	3,350,095	3,350,095	-
Prior year encumbrances appropriated . . .	<u>1,033,748</u>	<u>1,033,748</u>	<u>1,033,748</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 1,782,353</u>	<u>\$ 1,782,353</u>	<u>\$ 3,530,731</u>	<u>\$ 1,748,378</u>

CITY OF STOW, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

ENTERPRISE FUNDS

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

Major Enterprise Funds

Water Fund

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

Storm Water Utility Fund

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

Golf Course Fund

This fund accounts for revenues generated and expenses for the Fox Den Golf Course.

INTERNAL SERVICE FUNDS

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

Nonmajor Internal Service Funds

Administrative Insurance Fund

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

Self- Insurance Fund

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

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 5,347,937	\$ 6,115,000	\$ 4,719,361	\$ (1,395,639)
Tap-in fees	524,736	600,000	175,834	(424,166)
Other	115,243	131,772	46,305	(85,467)
Total revenues	<u>5,987,916</u>	<u>6,846,772</u>	<u>4,941,500</u>	<u>(1,905,272)</u>
Operating expenses:				
Personal services	1,294,288	1,294,288	997,454	296,834
Materials and supplies	130,487	130,487	100,561	29,926
Contractual services	3,649,043	3,649,043	2,812,165	836,878
Capital outlay	3,567,916	3,567,916	2,749,643	818,273
Total expenses	<u>8,641,734</u>	<u>8,641,734</u>	<u>6,659,823</u>	<u>1,981,911</u>
Operating income (loss)	<u>(2,653,818)</u>	<u>(1,794,962)</u>	<u>(1,718,323)</u>	<u>76,639</u>
Nonoperating revenues (expenses):				
Intergovernmental	241,497	250,000	177,876	(72,124)
Notes issued	3,767,359	3,900,000	3,521,800	(378,200)
Premium on notes issued	-	-	26,911	26,911
Debt service:				
Principal retirement	(2,733,110)	(2,733,110)	(2,100,703)	632,407
Interest and fiscal charges	(93,798)	(93,798)	(77,877)	15,921
Total nonoperating revenues (expenses)	<u>1,181,948</u>	<u>1,323,092</u>	<u>1,548,007</u>	<u>224,915</u>
Net change in fund equity	(1,471,870)	(471,870)	(170,316)	301,554
Fund equity at beginning of year	3,070,959	3,070,959	3,070,959	-
Prior year encumbrances appropriated	<u>827,542</u>	<u>827,542</u>	<u>827,542</u>	<u>-</u>
Fund equity at end of year	<u>\$ 2,426,631</u>	<u>\$ 3,426,631</u>	<u>\$ 3,728,185</u>	<u>\$ 301,554</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORM WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 800,000	\$ 800,000	\$ 772,624	\$ (27,376)
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>772,624</u>	<u>(27,376)</u>
Operating expenses:				
Personal services.	393,738	393,738	280,680	113,058
Materials and supplies	72,817	72,817	51,908	20,909
Contractual services	283,008	283,008	201,745	81,263
Capital outlay	691,538	691,538	492,969	198,569
Total expenses	<u>1,441,101</u>	<u>1,441,101</u>	<u>1,027,302</u>	<u>413,799</u>
Operating income (loss)	<u>(641,101)</u>	<u>(641,101)</u>	<u>(254,678)</u>	<u>386,423</u>
Nonoperating revenues:				
Notes issued	1,000,000	1,000,000	-	(1,000,000)
Total nonoperating revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net change in fund equity	358,899	358,899	(254,678)	(613,577)
Fund equity at beginning of year.	195,208	195,208	195,208	-
Prior year encumbrances appropriated . . .	<u>131,101</u>	<u>131,101</u>	<u>131,101</u>	<u>-</u>
Fund equity at end of year	<u>\$ 685,208</u>	<u>\$ 685,208</u>	<u>\$ 71,631</u>	<u>\$ (613,577)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GOLF COURSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 732,756	\$ 1,292,500	\$ 936,183	\$ (356,317)
Other	60,945	107,500	159,136	51,636
Total revenues	<u>793,701</u>	<u>1,400,000</u>	<u>1,095,319</u>	<u>(304,681)</u>
Operating expenses:				
Personal services	260,155	404,163	395,453	8,710
Materials and supplies	184,584	329,867	322,759	7,108
Contractual services	150,957	227,169	222,274	4,895
Other	-	-	-	-
Capital outlay	<u>3,128,041</u>	<u>5,651,835</u>	<u>5,530,043</u>	<u>121,792</u>
Total expenses	<u>3,723,737</u>	<u>6,613,034</u>	<u>6,470,529</u>	<u>142,505</u>
Operating income (loss)	<u>(2,930,036)</u>	<u>(5,213,034)</u>	<u>(5,375,210)</u>	<u>(162,176)</u>
Nonoperating revenues (expenses):				
Notes issued	6,292,913	11,100,000	11,000,000	(100,000)
Premium on notes issued	-	-	52,581	52,581
Transfers in	113,386	200,000	-	(200,000)
Debt service:				
Principal retirement	(3,040,650)	(5,621,130)	(5,500,000)	121,130
Interest and fiscal charges	<u>(35,613)</u>	<u>(65,836)</u>	<u>(64,417)</u>	<u>1,419</u>
Total nonoperating revenues (expenses)	<u>3,330,036</u>	<u>5,613,034</u>	<u>5,488,164</u>	<u>(124,870)</u>
Net change in fund equity	400,000	400,000	112,954	(287,046)
Fund equity at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity at end of year	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 112,954</u>	<u>\$ (287,046)</u>

CITY OF STOW, OHIO

*COMBINING STATEMENT OF NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
DECEMBER 31, 2006*

	Administrative Insurance	Self-Insurance	Total Nonmajor Internal Service Funds
	<hr/>	<hr/>	<hr/>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 47,056	\$ 1,597,956	\$ 1,645,012
Receivables (net of allowance for uncollectibles):			
Accounts	-	75,013	75,013
Total assets	<hr/> 47,056	<hr/> 1,672,969	<hr/> 1,720,025
Liabilities:			
Current liabilities:			
Accounts payable	5,000	-	5,000
Claims payable.	-	195,386	195,386
Total liabilities	<hr/> 5,000	<hr/> 195,386	<hr/> 200,386
Net assets:			
Unrestricted	42,056	1,477,583	1,519,639
Total net assets	<hr/> <u>\$ 42,056</u>	<hr/> <u>\$ 1,477,583</u>	<hr/> <u>\$ 1,519,639</u>

CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Administrative Insurance	Self-Insurance	Total Nonmajor Internal Service Funds
Operating revenues:			
Charges for services	\$ 280,060	\$ 2,138,480	\$ 2,418,540
Total operating revenues	<u>280,060</u>	<u>2,138,480</u>	<u>2,418,540</u>
Operating expenses:			
Contract services	279,424	-	279,424
Claims	<u>-</u>	<u>1,957,406</u>	<u>1,957,406</u>
Total operating expenses.	<u>279,424</u>	<u>1,957,406</u>	<u>2,236,830</u>
Operating income/changes in net assets.	636	181,074	181,710
Net assets at beginning of year	<u>41,420</u>	<u>1,296,509</u>	<u>1,337,929</u>
Net assets at end of year.	<u><u>\$ 42,056</u></u>	<u><u>\$ 1,477,583</u></u>	<u><u>\$ 1,519,639</u></u>

CITY OF STOW, OHIO

*COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Administrative Insurance</u>	<u>Self-Insurance</u>	<u>Total Nonmajor Internal Service Funds</u>
Cash flows from operating activities:			
Cash received from customers.	\$ 280,060	\$ 2,144,363	\$ 2,424,423
Cash payments for contract services	(274,424)	-	(274,424)
Cash payments for claims.	-	(2,080,115)	(2,080,115)
Net cash provided by operating activities	<u>5,636</u>	<u>64,248</u>	<u>69,884</u>
Net increase in cash and cash equivalents.	5,636	64,248	69,884
Cash and cash equivalents at beginning of year	<u>41,420</u>	<u>1,533,708</u>	<u>1,575,128</u>
Cash and cash equivalents at end of year	<u>\$ 47,056</u>	<u>\$ 1,597,956</u>	<u>\$ 1,645,012</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 636	\$ 181,074	\$ 181,710
Changes in assets and liabilities:			
Decrease in accounts receivable	-	5,883	5,883
Increase in accounts payable.	5,000	-	5,000
Decrease in claims payable	-	(122,709)	(122,709)
Net cash provided by operating activities.	<u>\$ 5,636</u>	<u>\$ 64,248</u>	<u>\$ 69,884</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADMINISTRATIVE INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ -	\$ -	\$ 280,060	\$ 280,060
Total revenues	<u>-</u>	<u>-</u>	<u>280,060</u>	<u>280,060</u>
Operating expenses:				
Contractual services	321,410	321,410	279,424	41,986
Total expenses	<u>321,410</u>	<u>321,410</u>	<u>279,424</u>	<u>41,986</u>
Operating income	<u>(321,410)</u>	<u>(321,410)</u>	<u>636</u>	<u>322,046</u>
Nonoperating revenues:				
Transfers in	478,466	478,466	-	(478,466)
Total nonoperating revenues.	<u>478,466</u>	<u>478,466</u>	<u>-</u>	<u>(478,466)</u>
Net change in fund equity	157,056	157,056	636	(156,420)
Fund equity at beginning of year.	<u>41,420</u>	<u>41,420</u>	<u>41,420</u>	<u>-</u>
Fund equity at end of year	<u>\$ 198,476</u>	<u>\$ 198,476</u>	<u>\$ 42,056</u>	<u>\$ (156,420)</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SELF-INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 2,072,569	\$ 2,072,569	\$ 2,144,363	\$ 71,794
Total revenues	<u>2,072,569</u>	<u>2,072,569</u>	<u>2,144,363</u>	<u>71,794</u>
Operating expenses:				
Claims	<u>3,364,353</u>	<u>3,364,353</u>	<u>2,080,115</u>	<u>1,284,238</u>
Total expenses	<u>3,364,353</u>	<u>3,364,353</u>	<u>2,080,115</u>	<u>1,284,238</u>
Net change in fund equity	(1,291,784)	(1,291,784)	64,248	1,356,032
Fund equity at beginning of year.	<u>1,533,708</u>	<u>1,533,708</u>	<u>1,533,708</u>	<u>-</u>
Fund equity at end of year	<u>\$ 241,924</u>	<u>\$ 241,924</u>	<u>\$ 1,597,956</u>	<u>\$ 1,356,032</u>

CITY OF STOW, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - FIDUCIARY FUNDS*

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

Private Purpose Trust Funds

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

Stutler Scholarship Fund

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

Wells Perkins Cemetery Fund

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

Tonachio Education Memorial Fund

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

Agency Fund

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

Road Construction Bonds

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

Allotment Deposits

To account for deposits from subdivision developers for engineering oversight.

Miscellaneous Service Deposits

To account for various service department non-recurring deposits.

Bond Forfeitures

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

Park and Recreation Deposits

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

Other Agency Funds

Well Performance Bond
Police Forfeited Cash
Police Drug Forfeiture Cash

Ohio BBS 3% Surcharge
Unclaimed Money Fund

CITY OF STOW, OHIO

*COMBINING STATEMENT OF NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
DECEMBER 31, 2006*

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

CITY OF STOW, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Stutler Scholarship Fund</u>	<u>Wells Perkins Cemetery</u>	<u>Tonachio Education Memorial Fund</u>	<u>Totals</u>
Net assets at beginning of year.	\$ 450	\$ 500	\$ 300	\$ 1,250
Net assets at end of year	<u>\$ 450</u>	<u>\$ 500</u>	<u>\$ 300</u>	<u>\$ 1,250</u>

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUTLER SCHOLARSHIP FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

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

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WELLS PERKINS CEMETERY
FOR THE YEAR ENDED DECEMBER 31, 2006*

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

CITY OF STOW, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TONACHIO EDUCATION MEMORIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund equity at beginning of year	\$ 300	\$ 300	\$ 300	\$ -
Fund equity at end of year.	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ -</u>

CITY OF STOW, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Beginning Balance 12/31/2005	Additions	Reductions	Ending Balance 12/31/2006
Road Construction Bonds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 398,395	\$ 20,880	\$ 72,164	\$ 347,111
Total assets.	<u>\$ 398,395</u>	<u>\$ 20,880</u>	<u>\$ 72,164</u>	<u>\$ 347,111</u>
Liabilities:				
Undistributed monies	\$ 398,395	\$ 20,880	\$ 72,164	\$ 347,111
Total liabilities	<u>\$ 398,395</u>	<u>\$ 20,880</u>	<u>\$ 72,164</u>	<u>\$ 347,111</u>
 Allotment Deposits				
Assets:				
Equity in pooled cash and cash equivalents	\$ 112,569	\$ 16,290	\$ 4,549	\$ 124,310
Total assets.	<u>\$ 112,569</u>	<u>\$ 16,290</u>	<u>\$ 4,549</u>	<u>\$ 124,310</u>
Liabilities:				
Undistributed monies	\$ 112,569	\$ 16,290	\$ 4,549	\$ 124,310
Total liabilities	<u>\$ 112,569</u>	<u>\$ 16,290</u>	<u>\$ 4,549</u>	<u>\$ 124,310</u>
 Miscellaneous Service Deposits				
Assets:				
Equity in pooled cash and cash equivalents	\$ 9,298	\$ -	\$ -	\$ 9,298
Total assets.	<u>\$ 9,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,298</u>
Liabilities:				
Undistributed monies	\$ 9,298	\$ -	\$ -	\$ 9,298
Total liabilities	<u>\$ 9,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,298</u>
 Bond Forfeitures				
Assets:				
Equity in pooled cash and cash equivalents	\$ 20,557	\$ -	\$ -	\$ 20,557
Total assets.	<u>\$ 20,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,557</u>
Liabilities:				
Deposits held and due to others	\$ 20,557	\$ -	\$ -	\$ 20,557
Total liabilities	<u>\$ 20,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,557</u>

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CITY OF STOW, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Beginning Balance 12/31/2005	Additions	Reductions	Ending Balance 12/31/2006
Park and Recreation Deposits				
Assets:				
Equity in pooled cash and cash equivalents	\$ 78,811	\$ 247,899	\$ 293,219	\$ 33,491
Total assets.	<u>\$ 78,811</u>	<u>\$ 247,899</u>	<u>\$ 293,219</u>	<u>\$ 33,491</u>
Liabilities:				
Undistributed monies	\$ 78,811	\$ 247,899	\$ 293,219	\$ 33,491
Total liabilities	<u>\$ 78,811</u>	<u>\$ 247,899</u>	<u>\$ 293,219</u>	<u>\$ 33,491</u>
 Well Performance Bond				
Assets:				
Equity in pooled cash and cash equivalents	\$ 40,000	\$ -	\$ -	\$ 40,000
Total assets.	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Liabilities:				
Undistributed monies	\$ 40,000	\$ -	\$ -	\$ 40,000
Total liabilities	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>
 Police Forfeited Cash				
Assets:				
Equity in pooled cash and cash equivalents	\$ 929	\$ -	\$ -	\$ 929
Total assets.	<u>\$ 929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929</u>
Liabilities:				
Undistributed monies	\$ 929	\$ -	\$ -	\$ 929
Total liabilities	<u>\$ 929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929</u>

- - Continued

CITY OF STOW, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006*

	Beginning Balance 12/31/2005	Additions	Reductions	Ending Balance 12/31/2006
Police Drug Forfeiture Cash				
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,267	\$ 9,908	\$ 3,788	\$ 10,387
Accounts receivable	-	740	-	740
Total assets.	<u>\$ 4,267</u>	<u>\$ 10,648</u>	<u>\$ 3,788</u>	<u>\$ 11,127</u>
Liabilities:				
Undistributed monies	\$ 4,267	\$ 10,648	\$ 3,788	\$ 11,127
Total liabilities	<u>\$ 4,267</u>	<u>\$ 10,648</u>	<u>\$ 3,788</u>	<u>\$ 11,127</u>
Ohio BBS 3% Surcharge				
Assets:				
Equity in pooled cash and cash equivalents	\$ 144	\$ 6,603	\$ 5,376	\$ 1,371
Total assets.	<u>\$ 144</u>	<u>\$ 6,603</u>	<u>\$ 5,376</u>	<u>\$ 1,371</u>
Liabilities:				
Undistributed monies	\$ 144	\$ 6,603	\$ 5,376	\$ 1,371
Total liabilities	<u>\$ 144</u>	<u>\$ 6,603</u>	<u>\$ 5,376</u>	<u>\$ 1,371</u>
Unclaimed Money Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ 7,690	\$ -	\$ 162	\$ 7,528
Total assets.	<u>\$ 7,690</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 7,528</u>
Liabilities:				
Undistributed monies	\$ 7,690	\$ -	\$ 162	\$ 7,528
Total liabilities	<u>\$ 7,690</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 7,528</u>
Total Agency				
Assets:				
Equity in pooled cash and cash equivalents	\$ 672,660	\$ 301,580	\$ 379,258	\$ 594,982
Accounts receivable	-	740	-	740
Total assets.	<u>\$ 672,660</u>	<u>\$ 302,320</u>	<u>\$ 379,258</u>	<u>\$ 595,722</u>
Liabilities:				
Undistributed monies	\$ 672,660	\$ 302,320	\$ 379,258	\$ 595,722
Total liabilities	<u>\$ 672,660</u>	<u>\$ 302,320</u>	<u>\$ 379,258</u>	<u>\$ 595,722</u>

STATISTICAL SECTION

CITY OF STOW, OHIO
STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	129
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the income tax and property tax.	136
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	143
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	148
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	150

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

FINANCIAL TRENDS

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CITY OF STOW, OHIO

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

	Fiscal Year			
	2006	2005	2004	2003
Governmental activities				
Invested in capital assets, net of related debt	\$ 29,534,790	\$ 27,553,492	\$ 25,216,608	\$ 20,570,820
Restricted	8,857,474	7,001,862	7,635,153	9,036,658
Unrestricted	7,563,813	7,739,333	7,163,602	7,685,369
Total governmental activities net assets	<u>\$ 45,956,077</u>	<u>\$ 42,294,687</u>	<u>\$ 40,015,363</u>	<u>\$ 37,292,847</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 18,074,614	\$ 18,532,258	\$ 17,251,673	\$ 15,839,601
Unrestricted	5,075,477	3,654,574	2,548,005	1,425,497
Total business-type activities net assets	<u>\$ 23,150,091</u>	<u>\$ 22,186,832</u>	<u>\$ 19,799,678</u>	<u>\$ 17,265,098</u>
Primary government				
Invested in capital assets, net of related debt	\$ 47,609,404	\$ 46,085,750	\$ 42,468,281	\$ 36,410,421
Restricted	8,857,474	7,001,862	7,635,153	9,036,658
Unrestricted	12,639,290	11,393,907	9,711,607	9,110,866
Total primary government net assets	<u><u>\$ 69,106,168</u></u>	<u><u>\$ 64,481,519</u></u>	<u><u>\$ 59,815,041</u></u>	<u><u>\$ 54,557,945</u></u>

CITY OF STOW, OHIO

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

	Fiscal Year			
	2006	2005	2004	2003
Expenses				
Governmental activities:				
General government	\$ 6,231,092	\$ 6,090,778	\$ 5,432,973	\$ 4,868,501
Security of persons and property	13,210,277	12,048,393	11,853,463	12,358,496
Public health	443,480	440,074	492,311	472,916
Leisure time activities	2,223,971	1,951,619	2,078,775	1,734,052
Community and economic development	1,521,061	1,545,734	1,529,252	1,242,741
Transportation	3,127,917	3,779,144	3,815,181	2,008,079
Interest and fiscal charges	594,333	694,127	350,575	889,842
Depreciation - (Unallocated)	-	-	7,428	672,634
Total governmental activities expenses	<u>27,352,131</u>	<u>26,549,869</u>	<u>25,559,958</u>	<u>24,247,261</u>
Business-type activities:				
Water	3,888,570	3,614,891	3,647,156	3,712,059
Golf	1,361,329	-	-	-
Storm Water Utility	786,568	642,835	-	-
Total business-type activities expenses	<u>6,036,467</u>	<u>4,257,726</u>	<u>3,647,156</u>	<u>3,712,059</u>
Total primary government expenses	<u>\$ 33,388,598</u>	<u>\$ 30,807,595</u>	<u>\$ 29,207,114</u>	<u>\$ 27,959,320</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 878,026	\$ 809,517	\$ 393,667	\$ 367,955
Security of persons and property	564,625	611,180	1,258,830	1,308,313
Public health	50,759	56,361	29,730	27,104
Leisure time activities	272,149	351,952	152,107	145,037
Community and economic development	252,718	250,583	237,401	94,760
Transportation	-	-	61,887	64,972
Operating grants and contributions				
General government	-	-	18,831	51,518
Security of persons and property	413,210	522,180	109,192	115,821
Public health	5,000	-	10,922	21,795
Leisure time activities	-	-	6,229	16,584
Community and economic development	-	-	23,026	124,114
Transportation	1,592,073	1,404,271	2,960	9,096
Capital grants and contributions				
Security of persons and property	-	-	64,810	-
Transportation	550,997	1,444,831	431,525	903,400
Total governmental program revenues	<u>4,579,557</u>	<u>5,450,875</u>	<u>2,801,117</u>	<u>3,250,469</u>
Business-type activities:				
Charges for services:				
Water	4,905,336	4,929,505	4,441,491	4,099,615
Golf Course	936,183	-	-	-
Storm Water Utility	774,892	725,359	-	-
Operating grants and contributions	177,876	106,378	-	-
Capital grants and contributions	-	856,697	958,467	83,675
Total business-type activities program revenues	<u>6,794,287</u>	<u>6,617,939</u>	<u>5,399,958</u>	<u>4,183,290</u>
Total primary government program revenue	<u>\$ 11,373,844</u>	<u>\$ 12,068,814</u>	<u>\$ 8,201,075</u>	<u>\$ 7,433,759</u>
Net (Expense)/Revenue				
Governmental activities	\$ (22,772,574)	\$ (21,098,994)	\$ (22,758,841)	\$ (20,996,792)
Business-type activities	757,820	2,360,213	1,752,802	471,231
Total primary government net expense	<u>\$ (22,014,754)</u>	<u>\$ (18,738,781)</u>	<u>\$ (21,006,039)</u>	<u>\$ (20,525,561)</u>

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CITY OF STOW, OHIO

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

	Fiscal Year			
	2006	2005	2004	2003
General Revenues				
Governmental activities:				
Taxes				
Property taxes	\$ 7,871,452	\$ 7,459,294	\$ 6,844,640	\$ 6,797,865
Income taxes	11,579,104	11,209,387	11,422,047	11,167,214
Grants and entitlements not restricted to specific programs	3,814,628	3,354,221	4,655,070	4,092,246
Investment earnings	894,418	471,060	219,668	290,877
Other	2,274,362	884,356	416,504	519,809
Premium on debt issued	-	-	146,083	78,919
Gain on sale of capital assets	-	-	-	34,474
Transfers	-	-	753,480	88,196
Total governmental activities	<u>26,433,964</u>	<u>23,378,318</u>	<u>24,457,492</u>	<u>23,069,600</u>
Business-type activities:				
Investment earnings	-	-	4,963	9,133
Other	205,439	26,941	100,622	63,272
Premium on debt issued	-	-	20,470	11,398
Transfers	-	-	(753,480)	(88,196)
Total business-type activities	<u>205,439</u>	<u>26,941</u>	<u>(627,425)</u>	<u>(4,393)</u>
Total primary government	<u>\$ 26,639,403</u>	<u>\$ 23,405,259</u>	<u>\$ 23,830,067</u>	<u>\$ 23,065,207</u>
Change in Net Assets				
Governmental activities	\$ 3,661,390	\$ 2,279,324	\$ 1,698,651	\$ 2,072,808
Business-type activities	963,259	2,387,154	1,125,377	466,838
Total primary government	<u>\$ 4,624,649</u>	<u>\$ 4,666,478</u>	<u>\$ 2,824,028</u>	<u>\$ 2,539,646</u>

CITY OF STOW, OHIO

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund				
Reserved	\$ 1,003,425	\$ 734,620	\$ 570,919	\$ 640,154
Unreserved	5,275,404	4,795,925	5,226,327	5,117,349
Total general fund	<u>\$ 6,278,829</u>	<u>\$ 5,530,545</u>	<u>\$ 5,797,246</u>	<u>\$ 5,757,503</u>
All Other Governmental Funds				
Reserved	\$ 2,239,930	\$ 1,300,045	\$ 1,138,739	\$ 3,712,841
Unreserved, reported in:				
Special revenue funds	1,779,727	1,554,666	2,129,062	2,030,952
Capital projects funds	4,193,828	3,896,066	3,730,693	4,836,697
Total all other governmental funds	<u>\$ 8,213,485</u>	<u>\$ 6,750,777</u>	<u>\$ 6,998,494</u>	<u>\$ 10,580,490</u>

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 1,803,014	\$ 2,078,401	\$ 1,987,548	\$ 1,677,907	\$ 221,118	\$ 155,376
4,549,300	3,764,897	1,773,991	1,539,578	1,991,121	1,340,853
<u>\$ 6,352,314</u>	<u>\$ 5,843,298</u>	<u>\$ 3,761,539</u>	<u>\$ 3,217,485</u>	<u>\$ 2,212,239</u>	<u>\$ 1,496,229</u>
\$ 9,310,570	\$ 2,324,308	\$ 882,489	\$ 976,750	\$ 540,533	\$ 781,275
(1,480,404)	1,807,376	2,614,549	2,135,060	2,274,545	1,733,199
(4,155,417)	4,351,113	5,288,575	4,182,092	2,732,484	391,621
<u>\$ 3,674,749</u>	<u>\$ 8,482,797</u>	<u>\$ 8,785,613</u>	<u>\$ 7,293,902</u>	<u>\$ 5,547,562</u>	<u>\$ 2,906,095</u>

CITY OF STOW, OHIO

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues				
Property and other taxes	\$ 7,416,170	\$ 6,830,535	\$ 6,847,919	\$ 6,675,497
Income taxes	12,013,125	11,832,911	11,422,047	11,167,214
Special assessments	51,417	61,809	57,600	53,454
Charges for services	829,301	965,041	1,062,425	977,307
Licenses and permits	812,172	760,506	823,125	878,235
Fines and forfeitures	143,822	115,118	152,428	96,039
Intergovernmental	6,480,588	6,447,556	5,212,987	5,274,336
Investment income	873,755	451,530	215,183	285,379
Rent	264,570	189,731	95,644	-
Contributions and donations	12,593	1,338	5,697	-
Other	2,178,764	883,018	422,376	520,129
Total revenues	<u>31,076,277</u>	<u>28,539,093</u>	<u>26,317,431</u>	<u>25,927,590</u>
Expenditures				
Current:				
General government	5,126,246	4,980,022	4,662,459	4,337,419
Security of persons and property	11,668,726	10,720,669	10,613,717	10,107,920
Public health	400,521	384,994	405,931	435,598
Leisure time activities	1,843,051	1,756,686	1,712,128	1,646,323
Community and economic development	1,368,784	1,329,499	1,293,809	1,163,616
Transportation	2,500,585	2,922,095	2,856,791	2,542,914
Capital outlay	4,220,049	4,976,831	7,333,364	12,567,939
Other	-	-	-	3,863
Debt service:				
Principal retirement	11,656,000	12,511,858	14,134,662	15,627,361
Interest and fiscal charges	586,369	499,341	475,179	735,296
Bond issuance costs	-	-	141,726	-
Total expenditures	<u>39,370,331</u>	<u>40,081,995</u>	<u>43,629,766</u>	<u>49,168,249</u>
Excess of revenues over (under) expenditures	(8,294,054)	(11,542,902)	(17,312,335)	(23,240,659)
Other Financing Sources (Uses)				
Notes issued	10,423,200	11,281,000	12,141,858	13,923,919
Premium on notes	81,846	74,300	95,745	-
Refunding bonds issued	-	-	6,440,000	-
Accrued interest received on debt issuance	-	-	16,203	-
Payment to refunded bond escrow agent	-	-	(6,281,301)	-
Proceeds from sale of capital assets	-	-	-	34,474
Loss on sale of common stock	-	-	-	-
Transfers in	569,879	571,188	1,413,421	684,228
Transfers out	(569,879)	(571,188)	(659,941)	(596,032)
Total other financing sources	<u>10,505,046</u>	<u>11,355,300</u>	<u>13,165,985</u>	<u>14,046,589</u>
Net change in fund balances	<u>\$ 2,210,992</u>	<u>\$ (187,602)</u>	<u>\$ (4,146,350)</u>	<u>\$ (9,194,070)</u>
Debt service as a percentage of noncapital expenditures	34.83%	37.06%	40.25%	44.71%

	2002	2001	2000	1999	1998	1997
\$	6,133,362	\$ 5,984,321	\$ 4,360,593	\$ 4,421,931	\$ 4,599,832	\$ 3,753,381
	11,281,810	11,221,994	10,939,038	10,256,841	10,148,391	10,258,379
	52,917	55,319	56,032	56,788	54,819	54,615
	1,043,272	837,868	424,981	298,254	274,948	262,153
	615,963	599,729	603,019	803,038	551,374	540,054
	77,000	86,298	63,370	63,391	58,366	56,753
	4,425,388	6,602,441	4,702,144	4,046,790	3,591,199	2,907,420
	457,090	574,944	817,719	536,138	430,127	300,429
	-	-	-	-	-	-
	-	-	-	-	-	-
	718,788	493,111	347,600	156,232	225,403	125,951
	<u>24,805,590</u>	<u>26,456,025</u>	<u>22,314,496</u>	<u>20,639,403</u>	<u>19,934,459</u>	<u>18,259,135</u>
	4,038,069	3,787,262	3,455,250	3,120,550	3,354,777	3,236,358
	8,874,918	8,732,322	7,833,280	7,241,474	6,710,670	6,324,247
	469,082	462,594	468,329	442,050	433,642	260,916
	1,486,482	1,492,171	1,501,736	1,388,987	1,329,193	1,233,273
	1,132,509	1,096,685	1,119,854	909,323	417,785	755,069
	2,352,871	2,217,758	2,384,678	2,063,396	1,790,751	1,819,073
	10,434,356	5,548,763	3,649,212	2,057,286	2,434,063	1,438,240
	6,389	23,224	50,973	-	-	-
	180,000	315,000	225,000	215,000	200,000	190,000
	382,395	402,683	414,308	428,908	499,316	532,392
	-	-	-	-	-	-
	<u>29,357,071</u>	<u>24,078,462</u>	<u>21,102,620</u>	<u>17,866,974</u>	<u>17,170,197</u>	<u>15,789,568</u>
	(4,551,481)	2,377,563	1,211,876	2,772,429	2,764,262	2,469,567
	59,694	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	61,222	-	15,609	18,350	21,325
	(6,122)	-	-	-	-	-
	6,894,637	11,149,059	14,110,788	15,371,086	15,280,556	13,413,406
	<u>(6,894,637)</u>	<u>(11,652,208)</u>	<u>(14,110,788)</u>	<u>(15,419,552)</u>	<u>(15,263,871)</u>	<u>(13,418,618)</u>
	<u>53,572</u>	<u>(441,927)</u>	<u>-</u>	<u>(32,857)</u>	<u>35,035</u>	<u>16,113</u>
\$	<u>(4,497,909)</u>	<u>\$ 1,935,636</u>	<u>\$ 1,211,876</u>	<u>\$ 2,739,572</u>	<u>\$ 2,799,297</u>	<u>\$ 2,485,680</u>

2.97%

3.87%

3.66%

4.07%

4.75%

5.03%

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REVENUE CAPACITY

CITY OF STOW, OHIO

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(RATE PER \$1,000 OF ASSESSED VALUE)

Collection Year	Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2006	\$ 785,872,830	\$ 2,245,350,943	\$ 10,062,490	\$ 40,249,960	\$ 47,772,680	\$ 54,287,136
2005	726,040,350	2,074,401,000	11,035,980	44,143,920	35,360,828	109,840,276
2004	705,710,080	2,016,314,514	10,855,300	43,421,200	47,772,680	160,005,088
2003	693,300,320	1,980,858,057	11,361,260	45,445,040	51,014,864	171,524,939
2002	611,933,190	1,748,380,543	10,647,060	42,588,240	54,307,489	186,740,648
2001	588,277,820	1,680,793,771	13,019,160	52,076,640	53,892,421	178,287,544
2000	567,191,520	1,620,547,200	14,630,840	58,523,360	53,811,583	171,353,812
1999	526,516,730	1,504,333,514	14,428,370	57,713,480	52,133,728	165,249,802
1998	512,961,810	1,465,605,171	14,557,040	58,228,160	50,150,238	156,929,832
1997	496,489,730	1,418,542,086	14,797,730	59,190,920	43,318,973	128,882,702

Source: Summit County Fiscal Office

Total		
Assessed Value	Estimated Actual Value	Ratio
843,708,000	\$ 2,339,888,039	36.06%
772,437,158	2,228,385,196	34.66%
764,338,060	2,219,740,802	34.43%
755,676,444	2,197,828,036	34.38%
676,887,739	1,977,709,431	34.23%
655,189,401	1,911,157,955	34.28%
635,633,943	1,850,424,372	34.35%
593,078,828	1,727,296,796	34.34%
577,669,088	1,680,763,163	34.37%
554,606,433	1,606,615,708	34.52%

CITY OF STOW, OHIO

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

Collection Year	City Direct Rates					Overlapping Rates	
	General Operating	Police Pension	Fire Pension	EMS	Total Direct	Stow City School District	Summit County
2006	6.60	0.30	0.30	2.30	9.50	46.73	13.07
2005	6.60	0.30	0.30	2.30	9.50	47.88	13.07
2004	6.60	0.30	0.30	2.30	9.50	47.93	13.07
2003	6.60	0.30	0.30	2.30	9.50	48.32	13.07
2002	6.60	0.30	0.30	2.30	9.50	45.74	13.07
2001	6.60	0.30	0.30	2.30	9.50	46.44	13.07
2000	6.60	0.30	0.30	-	7.20	46.44	13.07
1999	6.60	0.30	0.30	-	7.20	47.64	12.27
1998	6.60	0.30	0.30	-	7.20	47.74	11.65
1997	6.60	0.30	0.30	-	7.20	49.34	11.39

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
2006	\$ 7,636,480	\$ 7,449,227	97.55%	\$ 178,019	\$ 7,627,246	99.88%
2005	7,002,463	6,829,291	97.53%	170,235	6,999,526	99.96%
2004	6,817,956	6,644,645	97.46%	165,073	6,809,718	99.88%
2003	6,694,114	6,499,566	97.09%	160,251	6,659,817	99.49%
2002	6,102,629	5,791,916	94.91%	144,724	5,936,640	97.28%
2001	5,898,640	5,580,204	94.60%	127,890	5,708,094	96.77%
2000	4,278,289	4,062,677	94.96%	77,990	4,140,667	96.78%
1999	3,985,361	3,801,725	95.39%	84,055	3,885,780	97.50%
1998	3,908,376	3,714,778	95.05%	84,821	3,799,599	97.22%
1997	3,837,411	3,620,923	94.36%	106,111	3,727,034	97.12%

Source: Summit County Fiscal Officer

CITY OF STOW, OHIO
PRINCIPAL TAXPAYERS
REAL ESTATE TAX
CURRENT YEAR AND SIX YEARS AGO

December 31, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Heron Springs Associates, LLC	\$ 8,382,140	1	1.07%
Wyndham Ridge, LLC	7,843,490	2	1.00%
DDR Ohio Opportunity II, LLC	6,670,820	3	0.85%
Marcliff Hidden Lake Apartments Limited	4,653,450	4	0.59%
Stow-Glen Properties	4,606,350	5	0.59%
Morgan Adhesives Company	4,313,840	6	0.55%
Steels Corners Apartment Company Ltd.	4,276,430	7	0.54%
SFC Enterprises LTD	2,760,630	8	0.35%
WalMart Real Estate Business Trust	2,547,290	9	0.32%
Stow Associates	2,261,500	10	0.29%
Total	\$ 48,315,940		6.15%
Total Assessed Value of Real Property	\$ 785,872,830		

December 31, 2000			
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	
Ohio Edison	\$ 6,712,030	1	1.18%
Developers Diversified	6,439,350	2	1.14%
Ohio Bell Telephone	4,410,140	3	0.78%
Graham Square Enterprises	4,342,730	4	0.77%
Morgan Adhesives	3,855,540	5	0.68%
Marcliff Hidden Lake Apartments Limited	3,475,530	6	0.61%
Stow Falls Retail Limited Partnership	2,332,820	7	0.41%
Stowsan LP	2,312,780	8	0.41%
Stow Hudson Investment	2,169,350	9	0.38%
East Ohio Gas	2,152,010	10	0.38%
Total	\$ 38,202,280		6.74%
Total Assessed Value of Real Property	\$ 567,191,520		

Source: Summit County Fiscal Office

Note: Information prior to December 31, 2000 is not available.

CITY OF STOW, OHIO

PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX
CURRENT YEAR AND SIX YEARS AGO

December 31, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Morgan Adhesives	\$ 4,611,440	1	9.65%
Audio-Technican U.S. Inc.	2,047,150	2	4.29%
Tamarkin Company	1,452,650	3	3.04%
GoJo Industries Inc.	1,250,540	4	2.62%
Lowes Home Centers, Inc.	1,211,530	5	2.54%
Marhofer Chevrolet, Inc.	1,182,000	6	2.47%
Wal Mart Stores East, Inc.	1,136,350	7	2.38%
Wrayco Industries, Inc.	1,076,670	8	2.25%
Akrochem Corp.	871,680	9	1.82%
Waste Management of Ohio, Inc.	852,740	10	1.78%
Total	\$ 15,692,750		32.85%
Total Assessed Value of Tangible Personal Property	\$ 47,772,680		

December 31, 2000			
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	
Morgan Adhesives	\$ 9,448,740	1	17.56%
Akrochem Corp.	2,126,060	2	3.95%
Audio-Technican U.S. Inc.	1,958,780	3	3.64%
Marhofer Chevrolet, Inc.	1,282,370	4	2.38%
Goodyear Tire	1,220,870	5	2.27%
Wrayco Industries, Inc.	1,218,170	6	2.26%
Tamarkin Company	1,193,970	7	2.22%
Esterle Mold & Machine	1,031,420	8	1.92%
Norton Chemical Process	1,022,450	9	1.90%
Time Warner Entertainment Company	902,990	10	1.68%
Total	\$ 21,405,820		39.78%
Total Assessed Value of Tangible Personal Property	\$ 53,811,583		

Source: Summit County Fiscal Office

Note: Information prior to December 31, 2000 is not available.

CITY OF STOW, OHIO

INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS

<u>Year</u>	<u>Tax Rate</u>	<u>Total Tax Collected (1)</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes from Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2006	2.00%	\$ 11,886,629	\$ 8,102,987	68.17%	\$ 1,395,119 (2)	11.74%	\$ 2,388,523	20.09%
2005	2.00%	12,054,635	7,833,216	64.98%	1,487,884 (2)	12.34%	2,733,535	22.68%
2004	2.00%	11,463,637	7,745,451	67.57%	997,939 (2)	8.71%	2,720,247	23.73%
2003	2.00%	11,378,531	7,596,252	66.76%	1,132,905 (2)	9.96%	2,649,374	23.28%
2002	2.00%	11,340,627	7,605,139	67.06%	928,622 (2)	8.19%	2,806,866	24.75%
2001	2.00%	11,050,292	7,506,138	67.93%	841,297	7.61%	2,702,857	24.46%
2000	2.00%	10,986,687	7,436,931	67.69%	875,142	7.97%	2,674,614	24.34%
1999	2.00%	10,654,608	7,066,934	66.33%	972,824	9.13%	2,614,850	24.54%
1998	2.00%	10,242,826	6,783,301	66.22%	1,030,653	10.06%	2,428,872	23.71%
1997	2.00%	9,237,347	6,121,671	66.27%	739,252	8.00%	2,376,424	25.73%

Source: City of Stow, Income Tax Department

(1) These amounts are the actual cash basis income tax collections by the City

(2) Payments made by electric and telephone companies as mandated by ORC 5745 are included in these amounts.

DEBT CAPACITY

CITY OF STOW, OHIO

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Long-Term Notes	Land Purchase Agreement	OWDA Loans	OPWC Loans	Long-Term Notes			
2006	\$ 4,959,599	\$ 10,423,200	\$ -	\$ 51,516	\$ 220,104	\$ 9,021,800	\$ 24,676,219	2.08%	\$ 717
2005	5,301,649	11,281,000	-	76,635	231,688	2,064,000	18,954,972	1.69%	584
2004	5,638,699	12,141,858	-	99,879	195,353	2,503,142	20,578,931	1.93%	663
2003	5,820,000	13,845,000	-	121,389	-	2,000,000	21,786,389	2.12%	726
2002	6,015,000	15,505,000	-	141,294	-	2,300,000	23,961,294	2.41%	813
2001	6,195,000	-	-	168,274	-	2,300,000	8,663,274	0.87%	293
2000	6,360,000	-	75,000	-	-	-	6,435,000	0.72%	230
1999	6,510,000	-	150,000	-	-	-	6,660,000	0.76%	246
1998	6,650,000	-	225,000	-	-	-	6,875,000	0.85%	269
1997	-	-	-	-	-	-	-	0.00%	-

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

CITY OF STOW, OHIO

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total		
2006	\$ 4,959,599	\$ 4,959,599	0.59%	\$ 144
2005	5,301,649	5,301,649	0.69%	154
2004	5,638,699	5,638,699	0.74%	164
2003	5,820,000	5,820,000	0.77%	170
2002	6,015,000	6,015,000	0.89%	178
2001	6,195,000	6,195,000	0.95%	185
2000	6,360,000	6,360,000	1.00%	198
1999	6,510,000	6,510,000	1.10%	202
1998	6,650,000	6,650,000	1.15%	209
1997	-	-	0.00%	-

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

CITY OF STOW, OHIO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Stow	\$ 21,900,000	100.00%	\$ 21,900,000
Overlapping Debt:			
Summit County	63,040,000	6.48%	4,084,992
Stow-Munroe Falls City School District	3,187,000	86.97%	2,771,734
Metro Transit	1,005,000	6.48%	<u>65,124</u>
Subtotal, overlapping debt			\$ 6,921,850
City direct debt			<u>21,900,000</u>
Total direct and overlapping debt			<u>\$ 28,821,850</u>

Source: Ohio Municipal Advisory Council

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF STOW, OHIO

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2006	\$ 88,589,340	\$ 24,676,219	\$ 63,913,121	27.85%
2005	81,105,902	18,954,972	62,150,930	23.37%
2004	80,255,496	20,578,931	59,676,565	25.64%
2003	79,346,027	21,786,389	57,559,638	27.46%
2002	71,073,213	23,961,294	47,111,919	33.71%
2001	68,794,887	8,663,274	60,131,613	12.59%
2000	66,741,564	6,435,000	60,306,564	9.64%
1999	62,273,277	6,660,000	55,613,277	10.69%
1998	60,655,254	6,875,000	53,780,254	11.33%
1997	58,233,675	-	58,233,675	0.00%

Source: City of Stow, Financial Records

CITY OF STOW, OHIO

PLEGGED-REVENUE COVERAGE
LAST SIX FISCAL YEARS

OWDA Loan

Fiscal Year	Water Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 4,729,503	\$ 3,777,269	\$ 952,234	\$ 25,119	\$ 6,189	3.29%
2005	4,748,934	3,567,616	1,181,318	24,951	8,063	2.79%
2004	3,995,108	3,574,818	420,290	21,510	9,798	7.45%
2003	3,744,328	3,621,102	123,226	19,905	11,404	25.41%
2002	4,044,896	3,406,896	638,000	26,980	4,329	4.91%
2001	311,570	292,084	19,486	-	-	0.00%

OPWC Loan

Fiscal Year	Water Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 4,729,503	\$ 3,777,269	\$ 952,234	\$ 11,584	\$ -	1.22%
2005	4,748,934	3,567,616	1,181,318	-	-	0.00%

Note: The OWDA Loan was entered into during 2001. There were no principal or interest payments made until 2002.
The OPWC Loan was entered into during 2005. There were no principal or interest payments made until 2006.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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CITY OF STOW, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (3)</u>
2006	34,463	\$ 1,185,354,885	\$ 34,395	6,000	4.3%
2005	34,498	1,119,874,076	32,462	6,080	5.8%
2004	34,394	1,066,798,698	31,017	6,076	6.1%
2003	34,290	1,028,665,710	29,999	6,001	5.7%
2002	33,808	995,848,448	29,456	5,836	6.1%
2001	33,557	992,951,630	29,590	6,018	4.3%
2000	32,139	899,988,417	28,003	5,964	4.0%
1999	32,162	871,622,362	27,101	6,001	4.2%
1998	31,762	810,534,478	25,519	6,075	4.0%
1997	30,833	744,462,785	24,145	6,105	4.4%

Source:

(1) U.S. Census Estimates, City of Stow

(2) Ohio Workforce Informer, Akron Metropolitan Statistical Area Data

(3) Ohio Bureau of Employment Services, U.S. Department of Labor and Bureau of Labor Statistics

CITY OF STOW, OHIO

PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO

	<u>2006</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>
MacTac - Morgan Adhesives	365	1
Matco Tools Corp.	250	2
Wrayco Industries, Inc.	250	3
City of Stow	225	4
National Machine Co.	184	5
Centimark Corporation	126	6
Audio Technica U.S. Inc.	110	7
Interplan Health Group	100	8
GOJO Industries, Inc.	84	9
Lakeland Mold Company	<u>80</u>	10
Total	<u><u>1,774</u></u>	

	<u>2002</u>	
	<u>Employees</u>	<u>Rank</u>
MacTac - Morgan Adhesives	400	1
Goodyear Stow Mold Plant	230	2
Oak Technical Inc.	223	3
City of Stow	207	4
Matco Tools Corp.	170	5
Eagle Plastics Division - Plastics Components, In	150	6
National Machine Company	140	7
Saint Gobain Norpro Corporation	130	8
Wrayco Industries, Inc.	115	9
Audio Technica U.S. Inc.	<u>114</u>	10
Total	<u><u>1,879</u></u>	

Source: City of Stow, Department of Planning & Development

Note: Information prior to 2002 was not available.

OPERATING INFORMATION

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CITY OF STOW, OHIO

FULL TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of December 31										
Function/Program	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government										
Management service	33	33	31	29	29	29	27	N/A	N/A	N/A
Finance	13	13	13	13	13	11	12	N/A	N/A	N/A
Planning	6	7	7	7	6	5	5	N/A	N/A	N/A
Building	6	7	7	7	7	7	6	N/A	N/A	N/A
Other - Public Utilities	10	10	9	8	8	7	-	N/A	N/A	N/A
Security of persons and property										
Officers	38	38	34	34	33	35	35	N/A	N/A	N/A
Civilians	74	74	73	73	73	72	58	N/A	N/A	N/A
Public health and welfare	1	1	1	1	1	1	1	N/A	N/A	N/A
Transportation	23	22	22	21	20	21	21	N/A	N/A	N/A
Community environment	3	3	3	3	3	3	3	N/A	N/A	N/A
Leisure time activity	18	14	13	13	14	13	14	N/A	N/A	N/A
Total	225	222	213	209	207	204	182	-	-	-

Note: The City began preparing a CAFR in 2000, information prior to that is unavailable.

CITY OF STOW, OHIO

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2006	2005	2004	2003
General Government				
Council				
Number of Ordinances & resolutions	205	226	292	195
Court				
Number of court cases	4,717	4,073	5,014	4,271
Number of tickets	7,678	7,171	8,546	7,450
Number of court appearances	1,050	1,000	1,200	1,025
Finance				
Checks issued	6,311	6,407	6,424	6,749
Purchase orders issued	3,270	2,839	3,118	3,376
Number of W-2 forms issued	443	426	415	413
City W-2 Wages	\$ 14,093,448	\$ 13,262,323	\$ 13,144,667	\$ 12,098,984
Security of persons and property				
Police				
Physical arrests	1,399	1,294	1,317	1,354
Parking violations	150	139	303	247
Traffic citations	7,528	7,032	8,243	7,203
Traffic accidents	841	970	1,015	1,031
Marked patrol units	19	N/A	N/A	N/A
Unmarked patrol units	5	5	5	5
Calls for service answered	21,411	21,267	22,183	21,102
Fire				
Fire engines	4	4	4	4
Calls answered	3,354	3,531	3,305	3,350
Number of inspections by Fire Prevention Bureau	1,219	938	846	762
Transportation				
Number of bridges	13	13	13	13
Number of street lights	1,239	1,210	1,112	1,074
Number of signalized intersections	47	47	46	46
Community Environment				
Building				
Building permits issued	672	730	877	902
Inspections performed	1,415	1,908	2,366	2,231
Estimated value of construction	41,431,980	\$ 28,390,400	\$ 55,325,891	\$ 43,094,062
Number of plans examined	63	69	65	61
Public Health and Welfare				
Cemetery (plots sold)	56	68	52	62
Water				
Miles of water mains	151	151	151	151
Number of water tanks	1	1	1	1
Maximum holding capacity of water tank in gallons	2,500,000	2,500,000	2,500,000	2,500,000
Number of service connections	11,900	11,800	11,600	11,500
Number of fire hydrants	2,100	2,100	2,100	2,100
Daily average consumption in gallons	3,000,000	3,000,000	2,950,000	2,900,000

2002	2001	2000	1999	1998	1997
247	245	352	245	239	255
4,041	3,854	2,837	3,177	2,881	3,008
6,898	6,817	3,847	5,297	4,087	4,071
950	950	600	800	650	650
6,496	6,460	6,354	6,551	6,218	6,399
3,580	N/A	N/A	N/A	N/A	N/A
408	418	388	385	365	361
\$ 11,130,679	\$ 10,440,764	\$ 9,526,095	\$ 9,047,888	\$ 8,539,308	\$ 8,050,186
1,543	1,535	1,229	1,417	1,359	1,547
389	924	268	158	213	146
6,509	5,893	3,579	5,139	3,874	3,925
1,109	1,191	1,198	1,147	1,110	1,140
N/A	N/A	N/A	N/A	N/A	N/A
5	5	5	5	5	5
22,439	21,381	18,218	18,629	17,734	18,530
3	3	3	3	3	3
3,404	3,424	3,414	3,200	3,209	2,990
724	859	898	775	1,299	995
13	13	13	13	13	13
1,074	N/A	N/A	N/A	N/A	N/A
46	44	43	N/A	N/A	N/A
821	1,007	1,049	N/A	N/A	N/A
2,058	2,628	1,297	N/A	N/A	N/A
\$ 52,600,342	\$ 38,522,473	\$ 71,760,830	N/A	N/A	N/A
57	65	81	N/A	N/A	N/A
103	148	N/A	N/A	N/A	N/A
151	151	N/A	N/A	N/A	N/A
1	1	N/A	N/A	N/A	N/A
2,500,000	2,500,000	N/A	N/A	N/A	N/A
10,900	10,500	N/A	N/A	N/A	N/A
2,100	2,100	N/A	N/A	N/A	N/A
2,800,000	2,700,000	N/A	N/A	N/A	N/A

CITY OF STOW, OHIO

CAPITAL ASSET INDICATORS
LAST TEN FISCAL YEARS

Function/Program	2006	2005	2004	2003
Public Safety				
Police:				
Stations	1.00	1.00	1.00	1.00
Fire:				
Stations	3.00	3.00	3.00	3.00
Leisure Time Activities				
City Parks	4.00	4.00	4.00	4.00
Neighborhood Parks	6.00	6.00	6.00	6.00
Park Acreage	407.75	407.75	407.75	407.75
Lodges	4.00	4.00	4.00	4.00
Ballfields	7.00	13.00	7.00	7.00
Tennis Courts	4.00	4.00	4.00	4.00
Volleyball Courts	3.00	1.00	3.00	3.00
Camp Sites	27.00	27.00	27.00	27.00
Transportation				
City Lanes (Paved Miles)	293.00	293.00	283.00	283.00
State Highways (Paved Miles)	48.00	48.00	47.00	47.00

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	N/A	N/A	N/A
6.00	6.00	6.00	N/A	N/A	N/A
407.75	407.75	407.75	N/A	N/A	N/A
4.00	4.00	4.00	N/A	N/A	N/A
10.00	10.00	10.00	N/A	N/A	N/A
4.00	4.00	4.00	N/A	N/A	N/A
4.00	4.00	4.00	N/A	N/A	N/A
27.00	27.00	27.00	N/A	N/A	N/A
343.00	340.00	340.00	N/A	N/A	N/A
44.00	44.00	44.00	N/A	N/A	N/A

CITY OF STOW, OHIO

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST FOUR FISCAL YEARS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Land	\$ 10,127,855	\$ 10,157,855	\$ 10,076,005	\$ 9,937,445
Construction in progress	1,071,785	2,755,424	3,526,044	12,102,100
Buildings and building improvements	17,088,395	17,793,185	16,446,238	5,273,199
Vehicles	2,931,700	2,931,661	3,372,545	3,096,774
Equipment, furniture and fixtures	1,280,437	1,183,759	1,025,582	641,600
Infrastructure	12,295,937	9,742,608	9,652,052	9,184,702
Total Capital Assets, Net	<u>\$ 44,796,109</u>	<u>\$ 44,564,492</u>	<u>\$ 44,098,466</u>	<u>\$ 40,235,820</u>



Mary Taylor, CPA
Auditor of State

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 7, 2007**