

Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

February 10, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Reports completed prior to that date contain the signature of my predecessor.

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

DAVE YOST
Auditor of State

This Page is Intentionally Left Blank.

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3
Federal Awards Receipts and Expenditures Schedule.....	7
Notes to the Federal Awards Receipts and Expenditures Schedule	8
Schedule of Findings.....	11

This page intentionally left blank.



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*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Stow-Munroe City School District, Summit County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 7, 2011.

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

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

January 7, 2011



Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

To the Board of Education

Compliance

We have audited the compliance of Stow-Munroe Falls City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Stow-Munroe Falls City School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Stow-Munroe Falls City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 7, 2011.

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Stow-Munroe Falls City School District as of and for the year ended June 30, 2010, and have issued our report thereon dated January 7, 2011. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying Federal Awards Receipts and Expenditures Schedule provide additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

January 7, 2011

This page intentionally left blank.

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR Pass Through Grantor	Federal CFDA Number	Pass-through Grant Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Program Title						
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
(C) Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
(A) National School Lunch Program	10.555	n/a	\$ -	\$ 171,012	\$ -	\$ 171,012
Cash Assistance:						
(B) School Breakfast Program	10.553	102595-3L70-2010	14,017	-	14,017	-
(B) National School Lunch Program	10.555	102595-3L60-2010	407,745	-	407,745	-
Cash Assistance Total			<u>421,762</u>	<u>-</u>	<u>421,762</u>	<u>-</u>
Total Child Nutrition Cluster			<u>421,762</u>	<u>171,012</u>	<u>421,762</u>	<u>171,012</u>
Total U.S. Department of Agriculture			<u>421,762</u>	<u>171,012</u>	<u>421,762</u>	<u>171,012</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Title I, Part A Cluster:						
Title I Grants to Local Education Agencies	84.010	102595-3M00-2009	50,799	-	48,205	-
Title I Grants to Local Education Agencies	84.010	102595-3M00-2010	471,769	-	437,466	-
ARRA - Title I Grants to Local Education Agencies	84.389	102595-3DK0-2010	74,831	-	34,971	-
Total Title I, Part A Cluster			<u>597,399</u>	<u>-</u>	<u>520,642</u>	<u>-</u>
Special Education Cluster:						
Special Education Grants to States, IDEA-B	84.027	102595-3M20-2009	351,946	-	131,272	-
Special Education Grants to States, IDEA-B	84.027	102595-3M20-2010	1,029,596	-	1,001,587	-
ARRA-Special Education Grants to States, IDEA-B	84.391	102595-3DJ0-2010	934,809	-	830,991	-
Special Education Preschool Grants, IDEA-B	84.173	102595-3C50-2009	271	-	929	-
Special Education Preschool Grants, IDEA-B	84.173	102595-3C50-2010	14,726	-	14,022	-
Total Special Education Cluster			<u>2,331,348</u>	<u>-</u>	<u>1,978,801</u>	<u>-</u>
Safe and Drug Free Schools and Communities State Grants, Title IV-A	84.186	102595-3D10-2009	2,432	-	-	-
Safe and Drug Free Schools and Communities State Grants, Title IV-A	84.186	102595-3D10-2010	7,612	-	10,722	-
			<u>10,044</u>	<u>-</u>	<u>10,722</u>	<u>-</u>
State Grants for Innovative Programs, Title V	84.298	102595-3M10-2009	4,044	-	554	-
(D) Educational Technology State Grants, Title II-D	84.318	102595-3S20-2010	555	-	6,736	-
(D) English Language Acquisition Grants, Title III	84.365	102595-3Y70-2009	13,295	-	-	-
(D) English Language Acquisition Grants, Title III	84.365	102595-3Y70-2010	2,562	-	2,128	-
			<u>15,857</u>	<u>-</u>	<u>2,128</u>	<u>-</u>
(D) Improving Teacher Quality State Grants, Title II-A	84.367	102595-3Y60-2009	43,418	-	13,031	-
(D) Improving Teacher Quality State Grants, Title II-A	84.367	102595-3Y60-2010	154,392	-	145,822	-
			<u>197,810</u>	<u>-</u>	<u>158,853</u>	<u>-</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	102595-GRF-2010	945,848	-	931,180	-
<i>Total Passed Through Ohio Department of Education</i>			<u>4,102,905</u>	<u>-</u>	<u>3,609,616</u>	<u>-</u>
<i>Passed Through Six District Educational Compact</i>						
Federal Perkins Loan Program - Federal Capital Contributions	84.038	n/a	39,000	-	39,000	-
Total U.S. Department of Education			<u>4,141,905</u>	<u>-</u>	<u>3,648,616</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 4,563,667</u>	<u>\$ 171,012</u>	<u>\$ 4,070,378</u>	<u>\$ 171,012</u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

- (A) The Food Donation Program is a non-cash, in kind, Federal grant. Commodities are valued at entitlement values.
- (B) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (C) This schedule was prepared on the cash basis of accounting.
- (D) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th); however, with Ohio Department of Education's ("ODE") approval, a district can transfer unspent Federal assistance to the succeeding year, thus allowing the district to have a total of 27 months to spend the assistance. During fiscal year 2010, the ODE authorized the following transfers:

CFDA Number	Program Title	Grant Year	Transfer Out	Transfer In
84.010	Title I Grants to Local Education Agencies	2010	\$211,378	
84.010	Title I Grants to Local Education Agencies	2011		\$211,378
84.389	ARRA- Title I Grants to Local Education Agencies	2010	\$303,292	
84.389	ARRA- Title I Grants to Local Education Agencies	2011		\$303,292
84.367	Improving Teacher Quality State Grants, Title II-A	2010	\$8,347	
84.367	Improving Teacher Quality State Grants, Title II-A	2011		\$8,347
84.318	Educational Technology State Grants, Title II-D	2010	\$2,845	
84.318	Educational Technology State Grants, Title II-D	2011		\$2,845
84.365	English Language Acquisition Grants, Title III	2010	\$1,000	
84.365	English Language Acquisition Grants, Title III	2011		\$1,000
84.186	Safe and Drug Free Schools and Communities State Grants, Title IV-A	2010	\$1,081	
84.186	Safe and Drug Free Schools and Communities State Grants, Title IV-A	2011		\$1,081
84.027	Special Education Grants to States, IDEA-B	2010	\$366,521	
84.027	Special Education Grants to States, IDEA-B	2011		\$366,521
84.391	ARRA - Special Education Grants to States, IDEA-B	2010	\$309,402	
84.391	ARRA - Special Education Grants to States, IDEA-B	2011		\$309,402
84.173	Special Education Preschool Grants, IDEA-B	2010	\$4,582	

Stow-Munroe Falls City School District
Summit County
Notes to the Federal Awards Receipts and Expenditures Schedule
Page 2

84.173	Special Education Preschool Grants, IDEA-B	2011		\$4,582
84.587	ARRA - Special Education Preschool Grants, IDEA-B	2010	\$39,948	
84.587	ARRA - Special Education Preschool Grants, IDEA-B	2011		\$39,948

This page intentionally left blank.

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

STOW-MUNROE FALLS CITY
SCHOOL DISTRICT

SUMMIT COUNTY, OHIO

FOR THE

FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY
TREASURER'S DEPARTMENT
CATHERINE BULGRIN, TREASURER

4350 ALLEN ROAD

STOW, OHIO 44224

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

TITLE PAGE

TABLE OF CONTENTS i-iii

I. INTRODUCTORY SECTION

Letter of Transmittal..... 1-7
 List of Principal Officers..... 8
 Organizational Chart 9
 Certificate of Achievement for Excellence in Financial Reporting..... 10
 Certificate of Excellence in Financial Reporting..... 11

II. FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT..... 13-14

MANAGEMENT’S DISCUSSION AND ANALYSIS 15-25

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Assets 29
 Statement of Activities..... 30

Fund Financial Statements:

Balance Sheet - Governmental Funds 31
 Reconciliation of Total Governmental Fund Balances to Net Assets
 of Governmental Activities 32
 Statement of Revenues, Expenditures and Changes in Fund
 Balances - Governmental Funds..... 33
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities..... 34
 Statement of Revenues, Expenditures and Changes in Fund
 Balance - Budget and Actual (Non GAAP Budgetary Basis) -
 General Fund 35

Statement of Fiduciary Net Assets - Fiduciary Funds 36

Statement of Changes in Fiduciary Net Assets - Fiduciary Funds 37

Notes to the Basic Financial Statements..... 39-65

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:

Combining Statements - Nonmajor Governmental Funds:

Fund Descriptions	68-70
Combining Balance Sheet - Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	73

Combining and Individual Fund Statements and Schedules - Nonmajor Special Revenue Funds:

Combining Balance Sheet - Nonmajor Special Revenue Funds	74-77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Nonmajor Special Revenue Funds	78-82

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

Food Service Fund	83
Special Trust Fund	83
Uniform School Supplies Fund	83
Public School Support Fund	84
Other Grants Fund	84
District Managed Activity Fund	84
Auxiliary Services Fund	85
Management Information Systems Fund	85
Data Communication Fund	85
SchoolNet Professional Development Fund	86
Ohio Reads Fund	86
Miscellaneous State Grants Fund	86
IDEA Part B Grants Fund	87
Education Stabilization Fund	87
Title II-D Technology Fund	87
Title III Limited English Proficiency Fund	88
Title I Disadvantaged Children Fund	88
Title V Innovative Education Program Fund	88
Drug Free School Grant Fund	89
IDEA Preschool-Handicapped Fund	89
Improving Teacher Quality Fund	89
Miscellaneous Federal Grants Fund	90

Combining and Individual Fund Statements and Schedules - Nonmajor Capital Projects Funds:

Combining Balance Sheet - Nonmajor Capital Projects Funds	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	92
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Permanent Improvement Fund	93
Building Fund	93

Individual Fund Schedule - Private Purpose Trust Fund:

Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):	
Scholarship Fund	94
Statement of Changes in Assets and Liabilities – Agency Fund	95

III. STATISTICAL SECTION

Table of Contents	97
Net Assets by Component - Last Eight Fiscal Years.....	98-99
Changes in Net Assets - Last Eight Fiscal Years	100-105
Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	106-107
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	108-111
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years	112-113
Direct and Overlapping Property Tax Rates - Last Ten Years	114
Principal Property Tax Payers - December 31, 2009 and December 31, 2000.....	115
Property Tax Levies and Collections - Last Ten Fiscal Years	116-117
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	118
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	119
Direct and Overlapping Governmental Activities Debt as of June 30, 2010.....	120
Legal Debt Margin Information - Last Ten Fiscal Years	121
Demographic and Economic Statistics - Last Ten Fiscal Years.....	122
Principal Employers - Current Year and Eight Years Ago.....	123
Staffing Statistics Full Time Equivalents by Type and Function - Last Ten Fiscal Years.....	124-127
Operating Indicators by Function - Last Ten Fiscal Years.....	128-129
Capital Asset Statistics - Last Eight Fiscal Years.....	130-131
School Building Information - Last Ten Fiscal Years.....	132-133
Operating Statistics - Last Ten Fiscal Years	134-135
Teacher Statistics - June 30, 2010	136

THIS PAGE IS INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK



STOW-MUNROE FALLS CITY SCHOOLS

Administrative Offices
4350 Allen Road
Stow, OH 44224-1082

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



January 7, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the Stow-Munroe Falls City School District (the "District") for the fiscal year ended June 30, 2010 is hereby submitted. This CAFR includes financial statements and other financial and statistical data and conforms to accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

State statute requires an annual audit by independent auditors. The Ohio Auditor of State's office conducted the audit for fiscal year 2010. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and include a review of internal controls and tests of compliance with federal and State laws and regulations. The Independent Auditor's Report is included in this CAFR.

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

As a part of the District's independent audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2010 provided no instances of material weaknesses in internal controls.

This transmittal letter is designed to provide historical information about the District, as well as compliment the required Management's Discussion and Analysis (MD&A). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The District's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Auditor's Report. This transmittal letter should be read in conjunction with the MD&A, which can be found beginning on page 15.

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

PROFILE OF STOW-MUNROE FALLS CITY SCHOOL DISTRICT

The District ranks as the 54th largest by total enrollment among the 905 public school districts and community schools in the State of Ohio. As of the current school year (2009-10), the average daily membership (ADM) was 5,507 students attending nine schools.

The District has 648 full and part-time employees (not including supplemental positions). The District employs 359 certificated staff and 260 classified staff members. Included in these totals are the 29 administrators employed by the District.

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

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

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

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

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

The District's academic performance index score has increased each year on the State-generated local report card. This rising index score has resulted in the State of Ohio Department of Education rating the District as "Excellent with Distinction." This rating is the highest rating a District can receive from the State. Only 116 of the 612 public school districts in the State of Ohio earned this acknowledgment.

The District's buildings had the following accomplishments during the 2009-10 school year:

Stow-Munroe Falls High School: Our teachers continued participation in the International Leadership in Education Program in collaboration with Kent State University. Teachers participating were Sue Theisen, Neelam Bhatia, Carolyn Kurtz, and Tracy Zappone.

Beth Schoonover, science teacher, received a \$5,000 grant through the GAR foundation to promote the use of technology in assessment.

Michelle Detweiler, Kelly Lanci, and Trina Poole were selected to participate in the Martha Holden Jennings Foundation 2010 Educators Institute.

The AP Government students performed well on the AP Exam with 89% of students scoring a "3" or higher and the AP History students with 80% scoring a "3" or higher.

The Culinary Arts and Catering program students are recognized by the Culinary Institute of America. The full service restaurant provides quality experiences for students and community members. This program offers catering services to area community service groups.

A sports training student provided first responders skills for a man having a seizure at Cedar Point. One student performed CPR on this gentleman using the skills learned in our Sports Training course.

The “Poetry Out Loud” program’s school champion and state qualifier competed in Columbus.

Students experienced study abroad programs in Greece and Japan.

National Board Certification was awarded to Jill Merz, Family and Consumer Science Instructor, and Wendy Paul, School Guidance Counselor.

Orchestra accomplishments include: A superior rating in Class B at the State Orchestra Contest; a first place Superior at the Big Apple Classic Festival in New York City; and a junior cello player becoming a member of the Stow Symphony Orchestra.

The High School Marching Band of 254 students performed at football games and three band shows. Over 100 students participated in solo and ensemble adjudicated events earning over 50 superior ratings. Superior ratings were awarded to brass and woodwind choirs in wind ensemble, gold symphonic band, freshman band and the percussion ensembles. Four students were accepted into the Honors/All Stars bands at Kent State University, the Ohio Band Directors Conference and the Ohio State Honors Bands. One student was accepted into the Ohio Music Education Association All Star Orchestra. For the first time, the Music Department was recognized as a top community for music education by the National Association of Music Merchants.

Students participating in the Business Innovation Competition were recognized by Kent State University. They designed a board game “Silwady” and were awarded first place and \$1,000 for the production, marketing and selling of this game.

Students participated in a Children’s Hospital Service Project by designing holiday cards for hospitalized children and delivering coloring books, crayon sets, and stuffed animals.

Echo Hills Elementary School: Buckeye Best Healthy School Silver Award from the Ohio Department of Health and the American Cancer Society was received by Echo Hills.

Echo Hills Elementary School was awarded a Certificate of Appreciation from the Red Cross for participation in the Pint Size Heroes campaign resulting in 36 donations that could save from three to 108 lives.

Indian Trail Elementary School: Indian Trail Elementary School was recognized by the Ohio Department of Education as being Excellent with Distinction on the State Report Card for the 2009-10 school year. This recognition represents the fourth consecutive year that Indian Trail has received the highest rating from the State of Ohio.

Indian Trail Elementary became an International Baccalaureate (IB) Candidate School for the Primary Years Program and is currently pursuing authorization as an IB World School. IB Schools share a common philosophy to high quality, challenging international education that we believe is important for all students.

The Indian Trail School community celebrated Indian Trail's 40th Anniversary. Celebration activities took place throughout the year honoring the many wonderful traditions of our school community.

Indian Trail teachers received professional development training in the areas of technology, reading and mathematics. All staff members at Indian Trail participated in an online Safety Training Program.

Indian Trail PTA volunteers logged in over 4,700 hours during the 2009-10 school year and supported many enrichment activities including the winter and spring musicals, bookfair and the COSI Science Day.

Indian Trail celebrated the opening of a new computer lab in 2009-10. The Learning Lab supports the school's teaching and learning environment and is used by students of all ages including preschool. In addition, several document cameras were purchased with the help and collaboration of the District and the Indian Trail PTA.

Indian Trail students participated in several community service projects throughout the year: by collecting items for the needy for the Stow Community Closet Clothing Drive, and Good Neighbors Food Can Drive. Students also collected pop tabs for the dialysis unit at Akron Children's Hospital; and, 50 gifts for the children at the Haven of Rest Homeless Shelter in Akron.

The Indian Trail Preschool Team provided services for 68 students in the Integrated Preschool Program. Team members collaborated with families in carrying out learning opportunities for students ages 3-5 years based on the State of Ohio Preschool Learning Standards.

Third grade students participated in an ability and disability awareness program. Students learned how individuals with disabilities use their abilities to overcome daily challenges including walking, seeing and hearing.

Fishcreek Elementary School: Fishcreek earned the 'Excellent with Distinction' designation this year.

Four Fishcreek teachers took part in the technology cohort at Kent State's Research Center for Educational Technology. These teachers received a grant for 30 Netbook computers.

Six Fishcreek teachers have participated in the District's Mathematics Professional Learning Community (Math PLC)-the highest participation among elementary schools.

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

The Fourteenth Annual Turkey Trot donated over 6,000 canned goods for Good Neighbors; and the Student Council, K-Kids, and Club USA school organizations sponsored collections for the needy.

Lakeview hosted the area's *Shop With A Cop* for Summit County communities.

The students showcased their musical talents through various concerts and this year's annual musical, *Beauty and the Beast*.

Employees

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2009-10 school year) for a teacher with a bachelor's degree is \$36,703, and the maximum salary for a teacher with a master's degree plus 15 graduate hours and 27 years of experience is \$77,774.

The District's certificated staff excluding administration are members of the Stow Teachers Association (S.T.A.), a labor organization affiliated with the Ohio Education Association. The contract between the Board of Education and the S.T.A expires June 30, 2011.

All of the District's support staff employees, including secretarial, custodial, maintenance, food service, transportation, and teacher aides, are represented for bargaining purposes by the Stow-Munroe Falls Classified Employees' Association (S.M.F.C.E.A.), a labor organization affiliated with the Ohio Education Association. The S.M.F.C.E.A. contract expires June 30, 2011.

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

The Reporting Entity

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

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

Budgetary Controls

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

Unencumbered amounts lapse at year-end. A complete description of the District's budgetary process can be found in Note 1.E. to the basic financial statements. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The general fund balance was \$12,123,313 at June 30, 2010 as can be seen on the budgetary statement on page 35.

ECONOMIC CONDITION

Local Economy

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

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

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

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

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

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

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

Long-Term Financial Planning

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

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

Major Initiatives for the Year

The Stow-Munroe Falls City District Leadership Team, comprised of administrators, teachers, and parents representing all nine buildings began the Ohio Improvement Process journey. The *Ohio Improvement Process (OIP)* is Ohio's strategy for ensuring a systematic and coherent approach for building the capacity of all districts and schools in meaningful and real ways that allow districts to improve instructional practice on a district-wide basis, and make and sustain significant improvement in student performance against grade-level benchmarks aligned with academic content standards for all students across the district.

The Stow-Munroe Falls City School District completed the fourth year of its Five Year Strategic Plan continuing to focus on student achievement. The areas addressed in the plan include finances, technology, professional development, student support services, academics, facilities, and safety.

The District has reduced \$3.24 million from the budget in the last three years and has instituted a comprehensive community engagement process to involve the community in considering additional areas of cost reductions.

Major Initiatives for the Future

The District will continue with Year Five initiatives indicated in its Five-Year Strategic Plan. These initiatives continue the classroom focus of instructional alignment.

The District will pursue International Baccalaureate status for one of the K-4 buildings through the use of ARRA Stimulus funds. This Ohio Improvement Process will be implemented in all nine district buildings.

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

INDEPENDENT AUDIT

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

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

AWARDS

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stow-Munroe Falls City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

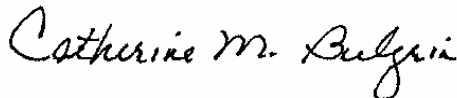
ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2009, to the Stow-Munroe Falls City School District. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing business officials. Management believes that the Comprehensive Annual Financial Report submitted for the fiscal year ended June 30, 2010, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

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

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

Sincerely,



Catherine Bulgrin, Treasurer/CFO



Russell Jones, Superintendent

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

PRINCIPAL OFFICERS
JUNE 30, 2010

Board of Education

Karen Wright - President

Patricia Matthews - Vice President

Dennis Mariola

Karen Powers

Richard Spangler

Superintendent

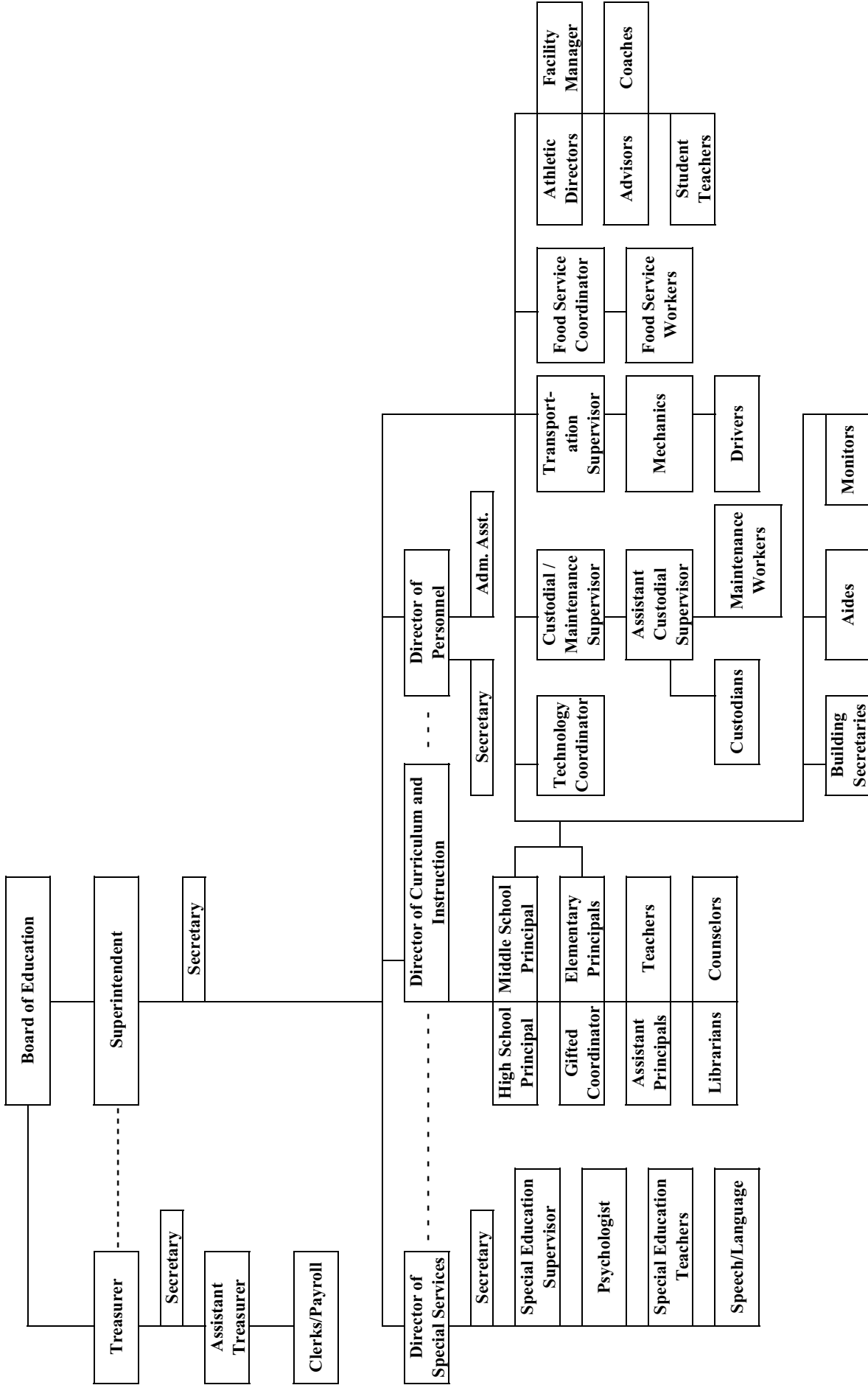
Dr. Russell Jones

Treasurer/CFO

Catherine Bulgrin

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stow-Munroe Falls
City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

STOW-MUNROE FALLS CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

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

President

Executive Director

THIS PAGE IS INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio, as of June 30, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

January 7, 2011

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The management's discussion and analysis of the Stow-Munroe Falls City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets of governmental activities increased \$1,635,641, which represents an 8.03% increase from 2009.
- General revenues accounted for \$48,662,863 in revenue or 85.40% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,320,588 or 14.60% of total revenues of \$56,983,451.
- The District had \$55,347,810 in expenses related to governmental activities; \$8,320,588 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$48,662,863 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$50,259,792 in revenues and other financing sources and \$47,970,169 in expenditures. During fiscal year 2010, the general fund's fund balance increased \$2,289,623 from \$9,105,227 to \$11,394,850.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

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

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

The District's statement of net assets and statement of activities can be found on pages 29-30 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 22. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 31-35 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 36 and 37. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 39-65 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The District as a Whole

Recall that the statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2010 and 2009.

	Net Assets	
	Governmental Activities 2010	Governmental Activities 2009
<u>Assets</u>		
Current and other assets	\$ 45,375,394	\$ 43,068,998
Capital assets, net	<u>16,440,170</u>	<u>17,101,039</u>
Total assets	<u>61,815,564</u>	<u>60,170,037</u>
<u>Liabilities</u>		
Current liabilities	32,231,615	32,166,633
Long-term liabilities	<u>7,583,154</u>	<u>7,638,250</u>
Total liabilities	<u>39,814,769</u>	<u>39,804,883</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	13,246,179	13,665,567
Restricted	1,576,925	1,408,917
Unrestricted	<u>7,177,691</u>	<u>5,290,670</u>
Total net assets	<u>\$ 22,000,795</u>	<u>\$ 20,365,154</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$22,000,795. Of this total, \$1,576,925 is restricted in use.

At year-end, capital assets represented 26.60% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$13,246,179. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

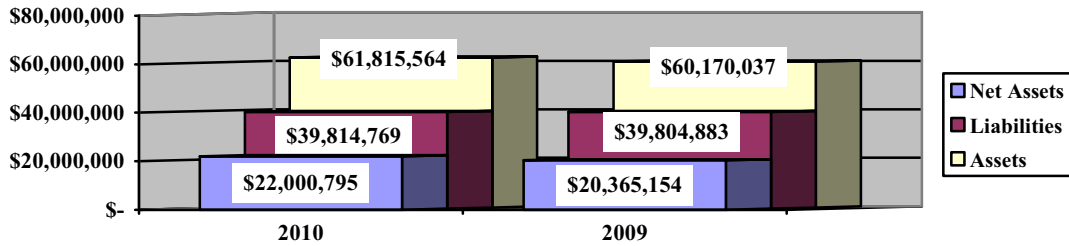
A portion of the District's net assets, \$1,576,925, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$7,177,691.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The graph below illustrates the District assets, liabilities and net assets at June 30, 2010 and 2009:

Governmental Activities



The table below shows the change in net assets for fiscal year 2010 and 2009.

Change in Net Assets

	Governmental Activities 2010	Governmental Activities 2009
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,493,389	\$ 3,076,223
Operating grants and contributions	4,827,199	3,919,343
Capital grants and contributions	-	65,104
General revenues:		
Property taxes	28,832,606	30,183,489
Payments in lieu of taxes	19,242	125,406
Grants and entitlements	19,598,385	19,385,420
Investment earnings	107,693	261,203
Miscellaneous	104,937	135,025
Total revenues	56,983,451	57,151,213

-- continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

	Change in Net Assets (Continued)	
	Governmental Activities 2010	Governmental Activities 2009
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 25,754,244	\$ 25,179,398
Special	5,128,781	4,852,659
Vocational	1,625,972	1,596,146
Adult/continuing	-	4,031
Other	338,078	320,688
Support services:		
Pupil	3,072,569	3,053,622
Instructional staff	2,416,922	2,507,581
Board of education	232,490	422,215
Administration	3,217,318	2,818,083
Fiscal	1,198,534	1,320,751
Business	151,624	468,037
Operations and maintenance	5,304,788	5,557,031
Pupil transportation	3,273,312	3,283,900
Central	652,505	610,594
Operations of non-instructional services	441,929	422,399
Food service operations	1,264,556	1,241,668
Extracurricular activities	1,135,002	1,149,187
Interest and fiscal charges	139,186	159,358
Total expenses	<u>55,347,810</u>	<u>54,967,348</u>
Change in net assets	1,635,641	2,183,865
Net assets at beginning of year	<u>20,365,154</u>	<u>18,181,289</u>
Net assets at end of year	<u>\$ 22,000,795</u>	<u>\$ 20,365,154</u>

Governmental Activities

Net assets of the District's governmental activities increased \$1,635,641. Total governmental expenses of \$55,347,810 were offset by program revenues of \$8,320,588 and general revenues of \$48,662,863. Program revenues supported 15.03% of the total governmental expenses.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

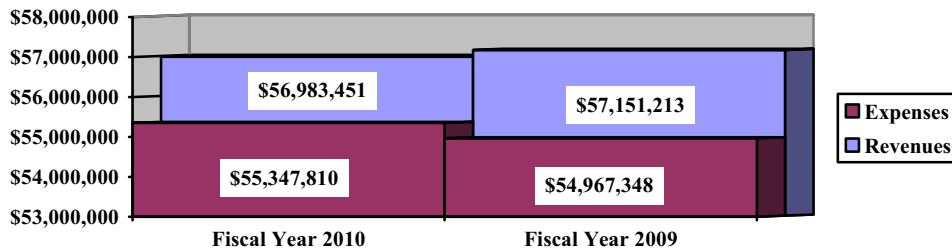
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 85.00% of total governmental revenue.

In fiscal 2010, the operating grants and contributions program revenue category increased approximately \$908,000. This is due to the District receiving more federal grants due to the American Recovery and Reinvestment Act (ARRA) during the fiscal year. Interest earnings decreased approximately \$154,000 due to decreased interest rates on investments in 2010. Additionally, tax revenue decreased approximately \$1,351,000 primarily due to the District having less taxes available as an advance from the County Fiscal Officer when compared to the prior fiscal year. Also, the District's debt service levy expired during fiscal year 2009 as the library bonds were fully repaid. The phase-out of the tangible personal property tax was another reason for declining tax revenues. Unrestricted grants and entitlements increased due to increased property tax reimbursements received from the State.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$32,847,075 or 59.34% of total governmental expenses for fiscal 2010. All expenses were comparable to the prior year.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2010 and 2009.

Governmental Activities - Revenues and Expenses



As can be seen in the chart above, revenues decreased but they still exceed increased expenses. Revenues decreased by .30% while expenses increased .70%. As a result, net assets increased \$1,635,641 during fiscal year 2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

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

Governmental Activities

	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
Program expenses				
Instruction:				
Regular	\$ 25,754,244	\$ 22,437,654	\$ 25,179,398	\$ 23,188,261
Special	5,128,781	3,763,419	4,852,659	3,411,364
Vocational	1,625,972	1,337,639	1,596,146	1,318,301
Adult/continuing	-	-	4,031	4,031
Other	338,078	292,357	320,688	283,251
Support services:				
Pupil	3,072,569	2,568,965	3,053,622	2,419,616
Instructional staff	2,416,922	2,380,016	2,507,581	2,437,205
Board of education	232,490	223,391	422,215	422,215
Administration	3,217,318	3,028,598	2,818,083	2,589,631
Fiscal	1,198,534	1,198,534	1,320,751	1,320,751
Business	151,624	151,624	468,037	468,037
Operations and maintenance	5,304,788	5,266,244	5,557,031	5,521,593
Pupil transportation	3,273,312	3,128,128	3,283,900	3,096,719
Central	652,505	440,542	610,594	576,554
Operations of non-instructional services	441,929	29,006	422,399	(2,937)
Food service operations	1,264,556	(31,164)	1,241,668	(9,988)
Extracurricular activities	1,135,002	673,083	1,149,187	702,716
Interest and fiscal charges	<u>139,186</u>	<u>139,186</u>	<u>159,358</u>	<u>159,358</u>
Total expenses	<u>\$ 55,347,810</u>	<u>\$ 47,027,222</u>	<u>\$ 54,967,348</u>	<u>\$ 47,906,678</u>

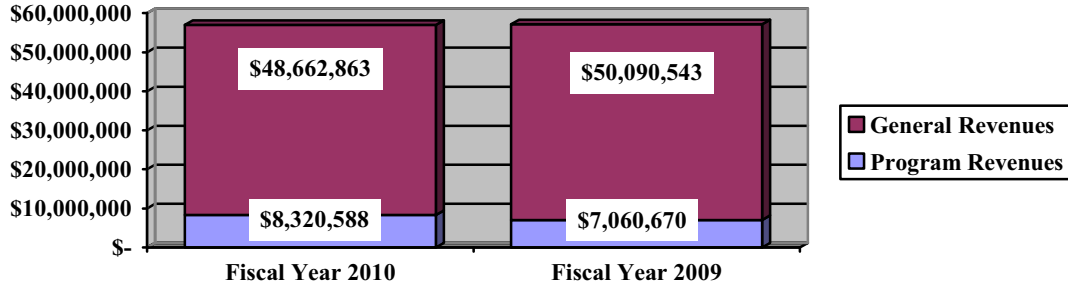
The dependence upon tax and other general revenues for governmental activities is apparent, 84.73% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.97%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The graph below presents the District's governmental activities revenue for fiscal year 2010 and 2009.

Governmental Activities - General and Program Revenues



General revenues decreased \$1,427,680 or 2.85% from fiscal 2009 to 2010 and program revenues increased \$1,259,918 or 17.85% from 2009 to 2010. The increase in governmental activities revenues is discussed on page 19.

The District's Funds

The District's governmental funds reported a combined fund balance of \$11,966,446, which is greater than last year's total of \$9,810,801. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 11,394,850	\$ 9,105,227	\$ 2,289,623	25.15 %
Other Governmental	<u>571,596</u>	<u>705,574</u>	<u>(133,978)</u>	(18.99) %
Total	<u>\$ 11,966,446</u>	<u>\$ 9,810,801</u>	<u>\$ 2,155,645</u>	21.97 %

General Fund

The District's general fund balance increased \$2,289,623. Revenues decreased from the prior year by \$2,036,156, or 3.89%, while expenditures decreased \$1,208,932, or 2.46%, from the prior year. An analysis of the general fund's revenues and expenditures is provided below.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

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

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 28,193,679	\$ 29,624,284	\$ (1,430,605)	(4.83) %
Earnings on investments	131,291	270,564	(139,273)	(51.48) %
Intergovernmental	19,823,033	20,586,876	(763,843)	(3.71) %
Other revenues	<u>2,103,434</u>	<u>1,805,869</u>	<u>297,565</u>	16.48 %
Total	<u>\$ 50,251,437</u>	<u>\$ 52,287,593</u>	<u>\$ (2,036,156)</u>	(3.89) %
<u>Expenditures</u>				
Instruction	\$ 29,344,625	\$ 29,801,569	\$ (456,944)	(1.53) %
Support services	17,542,855	18,329,517	(786,662)	(4.29) %
Non-instructional services	57,844	27	57,817	2,141.37 %
Extracurricular activities	826,673	872,595	(45,922)	(5.26) %
Facilities acquisition and construction	54,616	33,537	21,079	62.85 %
Debt service	<u>143,556</u>	<u>141,856</u>	<u>1,700</u>	1.20 %
Total	<u>\$ 47,970,169</u>	<u>\$ 49,179,101</u>	<u>\$ (1,208,932)</u>	(2.46) %

During fiscal year 2010, interest rates decreased from those present in fiscal year 2009. As a result, the District's return on investments decreased when compared to the prior fiscal year. Tax revenue decreased due to a reduced amount of taxes available for advance by the County Fiscal Officer when compared to the prior year. Under generally accepted accounting principles, the amount of taxes available for advance is recorded as revenue. The phase-out of the tangible personal property tax, for which the District is currently being fully reimbursed by the State, is another reason tax revenue decreased when compared to the prior fiscal year. The decrease in intergovernmental revenue can be attributed to a decrease in State Foundation revenue. The increase in "other revenues" was due to an increase in open enrollment revenue and pay to play fees during fiscal year 2010.

The decrease in instruction expenditures is the result of staff being paid from ARRA federal funds, which are reported in special revenue funds. The decrease in support services is due to the District's cost control policy on support service expenditures. Instruction and support service expenditures totaled \$46,887,480 or 97.75% of total general fund expenditures for fiscal year 2010.

General Fund Budgeting Highlights

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

During the course of fiscal 2010, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$52,352,678 and final budgeted revenues and other financing sources were \$50,844,885. Actual revenues and other financing sources for fiscal 2010 was \$51,576,211. This was \$731,326 greater than the final budgeted revenues. The District conservatively budgets revenues as can be seen with actual revenues being larger than in the final budget. There were no major budget variances between the original budget, final budget and actual revenues.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

General fund original appropriations (appropriated expenditures including other financing uses) of \$60,997,442 were increased to \$61,432,464 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$50,523,572, which was \$10,908,892 less than the final budgeted appropriations. The District conservatively budgets appropriations as can be seen with actual expenditures being less than in the original and final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2010, the District had \$16,440,170 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2010 balances compared to 2009:

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

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 563,915	\$ 563,915
Land improvements	1,234,312	1,121,641
Building and improvements	11,977,667	12,547,638
Furniture and equipment	592,398	623,141
Vehicles	<u>2,071,878</u>	<u>2,244,704</u>
Total	<u>\$ 16,440,170</u>	<u>\$ 17,101,039</u>

The overall decrease in capital assets of \$660,869 is due to depreciation expense of \$1,276,600 exceeding capital outlays of \$615,731 in the current fiscal year.

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

Debt Administration

At June 30, 2010, the District had \$3,120,000 in general obligation bonds outstanding. Of this total, \$235,000 is due within one year and \$2,885,000 is due in greater than one year. The following table summarizes the bond obligations outstanding.

Outstanding Bonds, at Year End

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
General obligation bonds	<u>\$ 3,120,000</u>	<u>\$ 3,355,000</u>
Total	<u>\$ 3,120,000</u>	<u>\$ 3,355,000</u>

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Current Financial Related Activities

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

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

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

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

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

Contacting the District's Financial Management

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

BASIC
FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 15,139,080
Receivables:	
Taxes	29,669,904
Accounts	31,854
Intergovernmental	316,815
Accrued interest	13,549
Materials and supplies inventory.	143,340
Unamortized bond issue costs	60,852
Capital assets:	
Land.	563,915
Depreciable capital assets, net	15,876,255
Capital assets, net.	16,440,170
 Total assets.	 61,815,564
 Liabilities:	
Accounts payable.	172,182
Accrued wages and benefits	3,948,319
Pension obligation payable.	1,445,194
Intergovernmental payable	251,954
Accrued interest payable	11,020
Unearned revenue	26,402,946
Long-term liabilities:	
Due within one year.	661,676
Due in more than one year	6,921,478
Total long-term liabilities.	7,583,154
Total liabilities	39,814,769
 Net assets:	
Invested in capital assets, net of related debt.	13,246,179
Restricted for:	
Capital projects	324,460
Locally funded programs	2,672
State funded programs.	75,658
Federally funded programs	160,953
Public school support	203,624
Student activities	98,500
Textbooks/instructional materials	540,027
Other purposes	171,031
Unrestricted	7,177,691
Total net assets	\$ 22,000,795

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 25,754,244	\$ 1,984,041	\$ 1,332,549	\$ (22,437,654)
Special	5,128,781	117,609	1,247,753	(3,763,419)
Vocational	1,625,972	44,198	244,135	(1,337,639)
Other	338,078	-	45,721	(292,357)
Support services:				
Pupil	3,072,569	43,076	460,528	(2,568,965)
Instructional staff	2,416,922	-	36,906	(2,380,016)
Board of education	232,490	-	9,099	(223,391)
Administration	3,217,318	13,062	175,658	(3,028,598)
Fiscal	1,198,534	-	-	(1,198,534)
Business	151,624	-	-	(151,624)
Operations and maintenance	5,304,788	38,544	-	(5,266,244)
Pupil transportation	3,273,312	300	144,884	(3,128,128)
Central	652,505	4,526	207,437	(440,542)
Operation of non-instructional services:				
Food service operations	1,264,556	802,499	493,221	31,164
Other non-instructional services	441,929	-	412,923	(29,006)
Extracurricular activities	1,135,002	445,534	16,385	(673,083)
Interest and fiscal charges	139,186	-	-	(139,186)
Total governmental activities	<u>\$ 55,347,810</u>	<u>\$ 3,493,389</u>	<u>\$ 4,827,199</u>	<u>(47,027,222)</u>
General revenues:				
Property taxes levied for:				
General purposes				28,256,878
Capital outlay				575,728
Payments in lieu of taxes				19,242
Grants and entitlements not restricted to specific programs				19,598,385
Investment earnings				107,693
Miscellaneous				104,937
Total general revenues				<u>48,662,863</u>
Change in net assets				1,635,641
Net assets at beginning of year				<u>20,365,154</u>
Net assets at end of year				<u>\$ 22,000,795</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 12,794,851	\$ 1,804,202	\$ 14,599,053
Receivables:			
Taxes	29,077,606	592,298	29,669,904
Accounts	24,394	7,460	31,854
Intergovernmental	-	316,815	316,815
Accrued interest	13,549	-	13,549
Interfund loans	736,447	-	736,447
Materials and supplies inventory	59,147	84,193	143,340
Restricted assets:			
Equity in pooled cash and investments	540,027	-	540,027
Total assets	<u>\$ 43,246,021</u>	<u>\$ 2,804,968</u>	<u>\$ 46,050,989</u>
Liabilities:			
Accounts payable	\$ 141,899	\$ 30,283	\$ 172,182
Accrued wages and benefits	3,713,128	235,191	3,948,319
Compensated absences payable	179,773	-	179,773
Pension obligation payable	1,394,354	50,840	1,445,194
Intergovernmental payable	212,699	39,255	251,954
Interfund loans payable	-	736,447	736,447
Deferred revenue	659,848	287,880	947,728
Unearned revenue	25,549,470	853,476	26,402,946
Total liabilities	<u>31,851,171</u>	<u>2,233,372</u>	<u>34,084,543</u>
Fund balances:			
Reserved for encumbrances	1,032,702	529,046	1,561,748
Reserved for supplies inventory	59,147	84,193	143,340
Reserved for tax revenue unavailable for appropriation	2,881,222	58,991	2,940,213
Reserved for unclaimed monies	21,420	-	21,420
Reserved for textbooks/instructional materials	540,027	-	540,027
Unreserved, undesignated (deficit), reported in:			
General fund	6,860,332	-	6,860,332
Special revenue funds	-	(102,558)	(102,558)
Capital projects funds	-	1,924	1,924
Total fund balances	<u>11,394,850</u>	<u>571,596</u>	<u>11,966,446</u>
Total liabilities and fund balances	<u>\$ 43,246,021</u>	<u>\$ 2,804,968</u>	<u>\$ 46,050,989</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$ 11,966,446
<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.		16,440,170
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 659,913	
Interest	12,934	
Intergovernmental	274,881	
Total	947,728	
Unamortized premiums are not recognized in the funds.		(73,991)
Unamortized bond issuance costs are not recognized in the funds.		60,852
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(11,020)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(3,120,000)	
Compensated absences	(4,209,390)	
Total	(7,329,390)	
Net assets of governmental activities		\$ 22,000,795

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 28,193,679	\$ 573,485	\$ 28,767,164
Tuition.	1,770,239	-	1,770,239
Earnings on investments	131,291	517	131,808
Charges for services	-	802,499	802,499
Extracurricular.	212,067	433,395	645,462
Classroom materials and fees	-	174,922	174,922
Other local revenues	121,128	92,522	213,650
Intergovernmental - Intermediate	20,638	217	20,855
Intergovernmental - State	19,763,395	652,581	20,415,976
Intergovernmental - Federal	39,000	3,851,920	3,890,920
Total revenue	<u>50,251,437</u>	<u>6,582,058</u>	<u>56,833,495</u>
Expenditures:			
Current:			
Instruction:			
Regular.	23,822,018	1,343,921	25,165,939
Special	3,674,739	1,382,527	5,057,266
Vocational	1,550,975	73,295	1,624,270
Other	296,893	35,311	332,204
Support services:			
Pupil	2,346,893	706,247	3,053,140
Instructional staff	2,386,367	36,790	2,423,157
Board of education	220,646	11,844	232,490
Administration	2,951,534	197,216	3,148,750
Fiscal	1,157,687	21,309	1,178,996
Business.	162,635	-	162,635
Operations and maintenance	4,837,326	35,917	4,873,243
Pupil transportation	3,025,255	45,537	3,070,792
Central	454,512	204,106	658,618
Operation of non-instructional services:			
Food service operations	-	1,237,292	1,237,292
Other non-instructional services	57,844	442,410	500,254
Extracurricular activities	826,673	275,100	1,101,773
Facilities acquisition and construction	54,616	434,270	488,886
Debt service:			
Principal retirement	85,000	150,000	235,000
Interest and fiscal charges	58,556	82,944	141,500
Total expenditures	<u>47,970,169</u>	<u>6,716,036</u>	<u>54,686,205</u>
Excess/(deficiency) of revenues over/(under) expenditures.	<u>2,281,268</u>	<u>(133,978)</u>	<u>2,147,290</u>
Other financing sources:			
Sale of assets	8,355	-	8,355
Total other financing sources	<u>8,355</u>	<u>-</u>	<u>8,355</u>
Net change in fund balances	2,289,623	(133,978)	2,155,645
Fund balances at beginning of year	<u>9,105,227</u>	<u>705,574</u>	<u>9,810,801</u>
Fund balances at end of year.	<u>\$ 11,394,850</u>	<u>\$ 571,596</u>	<u>\$ 11,966,446</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds \$ 2,155,645

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

Governmental funds report capital outlays as expenditures.

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

Capital asset additions	\$ 615,731	
Current year depreciation	(1,276,600)	
Total		(660,869)

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

Taxes	65,442	
Interest	(23,598)	
Intergovernmental	99,757	
Total		141,601

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

235,000

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

Decrease in accrued interest payable	1,163	
Amortization of bond premium	6,481	
Amortization of bond issue costs	(5,330)	
Total		2,314

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

(238,050)

Change in net assets of governmental activities \$ 1,635,641

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 28,734,719	\$ 27,907,140	\$ 28,308,541	\$ 401,401
Tuition.	1,798,815	1,747,008	1,772,136	25,128
Earnings on investments	140,328	136,287	138,247	1,960
Extracurricular.	214,818	208,631	211,632	3,001
Other local revenues	109,974	106,807	108,343	1,536
Intergovernmental - Intermediate	20,949	20,345	20,638	293
Intergovernmental - State	20,060,929	19,483,160	19,763,396	280,236
Intergovernmental - Federal	39,587	38,447	39,000	553
Total revenue	<u>51,120,119</u>	<u>49,647,825</u>	<u>50,361,933</u>	<u>714,108</u>
Expenditures:				
Current:				
Instruction:				
Regular	29,057,693	29,264,927	24,068,197	5,196,730
Special.	4,506,361	4,538,500	3,732,574	805,926
Vocational.	2,001,810	2,016,086	1,658,079	358,007
Other.	375,878	378,560	311,336	67,224
Support services:				
Pupil.	2,920,034	2,940,860	2,418,635	522,225
Instructional staff	3,000,572	3,021,972	2,485,344	536,628
Board of education	475,353	478,743	393,730	85,013
Administration.	3,635,000	3,660,924	3,010,834	650,090
Fiscal	1,468,040	1,478,509	1,215,962	262,547
Business	213,722	215,246	177,024	38,222
Operations and maintenance.	6,516,487	6,562,961	5,397,541	1,165,420
Pupil transportation	3,802,883	3,830,004	3,149,890	680,114
Central.	586,454	590,636	485,754	104,882
Operation of non-instructional services	69,835	70,333	57,844	12,489
Extracurricular activities.	1,010,289	1,017,494	836,812	180,682
Facilities acquisition and construction	195,510	196,904	161,939	34,965
Debt service:				
Principal retirement.	102,621	103,353	85,000	18,353
Interest and fiscal charges.	70,695	71,199	58,556	12,643
Total expenditures	<u>60,009,237</u>	<u>60,437,211</u>	<u>49,705,051</u>	<u>10,732,160</u>
Excess of revenues over/(under) expenditures.	<u>(8,889,118)</u>	<u>(10,789,386)</u>	<u>656,882</u>	<u>11,446,268</u>
Other financing sources (uses):				
Refund of prior year's expenditures	65,623	63,733	64,650	917
Refund of prior year's receipts.	(99,088)	(99,795)	(82,074)	17,721
Advances in.	1,159,409	1,126,017	1,142,213	16,196
Advances (out)	(889,117)	(895,458)	(736,447)	159,011
Sale of capital assets	7,527	7,310	7,415	105
Total other financing sources (uses)	<u>244,354</u>	<u>201,807</u>	<u>395,757</u>	<u>193,950</u>
Net change in fund balance	(8,644,764)	(10,587,579)	1,052,639	11,640,218
Fund balance at beginning of year	10,507,177	10,507,177	10,507,177	-
Prior year encumbrances appropriated	563,497	563,497	563,497	-
Fund balance at end of year	<u>\$ 2,425,910</u>	<u>\$ 483,095</u>	<u>\$ 12,123,313</u>	<u>\$ 11,640,218</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 131,283	\$ 117,471
Receivables:		
Accounts	-	2,283
Total assets.	131,283	\$ 119,754
Liabilities:		
Accounts payable.	-	\$ 303
Due to students.	-	119,451
Total liabilities	-	\$ 119,754
Net assets:		
Held in trust for scholarships	131,283	
Total net assets	\$ 131,283	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 882
Gifts and contributions.	7,078
Total additions.	7,960
Deductions:	
Payments in accordance with trust agreements.	3,082
Change in net assets.	4,878
Net assets at beginning of year	126,405
Net assets at end of year.	\$ 131,283

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Stow-Munroe Falls City School District (the "District") operates under a locally-elected, five-member Board form of government and provides educational services as authorized or mandated by State and/or Federal agencies. This Board controls the District's nine instructional/support facilities staffed by 260 full-time and part-time non-certified employees and 359 certified teaching personnel. Included in these totals are 29 administrators employed by the District. The District provides services to 5,507 students and other community members.

The District is the 54th largest among the 905 public school districts and community schools in the State of Ohio.

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

RELATED ORGANIZATION

Stow-Munroe Falls Public Library

The Stow-Munroe Falls Public Library (the "Library") is a related organization to the District. The District's Board of Education is responsible for appointing all the trustees of the Library; however, the District's Board of Education cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District serves as the taxing authority and may issue tax related debt on behalf of the Library, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during the fiscal year 2010.

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for NEOnet. The purpose of NEOnet is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in NEOnet are required to pay fees, charges, and assessments as charges. NEOnet is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of NEOnet and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from the general fund and the education stabilization fund, a nonmajor governmental fund. During fiscal year 2010, the District contributed \$196,934 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Ave., Suite 200, Cuyahoga Falls, Ohio 44221.

Six District Educational Compact

The Six District Educational Compact is a jointly governed organization to provide for the vocational and special education needs of the students of six participating school districts. The six member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. The District paid \$367,705 to the Six District Educational Compact for services during fiscal year 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization comprised of one hundred and twenty one member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2010, the District paid \$320,442 to the Council. Financial information can be obtained by contacting David Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

PUBLIC ENTITY RISK POOL

Stark County Schools Council of Government Health Benefits Program

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

Ohio School Boards Association Workers' Compensation Group Rating Program

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

General fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2010, are recorded as deferred revenue.

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

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

E. Budgets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

F. Cash and Investments

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

During fiscal year 2010, investments were limited to federal agency securities, U.S. Treasury money market funds, negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes, all investment earnings are assigned to the general fund except those specifically related to certain trust funds, unless the Board of Education specifically directs interest to be recorded in other funds. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$131,291 which includes \$17,235 assigned from other District funds.

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

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

G. Inventory

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

On the fund financial statements, reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintained a capitalization threshold of \$5,000 for its general capital assets during fiscal year 2010. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Estimates

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

M. Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, unclaimed monies, textbooks/instructional materials, materials and supplies inventory and tax revenue unavailable for appropriation. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved.

N. Net Assets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

O. Interfund Activity

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions of events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2010, the District did not incur any transactions that would be classified as an extraordinary item or special item.

Q. Restricted Assets

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

R. Unamortized Bond Issuance Costs and Bond Premiums

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 6,718
Management information systems	47
IDEA part B grants	269,194
Education stabilization	63,440
Drug free school grant	3,110

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$7,958,976. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$8,019,404 of the District's bank balance of \$8,519,404 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2010, the District 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>	<u>Greater Than 24 months</u>
FHLMC DN	\$ 458,068	\$ -	\$ 458,068	\$ -	\$ -	\$ -
FHLMC	256,206	-	-	-	204,438	51,768
FHLB	2,277,585	100,875	930,973	870,050	215,000	160,687
FFCB	103,687	-	-	103,687	-	-
FNMA DN	672,975	-	672,975	-	-	-
FNMA	739,108	200,688	-	-	250,349	288,071
Negotiable CDs	1,325,784	980,404	345,380	-	-	-
STAR Ohio	1,554,832	1,554,832	-	-	-	-
U.S. Treasury money market	39,563	39,563	-	-	-	-
	<u>\$ 7,427,808</u>	<u>\$ 2,876,362</u>	<u>\$ 2,407,396</u>	<u>\$ 973,737</u>	<u>\$ 669,787</u>	<u>\$ 500,526</u>

The weighted average maturity of investments is .87 years.

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair value</u>	<u>% of Total</u>
FHLMC DN	\$ 458,068	6.17
FHLMC	256,206	3.45
FHLB	2,277,585	30.66
FFCB	103,687	1.40
FNMA DN	672,975	9.06
FNMA	739,108	9.95
Negotiable CDs	1,325,784	17.85
STAR Ohio	1,554,832	20.93
U.S. Treasury money markets	<u>39,563</u>	<u>0.53</u>
	<u>\$ 7,427,808</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,958,976
Investments	7,427,808
Cash on hand	<u>1,050</u>
Total	<u>\$ 15,387,834</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 15,139,080
Private-purpose trust fund	131,283
Agency fund	<u>117,471</u>
Total	<u>\$ 15,387,834</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2010 as reported on the fund statements, consist of the following individual interfund receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 736,447</u>

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

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

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 5 - PROPERTY TAXES - (Continued)

The District receives property taxes from Summit and Portage Counties. The County Fiscal Officer and County Auditor, respectively, periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$2,881,222 in the general fund and \$58,991 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$2,996,084 in the general fund and \$61,201 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 968,320,290	98.95	\$ 980,376,980	99.00
Public utility personal	8,363,990	0.86	9,003,280	0.91
Tangible personal property	<u>1,912,955</u>	<u>0.19</u>	<u>896,515</u>	<u>0.09</u>
Total	<u>\$ 978,597,235</u>	<u>100.00</u>	<u>\$ 990,276,775</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$45.49		\$45.15	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 29,669,904
Accounts	31,854
Intergovernmental:	
Auxiliary services grant	35,368
IDEA part B grant	103,371
Title II-D grant	6,566
Title III limited English proficiency grant	11,710
Title I disadvantaged children grant	133,517
Drug free school grant	6,309
IDEA preschool-handicapped grant	<u>19,974</u>
Total intergovernmental	316,815
Accrued interest	<u>13,549</u>
Total receivables	<u><u>\$ 30,032,122</u></u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/10</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 563,915	\$ -	\$ -	\$ 563,915
Total capital assets, not being depreciated	<u>563,915</u>	<u>-</u>	<u>-</u>	<u>563,915</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,355,558	233,532	-	3,589,090
Buildings and improvements	32,675,939	197,339	-	32,873,278
Furniture, fixtures and equipment	3,791,710	100,664	-	3,892,374
Vehicles	<u>4,975,906</u>	<u>84,196</u>	<u>-</u>	<u>5,060,102</u>
Total capital assets, being depreciated	<u>44,799,113</u>	<u>615,731</u>	<u>-</u>	<u>45,414,844</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,233,917)	(120,861)	-	(2,354,778)
Buildings and improvements	(20,128,301)	(767,310)	-	(20,895,611)
Furniture, fixtures and equipment	(3,168,569)	(131,407)	-	(3,299,976)
Vehicles	<u>(2,731,202)</u>	<u>(257,022)</u>	<u>-</u>	<u>(2,988,224)</u>
Total accumulated depreciation	<u>(28,261,989)</u>	<u>(1,276,600)</u>	<u>-</u>	<u>(29,538,589)</u>
Governmental activities capital assets, net	<u>\$ 17,101,039</u>	<u>\$ (660,869)</u>	<u>\$ -</u>	<u>\$ 16,440,170</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 571,417
Special	6,802
Vocational	700
<u>Support services:</u>	
Pupil	1,343
Instructional staff	1,374
Administration	5,753
Fiscal	2,465
Business	1,332
Operations and maintenance	387,829
Pupil transportation	244,130
Extracurricular activities	35,390
Food service operations	<u>18,065</u>
Total depreciation expense	<u>\$ 1,276,600</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2010, the following changes occurred in the governmental activities long-term obligations.

	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/10</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities:					
<u>General obligation bonds</u>					
2006 bus acquisition/energy conservation, 4.00-5.00%	\$ 3,355,000	\$ -	\$ (235,000)	\$ 3,120,000	\$ 235,000
Total general obligation bonds	<u>3,355,000</u>	<u>-</u>	<u>(235,000)</u>	<u>3,120,000</u>	<u>235,000</u>
<u>Other obligations:</u>					
Compensated absences	<u>4,202,778</u>	<u>526,647</u>	<u>(340,262)</u>	<u>4,389,163</u>	<u>426,676</u>
Total other obligations	<u>4,202,778</u>	<u>526,647</u>	<u>(340,262)</u>	<u>4,389,163</u>	<u>426,676</u>
Total governmental activities long-term obligations	<u>\$ 7,557,778</u>	<u>\$ 526,647</u>	<u>\$ (575,262)</u>	<u>7,509,163</u>	<u>\$ 661,676</u>
				<u>73,991</u>	
				<u>\$ 7,583,154</u>	

Series 2006 Bus Acquisition/Energy Conservation Bonds

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

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

<u>Fiscal</u> <u>Year Ending</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 235,000	\$ 132,100	\$ 367,100
2012	250,000	122,400	372,400
2013	260,000	112,200	372,200
2014	265,000	101,369	366,369
2015	280,000	88,737	368,737
2016 - 2020	1,310,000	245,111	1,555,111
2021 - 2022	<u>520,000</u>	<u>22,312</u>	<u>542,312</u>
Total	<u>\$ 3,120,000</u>	<u>\$ 824,229</u>	<u>\$ 3,944,229</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences

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

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$85,924,149 and an unvoted debt margin of \$989,379.

NOTE 9 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance in the past three years nor has insurance coverage been significantly reduced from 2009.

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

The District has contracted with Stark County Schools Council of Government (the "Consortium") to provide medical/surgical, dental, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The Consortium is a shared risk pool comprised of forty-two members. The members pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating entities and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$250,000 per participant and an aggregate stop-loss provision of \$300,000.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - RISK MANAGEMENT - (Continued)

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

	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 69,203,189	\$ 55,257,653
Actuarial liabilities	12,937,000	11,902,000

C. Workers' Compensation

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

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

NOTE 10 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$1,039,686, \$743,521 and \$755,451, respectively; 44.31 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$3,192,216, \$3,106,675 and \$3,051,520, respectively; 82.24 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$127,802 made by the District and \$91,287 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$159,445, \$504,242 and \$505,200, respectively; 44.31 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$61,828, \$61,347 and \$54,432, respectively; 44.31 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$245,555, \$238,975 and \$234,732, respectively; 82.24 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 1,052,639
Net adjustment for revenue accruals	(110,496)
Net adjustment for expenditure accruals	549,379
Net adjustment for other sources/uses	(387,402)
Adjustment for encumbrances	<u>1,185,503</u>
GAAP basis	<u>\$ 2,289,623</u>

NOTE 13 - CONTINGENCIES

A. Grants

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

B. Litigation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 14 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>
Set-aside balance as of June 30, 2009	\$ 510,498	\$ -
Current year set-aside requirement	948,676	948,676
Current year offsets	-	(575,695)
Qualifying disbursements	<u>(919,147)</u>	<u>(1,442,463)</u>
Total	<u>\$ 540,027</u>	<u>\$ (1,069,482)</u>
Balance carried forward to fiscal year 2011	<u>\$ 540,027</u>	<u>\$ -</u>

Although the District had offsets and qualifying disbursements during the year that reduced the capital acquisition set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of the governmental fund restricted assets at June 30, 2010 follows:

Amount restricted for instructional materials	<u>\$ 540,027</u>
Total restricted assets	<u>\$ 540,027</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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

Nonmajor Special Revenue Funds

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

Food Service Fund

Section 3313.81, Revised Code

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

Special Trust Fund

Section 5705.09, Revised Code

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

Uniform School Supplies Fund

Section 3313.811, Revised Code

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

Public School Support Fund

Section 5705.12, Revised Code

A fund used to account for specific local revenue sources (i.e.: profits from vending machines, etc.), other than taxes or expendable trusts, that are restricted to expenditures for specified purposes approved by Board resolution. Such expenditures may include curricular and extra-curricular related purposes.

Other Grants Fund

Section 5705.09, Revised Code

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

District Managed Activity Fund

Section 3313.062, Revised Code

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

Auxiliary Services Fund

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

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

Management Information Systems Fund

Current Budget Bill. appropriation line item 200-446

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

Data Communication Fund

Current Budget Bill. appropriation line item 200-426

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

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

Nonmajor Special Revenue Funds - (Continued)

SchoolNet Professional Development Fund

Section 5705.09, Revised Code

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

Ohio Reads Fund

Current Budget Bill. appropriation line item 200-566

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

Miscellaneous State Grants Fund

Section 5705.12, Revised Code

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

IDEA Part B Grants Fund

Catalog of Federal Domestic Assistance #84.027

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

Education Stabilization Fund

Catalog of Federal Domestic Assistance #84.394

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

Title II-D - Technology Fund

Catalog of Federal Domestic Assistance #84.386

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

Title III Limited English Proficiency Fund

Catalog of Federal Domestic Assistance #84.365

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

Title I Disadvantaged Children Fund

Catalog of Federal Domestic Assistance #84.010

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

Title V Innovative Education Program Fund

Catalog of Federal Domestic Assistance #84.298

A fund used to account for Federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and in-service and staff development.

Drug Free School Grant Fund

Catalog of Federal Domestic Assistance #84.186

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

IDEA Preschool-Handicapped Fund

Catalog of Federal Domestic Assistance #84.173

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

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

Nonmajor Special Revenue Funds - (Continued)

Improving Teacher Quality Fund

Catalog of Federal Domestic Assistance #84.367

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

Miscellaneous Federal Grants Fund

Section 5705.12, Revised Code

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

Nonmajor Capital Projects Funds

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

Permanent Improvement Fund

Section 5705.10, Revised Code

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

Building Fund

Section 5705.09, Revised Code

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in pooled cash investments.	\$ 1,533,377	\$ 270,825	\$ 1,804,202
Receivables:			
Taxes.	-	592,298	592,298
Accounts.	7,460	-	7,460
Intergovernmental	316,815	-	316,815
Materials and supplies inventory	84,193	-	84,193
Total assets.	<u>\$ 1,941,845</u>	<u>\$ 863,123</u>	<u>\$ 2,804,968</u>
Liabilities:			
Accounts payable.	\$ 22,948	\$ 7,335	\$ 30,283
Accrued wages and benefits	235,191	-	235,191
Pension obligation payable.	50,840	-	50,840
Intergovernmental payable	39,255	-	39,255
Interfund payable	736,447	-	736,447
Deferred revenue	274,881	12,999	287,880
Unearned revenue	333,168	520,308	853,476
Total liabilities	<u>1,692,730</u>	<u>540,642</u>	<u>2,233,372</u>
Fund balances:			
Reserved for encumbrances.	267,480	261,566	529,046
Reserved for materials and supplies inventory	84,193	-	84,193
Reserved for property tax unavailable for appropriation	-	58,991	58,991
Unreserved:			
Undesignated (deficit), reported in:			
Special revenue funds	(102,558)	-	(102,558)
Capital projects funds	-	1,924	1,924
Total fund balances	<u>249,115</u>	<u>322,481</u>	<u>571,596</u>
Total liabilities and fund balances.	<u>\$ 1,941,845</u>	<u>\$ 863,123</u>	<u>\$ 2,804,968</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ -	\$ 573,485	\$ 573,485
Earnings on investments	517	-	517
Charges for services	802,499	-	802,499
Extracurricular	433,395	-	433,395
Classroom materials and fees.	174,922	-	174,922
Other local revenues	77,514	15,008	92,522
Intergovernmental - Intermediate.	-	217	217
Intergovernmental - State	578,049	74,532	652,581
Intergovernmental - Federal	3,851,920	-	3,851,920
Total revenues	<u>5,918,816</u>	<u>663,242</u>	<u>6,582,058</u>
Expenditures:			
Current:			
Instruction:			
Regular.	1,343,921	-	1,343,921
Special	1,382,527	-	1,382,527
Vocational	73,295	-	73,295
Other	35,311	-	35,311
Support services:			
Pupil	706,247	-	706,247
Instructional staff.	36,790	-	36,790
Board of education.	11,844	-	11,844
Administration	197,216	-	197,216
Fiscal.	12,908	8,401	21,309
Operations and maintenance	-	35,917	35,917
Pupil transportation	45,537	-	45,537
Central	204,106	-	204,106
Operation of non-instructional services:			
Food service operations	1,237,292	-	1,237,292
Other non-instructional services.	442,410	-	442,410
Extracurricular activities	275,100	-	275,100
Facilities acquisition and construction	-	434,270	434,270
Debt service:			
Principal retirement	-	150,000	150,000
Interest and fiscal charges.	-	82,944	82,944
Total expenditures	<u>6,004,504</u>	<u>711,532</u>	<u>6,716,036</u>
Net change in fund balances.	(85,688)	(48,290)	(133,978)
Fund balances at beginning of year.	<u>334,803</u>	<u>370,771</u>	<u>705,574</u>
Fund balances at end of year	<u>\$ 249,115</u>	<u>\$ 322,481</u>	<u>\$ 571,596</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Food Service</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 62,855	\$ 27,085	\$ 86,751	\$ 202,482
Receivables:				
Accounts.	5	315	2,277	1,432
Intergovernmental.	-	-	-	-
Materials and supplies inventory	48,267	-	35,926	-
Total assets.	<u>\$ 111,127</u>	<u>\$ 27,400</u>	<u>\$ 124,954</u>	<u>\$ 203,914</u>
Liabilities:				
Accounts payable.	\$ -	\$ 122	\$ 2,621	\$ 290
Accrued wages and benefits	68,597	-	-	-
Pension obligation payable.	46,243	-	-	-
Intergovernmental payable	3,005	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities.	<u>117,845</u>	<u>122</u>	<u>2,621</u>	<u>290</u>
Fund balances (deficits):				
Reserved for encumbrances	12,930	776	6,976	9,832
Reserved for materials and supplies inventory . . .	48,267	-	35,926	-
Unreserved-undesignated (deficit)	(67,915)	26,502	79,431	193,792
Total fund balances (deficits)	<u>(6,718)</u>	<u>27,278</u>	<u>122,333</u>	<u>203,624</u>
Total liabilities and fund balances.	<u>\$ 111,127</u>	<u>\$ 27,400</u>	<u>\$ 124,954</u>	<u>\$ 203,914</u>

<u>Other Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communication</u>	<u>SchoolNet Professional Development</u>
\$ 2,672	\$ 101,719	\$ 55,092	\$ -	\$ 20,577	\$ 995
-	3,431	-	-	-	-
-	-	35,368	-	-	-
-	-	-	-	-	-
<u>\$ 2,672</u>	<u>\$ 105,150</u>	<u>\$ 90,460</u>	<u>\$ -</u>	<u>\$ 20,577</u>	<u>\$ 995</u>
\$ -	\$ 6,571	\$ 8,443	\$ -	\$ -	\$ -
-	-	13,705	-	-	-
-	-	4,597	-	-	-
-	79	654	47	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,650	27,399	47	-	-
-	16,095	14,493	-	-	-
-	-	-	-	-	-
2,672	82,405	48,568	(47)	20,577	995
<u>2,672</u>	<u>98,500</u>	<u>63,061</u>	<u>(47)</u>	<u>20,577</u>	<u>995</u>
<u>\$ 2,672</u>	<u>\$ 105,150</u>	<u>\$ 90,460</u>	<u>\$ -</u>	<u>\$ 20,577</u>	<u>\$ 995</u>

- continued

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

COMBINING BALANCE SHEET (CONCLUDED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Ohio Reads</u>	<u>IDEA Part B Grants</u>	<u>Education Stabilization</u>	<u>Title II-D Technology</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 15,210	\$ 601,720	\$ 14,668	\$ 2,845
Receivables:				
Accounts.	-	-	-	-
Intergovernmental.	-	103,371	-	6,566
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 15,210</u>	<u>\$ 705,091</u>	<u>\$ 14,668</u>	<u>\$ 9,411</u>
Liabilities:				
Accounts payable.	\$ -	\$ 4,901	\$ -	\$ -
Accrued wages and benefits	-	36,557	75,073	-
Pension obligation payable.	-	-	-	-
Intergovernmental payable	-	26,395	3,035	-
Interfund payable	-	469,893	-	8,610
Deferred revenue	-	103,371	-	-
Unearned revenue	-	333,168	-	-
Total liabilities.	<u>-</u>	<u>974,285</u>	<u>78,108</u>	<u>8,610</u>
Fund balances (deficits):				
Reserved for encumbrances	-	164,445	14,668	-
Reserved for materials and supplies inventory . . .	-	-	-	-
Unreserved-undesignated (deficit)	15,210	(433,639)	(78,108)	801
Total fund balances (deficits)	<u>15,210</u>	<u>(269,194)</u>	<u>(63,440)</u>	<u>801</u>
Total liabilities and fund balances.	<u>\$ 15,210</u>	<u>\$ 705,091</u>	<u>\$ 14,668</u>	<u>\$ 9,411</u>

Title III Limited English Proficiency	Title I Disadvantaged Children	Drug Free School Grant	IDEA Preschool- Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 13,144	\$ 308,129	\$ 4,281	\$ 4,582	\$ 8,570	\$ 1,533,377
-	-	-	-	-	7,460
11,710	133,517	6,309	19,974	-	316,815
-	-	-	-	-	84,193
<u>\$ 24,854</u>	<u>\$ 441,646</u>	<u>\$ 10,590</u>	<u>\$ 24,556</u>	<u>\$ 8,570</u>	<u>\$ 1,941,845</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,948
-	40,508	-	-	751	235,191
-	-	-	-	-	50,840
1	5,609	-	-	430	39,255
12,710	233,966	7,391	3,877	-	736,447
11,710	133,517	6,309	19,974	-	274,881
-	-	-	-	-	333,168
<u>24,421</u>	<u>413,600</u>	<u>13,700</u>	<u>23,851</u>	<u>1,181</u>	<u>1,692,730</u>
-	26,478	-	-	787	267,480
-	-	-	-	-	84,193
<u>433</u>	<u>1,568</u>	<u>(3,110)</u>	<u>705</u>	<u>6,602</u>	<u>(102,558)</u>
<u>433</u>	<u>28,046</u>	<u>(3,110)</u>	<u>705</u>	<u>7,389</u>	<u>249,115</u>
<u>\$ 24,854</u>	<u>\$ 441,646</u>	<u>\$ 10,590</u>	<u>\$ 24,556</u>	<u>\$ 8,570</u>	<u>\$ 1,941,845</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service	Special Trust	Uniform School Supplies	Public School Support
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Charges for services	802,499	-	-	-
Extracurricular	-	-	-	172,093
Classroom materials and fees.	-	675	174,247	-
Other local revenues	-	42,730	-	4,826
Intergovernmental - State	8,814	-	-	-
Intergovernmental - Federal	484,407	-	-	-
Total revenues	1,295,720	43,405	174,247	176,919
Expenditures:				
Current:				
Instruction:				
Regular	-	-	145,176	290
Special	-	-	29	-
Vocational	-	-	590	-
Other	-	-	-	-
Support services:				
Pupil	-	62,478	-	146,151
Instructional staff.	-	937	-	-
Board of education.	-	-	-	-
Administration	-	-	-	-
Fiscal.	-	-	-	-
Pupil transportation	-	-	-	1,023
Central	-	175	-	2,868
Operation of non-instructional services:				
Food service operations.	1,237,292	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	10,931
Total expenditures	1,237,292	63,590	145,795	161,263
Net change in fund balances.	58,428	(20,185)	28,452	15,656
Fund balances (deficits)				
at beginning of year	(65,146)	47,463	93,881	187,968
Fund balances (deficits) at end of year . . .	\$ (6,718)	\$ 27,278	\$ 122,333	\$ 203,624

<u>Other Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>	<u>Teacher Development</u>	<u>Management Information Systems</u>	<u>Data Communication</u>
\$ -	\$ -	\$ 517	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	261,302	-	-	-	-
-	-	-	-	-	-
360	13,158	-	6	-	-
-	-	406,835	-	10,481	20,577
-	-	-	-	-	-
<u>360</u>	<u>274,460</u>	<u>407,352</u>	<u>6</u>	<u>10,481</u>	<u>20,577</u>
2,472	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,135	-	-	-	-	-
-	-	-	-	-	-
-	-	12,908	-	-	-
-	-	-	-	-	-
-	-	-	-	12,854	-
-	-	-	-	-	-
-	-	436,160	-	-	-
-	260,569	-	-	-	-
<u>4,607</u>	<u>260,569</u>	<u>449,068</u>	<u>-</u>	<u>12,854</u>	<u>-</u>
(4,247)	13,891	(41,716)	6	(2,373)	20,577
6,919	84,609	104,777	(6)	2,326	-
<u>\$ 2,672</u>	<u>\$ 98,500</u>	<u>\$ 63,061</u>	<u>\$ -</u>	<u>\$ (47)</u>	<u>\$ 20,577</u>

-continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	SchoolNet Professional Development	Ohio Reads	Miscellaneous State Grants	IDEA Part B Grants
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Extracurricular	-	-	-	-
Classroom materials and fees.	-	-	-	-
Other local revenues	-	16,092	-	-
Intergovernmental - State	-	131,342	-	-
Intergovernmental - Federal	-	-	-	1,689,314
Total revenues	-	147,434	-	1,689,314
Expenditures:				
Current:				
Instruction:				
Regular.	-	-	2,552	-
Special	-	-	-	1,116,588
Vocational	-	-	-	72,705
Other	-	-	-	-
Support services:				
Pupil	-	-	1,560	483,642
Instructional staff.	-	-	-	25,382
Board of education.	-	-	-	-
Administration	-	-	-	197,081
Fiscal.	-	-	-	-
Pupil transportation	-	-	-	44,514
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations.	-	-	-	-
Other non-instructional services	-	-	-	6,250
Extracurricular activities	-	-	-	-
Total expenditures	-	-	4,112	1,946,162
Net change in fund balances.	-	147,434	(4,112)	(256,848)
Fund balances (deficits)				
at beginning of year	995	(132,224)	4,112	(12,346)
Fund balances (deficits) at end of year . . .	\$ 995	\$ 15,210	\$ -	\$ (269,194)

<u>Education Stabilization</u>	<u>Title II-D Technology</u>	<u>Title III Limited English Proficiency</u>	<u>Title I Disadvantaged Children</u>	<u>Title V Innovative Education Program</u>	<u>Drug Free School Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	342	-
-	-	-	-	-	-
945,848	7,120	2,544	547,161	355	7,613
<u>945,848</u>	<u>7,120</u>	<u>2,544</u>	<u>547,161</u>	<u>697</u>	<u>7,613</u>
547,834	6,319	1,430	480,388	-	5,207
263,536	-	-	-	-	-
-	-	-	-	-	-
-	-	-	35,311	-	-
-	-	-	-	-	-
-	-	-	5,969	-	4,362
9,709	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
188,209	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,600	-	-
<u>1,009,288</u>	<u>6,319</u>	<u>1,430</u>	<u>525,268</u>	<u>-</u>	<u>9,569</u>
(63,440)	801	1,114	21,893	697	(1,956)
-	-	(681)	6,153	(697)	(1,154)
<u>\$ (63,440)</u>	<u>\$ 801</u>	<u>\$ 433</u>	<u>\$ 28,046</u>	<u>\$ -</u>	<u>\$ (3,110)</u>

-continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Preschool- Handicapped	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ 517
Charges for services	-	-	-	802,499
Extracurricular	-	-	-	433,395
Classroom materials and fees.	-	-	-	174,922
Other local revenues	-	-	-	77,514
Intergovernmental - State	-	-	-	578,049
Intergovernmental - Federal	14,726	152,832	-	3,851,920
Total revenues	14,726	152,832	-	5,918,816
Expenditures:				
Current:				
Instruction:				
Regular.	-	151,837	416	1,343,921
Special	2,374	-	-	1,382,527
Vocational	-	-	-	73,295
Other	-	-	-	35,311
Support services:				
Pupil	12,416	-	-	706,247
Instructional staff.	-	140	-	36,790
Board of education.	-	-	-	11,844
Administration	-	135	-	197,216
Fiscal.	-	-	-	12,908
Pupil transportation	-	-	-	45,537
Central	-	-	-	204,106
Operation of non-instructional services:				
Food service operations.	-	-	-	1,237,292
Other non-instructional services	-	-	-	442,410
Extracurricular activities	-	-	-	275,100
Total expenditures	14,790	152,112	416	6,004,504
Net change in fund balances.	(64)	720	(416)	(85,688)
Fund balances (deficits)				
at beginning of year	769	6,669	416	334,803
Fund balances (deficits) at end of year	\$ 705	\$ 7,389	\$ -	\$ 249,115

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Food Service Fund</u>			
Total revenues and other financing sources	\$ 1,233,071	\$ 1,233,071	\$ -
Total expenditures and other financing uses	<u>1,286,517</u>	<u>1,236,592</u>	<u>49,925</u>
Net change in fund balance	(53,446)	(3,521)	49,925
Fund balance at beginning of year	53,360	53,360	-
Prior year encumbrances appropriated	<u>86</u>	<u>86</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 49,925</u>	<u>\$ 49,925</u>
<u>Special Trust Fund</u>			
Total revenues and other financing sources	\$ 52,531	\$ 44,007	\$ (8,524)
Total expenditures and other financing uses	<u>68,916</u>	<u>64,255</u>	<u>4,661</u>
Net change in fund balance	(16,385)	(20,248)	(3,863)
Fund balance at beginning of year	45,538	45,538	-
Prior year encumbrances appropriated	<u>1,009</u>	<u>1,009</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 30,162</u>	<u>\$ 26,299</u>	<u>\$ (3,863)</u>
<u>Uniform School Supplies Fund</u>			
Total revenues and other financing sources	\$ 172,063	\$ 172,063	\$ -
Total expenditures and other financing uses	<u>243,661</u>	<u>166,507</u>	<u>77,154</u>
Net change in fund balance	(71,598)	5,556	77,154
Fund balance at beginning of year	58,811	58,811	-
Prior year encumbrances appropriated	<u>12,787</u>	<u>12,787</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 77,154</u>	<u>\$ 77,154</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Public School Support Fund</u>			
Total revenues and other financing sources	\$ 175,487	\$ 175,487	\$ -
Total expenditures and other financing uses	<u>364,282</u>	<u>171,652</u>	<u>192,630</u>
Net change in fund balance	(188,795)	3,835	192,630
Fund balance at beginning of year	182,043	182,043	-
Prior year encumbrances appropriated	<u>6,752</u>	<u>6,752</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 192,630</u>	<u>\$ 192,630</u>
<u>Other Grants Fund</u>			
Total revenues and other financing sources	\$ 408	\$ 408	\$ -
Total expenditures and other financing uses	<u>7,507</u>	<u>4,835</u>	<u>2,672</u>
Net change in fund balance	(7,099)	(4,427)	2,672
Fund balance at beginning of year	4,447	4,447	-
Prior year encumbrances appropriated	<u>2,652</u>	<u>2,652</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,672</u>	<u>\$ 2,672</u>
<u>District Managed Activity Fund</u>			
Total revenues and other financing sources	\$ 271,254	\$ 271,254	\$ -
Total expenditures and other financing uses	<u>358,096</u>	<u>273,289</u>	<u>84,807</u>
Net change in fund balance	(86,842)	(2,035)	84,807
Fund balance at beginning of year	75,309	75,309	-
Prior year encumbrances appropriated	<u>11,533</u>	<u>11,533</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 84,807</u>	<u>\$ 84,807</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Auxiliary Services Fund</u>			
Total revenues and other financing sources	\$ 371,837	\$ 372,354	\$ 517
Total expenditures and other financing uses	<u>529,622</u>	<u>497,964</u>	<u>31,658</u>
Net change in fund balance	(157,785)	(125,610)	32,175
Fund balance at beginning of year	85,092	85,092	-
Prior year encumbrances appropriated	<u>72,693</u>	<u>72,693</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 32,175</u>	<u>\$ 32,175</u>
<u>Management Information Systems Fund</u>			
Total revenues and other financing sources	\$ 10,481	\$ 10,481	\$ -
Total expenditures and other financing uses	<u>12,872</u>	<u>12,872</u>	<u>-</u>
Net change in fund balance	(2,391)	(2,391)	-
Fund balance at beginning of year	<u>2,391</u>	<u>2,391</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Data Communication Fund</u>			
Total revenues and other financing sources	\$ 20,577	\$ 20,577	\$ -
Total expenditures and other financing uses	<u>20,577</u>	<u>-</u>	<u>20,577</u>
Net change in fund balance	-	20,577	20,577
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 20,577</u>	<u>\$ 20,577</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>SchoolNet Professional Development Fund</u>			
Total expenditures and other financing uses	\$ 995	\$ -	\$ 995
Net change in fund balance	(995)	-	995
Fund balance at beginning of year	995	995	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 995</u>	<u>\$ 995</u>
<u>Ohio Reads Fund</u>			
Total revenues and other financing sources	\$ 131,342	\$ 131,342	\$ -
Total expenditures and other financing uses	137,627	122,417	15,210
Net change in fund balance	(6,285)	8,925	15,210
Fund balance at beginning of year	6,285	6,285	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 15,210</u>	<u>\$ 15,210</u>
<u>Miscellaneous State Grants Fund</u>			
Total expenditures and other financing uses	\$ 4,125	\$ 4,125	\$ -
Net change in fund balance	(4,125)	(4,125)	-
Fund balance at beginning of year	3,259	3,259	-
Prior year encumbrances appropriated	866	866	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>IDEA Part B Grants Fund</u>			
Total revenues and other financing sources	\$ 2,786,244	\$ 2,786,244	\$ -
Total expenditures and other financing uses	<u>3,371,955</u>	<u>2,939,221</u>	<u>432,734</u>
Net change in fund balance	(585,711)	(152,977)	432,734
Fund balance at beginning of year	412,023	412,023	-
Prior year encumbrances appropriated	<u>173,688</u>	<u>173,688</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 432,734</u>	<u>\$ 432,734</u>
<u>Education Stabilization Fund</u>			
Total revenues and other financing sources	\$ 944,909	\$ 945,848	\$ 939
Total expenditures and other financing uses	<u>945,848</u>	<u>945,848</u>	<u>-</u>
Net change in fund balance	(939)	-	939
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (939)</u>	<u>\$ -</u>	<u>\$ 939</u>
<u>Title II-D Technology Fund</u>			
Total revenues and other financing sources	\$ 9,165	\$ 9,165	\$ -
Total expenditures and other financing uses	<u>9,165</u>	<u>6,320</u>	<u>2,845</u>
Net change in fund balance	-	2,845	2,845
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,845</u>	<u>\$ 2,845</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Title III Limited English Proficiency Fund</u>			
Total revenues and other financing sources	\$ 31,473	\$ 28,568	\$ (2,905)
Total expenditures and other financing uses	<u>29,993</u>	<u>16,849</u>	<u>13,144</u>
Net change in fund balance	1,480	11,719	10,239
Fund balance at beginning of year	876	876	-
Prior year encumbrances appropriated	<u>549</u>	<u>549</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,905</u>	<u>\$ 13,144</u>	<u>\$ 10,239</u>
<u>Title I Disadvantaged Children Fund</u>			
Total revenues and other financing sources	\$ 831,365	\$ 831,365	\$ -
Total expenditures and other financing uses	<u>972,971</u>	<u>693,120</u>	<u>279,851</u>
Net change in fund balance	(141,606)	138,245	279,851
Fund balance at beginning of year	105,539	105,539	-
Prior year encumbrances appropriated	<u>36,067</u>	<u>36,067</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 279,851</u>	<u>\$ 279,851</u>
<u>Title V Innovative Education Program Fund</u>			
Total revenues and other financing sources	\$ 4,044	\$ 4,044	\$ -
Total expenditures and other financing uses	<u>5,062</u>	<u>5,062</u>	<u>-</u>
Net change in fund balance	(1,018)	(1,018)	-
Fund balance at beginning of year	73	73	-
Prior year encumbrances appropriated	<u>945</u>	<u>945</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Drug Free School Grant Fund</u>			
Total revenues and other financing sources	\$ 17,435	\$ 17,435	\$ -
Total expenditures and other financing uses	<u>18,353</u>	<u>14,072</u>	<u>4,281</u>
Net change in fund balance	(918)	3,363	4,281
Fund balance at beginning of year	<u>918</u>	<u>918</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 4,281</u>	<u>\$ 4,281</u>
<u>IDEA Preschool-Handicapped Fund</u>			
Total revenues and other financing sources	\$ 18,874	\$ 18,874	\$ -
Total expenditures and other financing uses	<u>22,243</u>	<u>17,661</u>	<u>4,582</u>
Net change in fund balance	(3,369)	1,213	4,582
Fund balance at beginning of year	3,321	3,321	-
Prior year encumbrances appropriated	<u>48</u>	<u>48</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 4,582</u>	<u>\$ 4,582</u>
<u>Improving Teacher Quality Fund</u>			
Total revenues and other financing sources	\$ 197,810	\$ 197,810	\$ -
Total expenditures and other financing uses	<u>218,550</u>	<u>210,767</u>	<u>7,783</u>
Net change in fund balance	(20,740)	(12,957)	7,783
Fund balance at beginning of year	19,625	19,625	-
Prior year encumbrances appropriated	<u>1,115</u>	<u>1,115</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 7,783</u>	<u>\$ 7,783</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Miscellaneous Federal Grants Fund</u>			
Total expenditures and other financing uses	\$ 416	\$ 416	\$ -
Net change in fund balance	(416)	(416)	-
Fund balance at beginning of year	416	416	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2010

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 270,825	\$ -	\$ 270,825
Receivables:			
Taxes	592,298	-	592,298
Total assets.	\$ 863,123	\$ -	\$ 863,123
Liabilities:			
Accounts payable.	\$ 7,335	\$ -	\$ 7,335
Deferred revenue.	12,999	-	12,999
Unearned revenue.	520,308	-	520,308
Total liabilities.	540,642	-	540,642
Fund balances:			
Reserved for encumbrances	261,566	-	261,566
Reserved for property tax unavailable for appropriation	58,991	-	58,991
Unreserved-undesignated	1,924	-	1,924
Total fund balances	322,481	-	322,481
Total liabilities and fund balances	\$ 863,123	\$ -	\$ 863,123

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 573,485	\$ -	\$ 573,485
Other local revenues	15,008	-	15,008
Intergovernmental - Intermediate	217	-	217
Intergovernmental - State	74,532	-	74,532
Total revenues	<u>663,242</u>	<u>-</u>	<u>663,242</u>
Expenditures:			
Current:			
Support services:			
Fiscal	8,401	-	8,401
Operations and maintenance	35,917	-	35,917
Facilities acquisition and construction	376,674	57,596	434,270
Debt service:			
Principal retirement	150,000	-	150,000
Interest and fiscal charges	82,944	-	82,944
Total expenditures	<u>653,936</u>	<u>57,596</u>	<u>711,532</u>
Net change in fund balances	9,306	(57,596)	(48,290)
Fund balances at beginning of year	<u>313,175</u>	<u>57,596</u>	<u>370,771</u>
Fund balances at end of year	<u>\$ 322,481</u>	<u>\$ -</u>	<u>\$ 322,481</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Permanent Improvement Fund</u>			
Total revenues and other financing sources	\$ 665,452	\$ 665,452	\$ -
Total expenditures and other financing uses	<u>917,426</u>	<u>915,502</u>	<u>1,924</u>
Net change in fund balance	(251,974)	(250,050)	1,924
Fund balance at beginning of year	162,533	162,533	-
Prior year encumbrances appropriated	<u>89,441</u>	<u>89,441</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,924</u></u>	<u><u>\$ 1,924</u></u>
<u>Building Fund</u>			
Total expenditures and other financing uses	<u>\$ 57,596</u>	<u>\$ 57,596</u>	<u>\$ -</u>
Net change in fund balance	(57,596)	(57,596)	-
Fund balance at beginning of year	3,910	3,910	-
Prior year encumbrances appropriated	<u>53,686</u>	<u>53,686</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Scholarship</u>			
Total revenues and other financing sources	\$ 7,845	\$ 7,960	\$ 115
Total expenditures and other financing uses	<u>133,482</u>	<u>3,192</u>	<u>130,290</u>
Net change in fund balance	(125,637)	4,768	130,405
Fund balance at beginning of year	126,020	126,020	-
Prior year encumbrances appropriated	<u>385</u>	<u>385</u>	<u>-</u>
Fund balance at end of year	<u>\$ 768</u>	<u>\$ 131,173</u>	<u>\$ 130,405</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Beginning Balance July 1, 2009	Additions	Deletions	Ending Balance June 30, 2010
<u>Student Managed Activities</u>				
Assets:				
Equity in pooled cash and investments.	\$ 113,069	\$ 194,508	\$ 190,106	\$ 117,471
Receivables				
Accounts	650	2,283	650	2,283
Total assets	\$ 113,719	\$ 196,791	\$ 190,756	\$ 119,754
Liabilities:				
Accounts payable	\$ 275	\$ 303	\$ 275	\$ 303
Due to students	113,444	196,488	190,481	119,451
Total liabilities.	\$ 113,719	\$ 196,791	\$ 190,756	\$ 119,754

THIS PAGE IS INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

STATISTICAL SECTION

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

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

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

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 13,246,179	\$ 13,665,567	\$ 14,413,341	\$ 14,594,908
Restricted	1,576,925	1,408,917	977,417	1,261,715
Unrestricted (deficit)	7,177,691	5,290,670	2,790,531	508,072
Total governmental activities net assets	<u>\$ 22,000,795</u>	<u>\$ 20,365,154</u>	<u>\$ 18,181,289</u>	<u>\$ 16,364,695</u>

Source: School District financial records.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 13,822,667	\$ 13,475,011	\$ 13,566,347	\$ 13,399,505
1,071,897	909,159	1,097,917	1,453,640
(1,014,787)	(2,357,564)	(1,303,353)	(1,333,184)
<u>\$ 13,879,777</u>	<u>\$ 12,026,606</u>	<u>\$ 13,360,911</u>	<u>\$ 13,519,961</u>

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 25,754,244	\$ 25,179,398	\$ 24,485,458	\$ 23,550,656	\$ 23,764,903
Special	5,128,781	4,852,659	4,473,031	4,427,824	3,989,858
Vocational	1,625,972	1,596,146	1,715,572	1,458,317	1,541,980
Adult/continuing	-	4,031	14,550	-	-
Other instructional	338,078	320,688	299,228	902,031	940,423
Support services:					
Pupil	3,072,569	3,053,622	3,127,951	3,332,745	3,080,777
Instructional staff	2,416,922	2,507,581	2,552,978	2,829,699	2,624,390
Board of education	232,490	422,215	460,799	310,104	368,110
Administration	3,217,318	2,818,083	2,775,102	2,815,201	2,992,001
Fiscal	1,198,534	1,320,751	1,172,084	1,098,441	1,019,822
Business	151,624	468,037	552,982	536,163	588,952
Operations and maintenance	5,304,788	5,557,031	5,130,426	5,282,427	5,019,556
Pupil transportation	3,273,312	3,283,900	3,117,758	2,995,031	2,922,388
Central	652,505	610,594	843,101	762,104	422,118
Operation of non-instructional services:					
Food service operations	1,264,556	1,241,668	1,296,565	1,343,765	1,403,937
Other non-instructional services	441,929	422,399	470,651	619,682	619,092
Extracurricular activities	1,135,002	1,149,187	1,236,766	1,374,551	1,351,955
Interest and fiscal charges	139,186	159,358	243,867	172,551	210,613
Total governmental activities expenses	<u>55,347,810</u>	<u>54,967,348</u>	<u>53,968,869</u>	<u>53,811,292</u>	<u>52,860,875</u>

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 25,450,276	\$ 23,103,681	\$ 21,278,031
4,313,470	3,835,287	3,592,459
1,847,273	1,297,268	1,254,799
-	250	989
737,074	936,811	1,048,792
3,166,707	2,776,546	2,657,613
2,985,883	2,650,470	2,269,340
289,971	269,601	331,060
3,191,741	2,945,966	2,628,576
1,050,449	1,014,760	841,874
445,583	488,385	378,808
4,438,153	4,880,797	3,816,579
2,960,741	2,894,856	2,462,800
505,640	584,798	464,589
1,386,922	1,444,664	1,275,325
675,461	501,165	459,466
1,302,681	1,214,993	948,190
278,866	298,510	499,049
55,026,891	51,138,808	46,208,339

- - Continued

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Program revenues					
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 1,984,041	\$ 1,365,821	\$ 1,087,083	\$ 839,577	\$ 809,107
Special	117,609	96,972	348,941	20,500	-
Vocational	44,198	57,737	53,723	22,046	26,770
Adult/continuing	-	-	-	-	-
Support services:					
Pupil	43,076	189,973	214,314	232,209	189,464
Instructional staff	-	1,369	775	9,335	14,068
Board of education	-	-	-	-	-
Administration	13,062	27,639	-	-	-
Fiscal	-	-	-	-	-
Operations and maintenance	38,544	33,745	73,830	61,247	5,342
Pupil transportation	300	-	-	-	-
Central	4,526	-	-	21	-
Operation of non-instructional services:					
Food service operations	802,499	858,272	901,262	911,688	985,430
Extracurricular activities	445,534	444,695	334,418	230,786	315,281
Operating grants and contributions:					
Instruction:					
Regular	1,332,549	625,316	537,366	425,668	447,749
Special	1,247,753	1,344,323	1,222,890	1,675,276	485,548
Vocational	244,135	220,108	145,909	201,025	1,709
Other	45,721	37,437	-	-	-
Support services:					
Pupil	460,528	444,033	309,381	345,341	309,623
Instructional staff	36,906	69,007	144,486	160,467	103,585
Board of education	9,099	-	-	8,009	3,294
Administration	175,658	200,813	168,013	185,361	177,466
Fiscal	-	-	-	-	-
Business	-	-	-	932	-
Operations and maintenance	-	1,693	-	-	-
Pupil transportation	144,884	122,077	127,122	163,999	-
Central	207,437	34,040	27,000	27,000	27,000
Operation of non-instructional services:					
Food service operations	493,221	393,384	348,810	318,072	330,886
Other non-instructional services	412,923	425,336	528,674	554,006	600,229
Extracurricular activities	16,385	1,776	-	115,792	12,943
Capital grants and contributions:					
Instruction:					
Regular	-	-	53,339	-	-
Support services:					
Pupil transportation	-	65,104	86,629	60,033	-
Total governmental program revenues	<u>8,320,588</u>	<u>7,060,670</u>	<u>6,713,965</u>	<u>6,568,390</u>	<u>4,845,494</u>
Net (expense)/revenue					
Governmental activities	<u>\$ (47,027,222)</u>	<u>\$ (47,906,678)</u>	<u>\$ (47,254,904)</u>	<u>\$ (47,242,902)</u>	<u>\$ (48,015,381)</u>

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

- - Continued

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General revenues and other changes in net assets					
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 28,256,878	\$ 29,435,567	\$ 28,667,429	\$ 29,939,799	\$ 29,113,425
Debt service	-	153,580	378,895	634,047	1,065,835
Capital outlay	575,728	594,342	570,303	346,716	-
Payments in lieu of taxes	19,242	125,406	-	-	-
Grants and entitlements not restricted to specific programs	19,598,385	19,385,420	18,755,169	17,957,172	19,088,996
Investment earnings	107,693	261,203	640,953	734,831	489,912
Miscellaneous	104,937	135,025	58,749	115,255	110,384
Total governmental activities	<u>48,662,863</u>	<u>50,090,543</u>	<u>49,071,498</u>	<u>49,727,820</u>	<u>49,868,552</u>
Change in net assets					
Governmental activities	<u>\$ 1,635,641</u>	<u>\$ 2,183,865</u>	<u>\$ 1,816,594</u>	<u>\$ 2,484,918</u>	<u>\$ 1,853,171</u>

Source: School District financial records.

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 28,523,107	\$ 26,143,723	\$ 26,032,094
1,157,845	1,025,310	1,117,393
-	-	-
-	-	-
18,713,795	19,347,434	18,695,113
263,326	115,986	138,041
48,426	181,258	427,354
48,706,499	46,813,711	46,409,995
\$ (1,334,305)	\$ (159,050)	\$ 4,034,078

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General fund:					
Reserved	\$ 4,534,518	\$ 3,947,840	\$ 2,731,642	\$ 3,021,818	\$ 1,963,826
Unreserved (deficit)	6,860,332	5,157,387	3,281,668	1,611,392	307,654
Total general fund	<u>\$ 11,394,850</u>	<u>\$ 9,105,227</u>	<u>\$ 6,013,310</u>	<u>\$ 4,633,210</u>	<u>\$ 2,271,480</u>
All other governmental funds:					
Reserved	\$ 672,230	\$ 473,295	\$ 714,893	\$ 803,864	\$ 846,476
Unreserved (deficit), reported in:					
Special revenue funds	(102,558)	65,836	204,163	355,740	271,861
Capital projects funds	1,924	166,443	110,968	210,285	92,339
Debt service funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 571,596</u>	<u>\$ 705,574</u>	<u>\$ 1,030,024</u>	<u>\$ 1,369,889</u>	<u>\$ 1,210,676</u>

Source: School District financial records.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 1,776,600 (1,146,189)	\$ 997,971 2,691,362	\$ 1,956,797 2,111,428	\$ 1,372,111 (2,639,346)	\$ 1,362,605 (1,334,226)
<u>\$ 630,411</u>	<u>\$ 3,689,333</u>	<u>\$ 4,068,225</u>	<u>\$ (1,267,235)</u>	<u>\$ 28,379</u>
\$ 742,648	\$ 109,833	\$ 217,874	\$ 138,503	\$ 390,903
209,024	460,608	242,451	338,217	331,954
70,094	505,149	460,722	(26,389)	320,421
-	295,113	594,179	599,421	612,121
<u>\$ 1,021,766</u>	<u>\$ 1,370,703</u>	<u>\$ 1,515,226</u>	<u>\$ 1,049,752</u>	<u>\$ 1,655,399</u>

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues				
From local sources:				
Taxes	\$ 28,767,164	\$ 30,384,088	\$ 29,317,400	\$ 30,875,950
Tuition	1,770,239	1,267,229	1,249,518	685,399
Earnings on investments	131,808	273,193	651,284	716,891
Charges for services	802,499	858,272	901,262	911,688
Extracurricular	645,462	611,584	406,752	425,574
Classroom materials and fees	174,922	183,904	183,795	172,174
Other local revenues	213,650	422,966	331,768	386,297
Intergovernmental - Intermediate	20,855	24,748	28,578	-
Intergovernmental - State	20,415,976	21,159,032	20,654,799	20,049,641
Intergovernmental - Federal	3,890,920	2,020,049	1,747,793	2,005,425
Total revenues	<u>56,833,495</u>	<u>57,205,065</u>	<u>55,472,949</u>	<u>56,229,039</u>
Expenditures				
Current:				
Instruction:				
Regular	25,165,939	24,432,390	23,988,547	22,768,780
Special	5,057,266	4,776,526	4,463,939	4,384,329
Vocational	1,624,270	1,635,991	1,705,596	1,467,657
Adult/continuing	-	4,031	14,550	-
Other	332,204	326,512	296,984	900,478
Support services:				
Pupil	3,053,140	3,036,197	3,161,162	3,317,294
Instructional staff	2,423,157	2,490,848	2,592,951	2,815,881
Board of education	232,490	422,215	460,799	310,104
Administration	3,148,750	2,781,284	2,831,147	2,808,089
Fiscal	1,178,996	1,297,887	1,142,634	1,105,427
Business	162,635	489,492	552,632	548,016
Operations and maintenance	4,873,243	5,135,214	5,059,450	4,858,766
Pupil transportation	3,070,792	3,100,653	3,255,461	2,869,203
Central	658,618	593,674	838,344	759,073
Operation of non-instructional services:				
Food service operations	1,237,292	1,229,437	1,275,691	1,338,914
Other non-instructional services	500,254	423,566	467,385	622,949
Extracurricular activities	1,101,773	1,114,396	1,095,834	1,211,090
Facilities acquisitions and construction	488,886	335,075	341,507	1,602,885
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	235,000	650,000	640,000	5,992,000
Interest and fiscal charges	141,500	162,210	258,452	196,329
Bond issuance costs	-	-	-	79,507
Total expenditures	<u>54,686,205</u>	<u>54,437,598</u>	<u>54,443,065</u>	<u>59,956,771</u>
Excess of revenues over (under) expenditures	\$ 2,147,290	\$ 2,767,467	\$ 1,029,884	\$ (3,727,732)

	2006	2005	2004	2003	2002	2001
\$	30,165,879	\$ 29,702,046	\$ 27,048,879	\$ 27,423,545	\$ 23,393,218	\$ 23,943,910
	589,338	508,996	631,116	314,206	212,566	301,621
	491,407	251,929	118,392	139,306	224,224	682,807
	985,430	982,914	1,006,187	959,054	-	-
	379,140	487,552	471,428	383,344	317,148	454,641
	162,876	156,784	-	-	-	-
	382,040	215,829	377,775	510,143	203,932	338,407
	-	-	-	-	-	-
	19,692,736	19,534,663	21,552,374	20,399,767	18,889,960	17,838,087
	1,837,816	1,857,907	-	-	-	-
	<u>54,686,662</u>	<u>53,698,620</u>	<u>51,206,151</u>	<u>50,129,365</u>	<u>43,241,048</u>	<u>43,559,473</u>
	22,883,452	24,700,303	22,295,969	20,547,614	22,021,235	23,207,596
	3,996,276	4,297,974	3,805,316	3,602,048	3,001,700	2,649,974
	1,538,598	1,862,192	1,295,383	1,228,066	1,092,600	1,012,059
	-	-	250	989	-	870
	928,589	737,074	936,811	1,048,792	551,454	-
	3,050,080	3,151,380	2,738,814	2,654,942	2,479,132	2,126,346
	2,601,998	3,000,488	2,632,278	2,285,101	2,464,966	1,792,995
	368,110	289,971	303,015	297,815	187,969	136,392
	2,910,525	3,095,215	2,892,625	2,514,907	2,347,729	2,064,912
	1,020,454	1,049,369	1,016,790	881,642	811,215	548,862
	577,389	435,379	509,438	368,961	419,944	444,877
	4,668,455	4,410,011	4,605,046	3,669,549	3,298,239	3,559,343
	3,694,489	3,706,834	2,872,125	2,316,596	1,797,336	2,193,374
	437,537	509,889	568,325	498,893	516,893	337,510
	1,381,034	1,362,198	1,383,232	1,146,741	-	-
	616,974	663,072	500,743	466,145	485,176	373,632
	1,164,548	1,096,598	1,136,442	873,341	732,197	853,519
	382,551	1,997,407	-	-	-	-
	-	-	434,633	-	1,313,963	2,351,553
	3,045,000	3,789,000	2,522,000	3,080,941	1,030,510	1,110,409
	200,324	271,518	339,331	446,099	577,659	654,207
	-	-	-	-	-	-
	<u>55,466,383</u>	<u>60,425,872</u>	<u>52,788,566</u>	<u>47,929,182</u>	<u>45,129,917</u>	<u>45,418,430</u>
\$	(779,721)	\$ (6,727,252)	\$ (1,582,415)	\$ 2,200,183	\$ (1,888,869)	\$ (1,858,957)

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Other financing sources (uses)				
Transfers in	\$ -	\$ 16,575	\$ 52,265	\$ 93,967
Transfers (out)	-	(16,575)	(52,265)	(93,967)
Refund of prior year expenditure	-	-	-	-
Sale of assets	8,355	-	10,351	-
Issuance of bonds	-	-	-	3,805,000
Premium on bonds sold	-	-	-	96,675
Issuance of notes	-	-	-	2,347,000
Total other financing sources (uses)	<u>8,355</u>	<u>-</u>	<u>10,351</u>	<u>6,248,675</u>
Net change in fund balances	<u>\$ 2,155,645</u>	<u>\$ 2,767,467</u>	<u>\$ 1,040,235</u>	<u>\$ 2,520,943</u>
Debt service as a percentage of noncapital expenditures (1)	0.69%	1.49%	1.65%	10.45%

Source: School District financial records.

(1) For purposes of this analysis, noncapital expenditures are defined as total expenditures less "facilities acquisition and construction" and "capital outlay" expenditures.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 80,096	\$ 109,324	\$ 202,300	\$ 46,410	\$ 136,235	\$ 43,256
(80,096)	(109,324)	(202,300)	(46,410)	(142,497)	(46,042)
-	-	-	-	(6,130)	-
9,700	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,600,000</u>	<u>3,750,000</u>	<u>1,059,000</u>	<u>1,542,000</u>	<u>-</u>	<u>-</u>
<u>2,609,700</u>	<u>3,750,000</u>	<u>1,059,000</u>	<u>1,542,000</u>	<u>(12,392)</u>	<u>(2,786)</u>
<u>\$ 1,829,979</u>	<u>\$ (2,977,252)</u>	<u>\$ (523,415)</u>	<u>\$ 3,742,183</u>	<u>\$ (1,901,261)</u>	<u>\$ (1,861,743)</u>
5.49%	6.27%	4.82%	6.43%	2.35%	2.58%

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

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

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2010	\$ 980,376,980	\$2,801,077,086	\$ 896,515	\$ 3,586,060	\$ 9,003,280	\$ 25,723,657
2009	968,320,290	2,766,629,400	1,912,955	7,651,820	8,363,990	23,897,114
2008	935,897,171	2,673,991,917	15,028,968	60,115,872	8,103,640	23,153,257
2007	914,974,050	2,614,211,571	38,891,955	155,567,820	11,754,660	33,584,743
2006	911,792,170	2,605,120,486	38,613,915	154,455,660	11,718,780	33,482,229
2005	838,347,610	2,395,278,886	52,633,230	210,532,920	13,080,400	37,372,571
2004	816,206,050	2,332,017,286	56,950,308	227,801,232	12,819,450	36,627,000
2003	799,925,210	2,285,500,600	60,365,970	241,463,880	13,556,590	38,733,114
2002	708,833,710	2,025,239,171	60,132,970	240,531,880	12,646,960	36,134,171
2001	684,911,940	1,956,891,257	59,824,252	239,297,008	15,231,380	43,518,229

Source: Summit County Fiscal Office

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.

(b) The rate at which tangible personal property used in business is assessed for purposes ad valorem property taxation decreased one percent each year from 35% in 1983 until it reached 25% in 1993.

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

Total			
Assessed Value	Estimated Actual Value	%	Total Direct Tax Rate
\$ 990,276,775	\$ 2,830,386,803	34.99%	\$ 45.15
978,597,235	2,798,178,334	34.97%	45.49
959,029,779	2,757,261,046	34.78%	45.93
965,620,665	2,803,364,134	34.45%	45.62
962,124,865	2,793,058,375	34.45%	48.73
904,061,240	2,643,184,377	34.20%	47.88
885,975,808	2,596,445,518	34.12%	47.93
873,847,770	2,565,697,594	34.06%	48.32
781,613,640	2,301,905,222	33.96%	45.74
759,967,572	2,239,706,494	33.93%	46.44

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

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

Tax Year/ Collection Year	Overlapping Rates		Direct Rates			
	County	City	Voted		Unvoted	Total
			General	Bond		
2009/2010	\$ 14.16	\$ 9.50	\$ 39.75	\$ -	\$ 5.40	\$ 45.15
2008/2009	14.16	9.50	40.09	-	5.40	45.49
2007/2008	14.26	9.50	40.09	0.44	5.40	45.93
2006/2007	14.57	9.50	39.80	0.42	5.40	45.62
2005/2006	13.07	9.50	42.20	1.13	5.40	48.73
2004/2005	13.07	9.50	41.08	1.40	5.40	47.88
2003/2004	13.07	9.50	41.13	1.40	5.40	47.93
2002/2003	13.07	9.50	41.57	1.35	5.40	48.32
2001/2002	13.07	9.50	38.76	1.58	5.40	45.74
2000/2001	13.07	9.50	39.14	1.90	5.40	46.44

Source: Summit County Fiscal Office

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

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2009 AND DECEMBER 31, 2000

December 31, 2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Wyndham Ridge LTD	\$ 8,142,390	1	0.83%
Heron Springs Associates LLC	7,832,080	2	0.80%
DDR Ohio Opportunity II LLC	7,033,140	3	0.72%
Ohio Edison	6,966,130	4	0.71%
JVM Hidden Lake Apartments LLC	5,876,200	5	0.60%
Stow-Glen Properties LLC	4,894,380	6	0.50%
Morgan Adhesive Co.	4,550,320	7	0.46%
SFC Enterprises LTD	4,485,470	8	0.46%
Steels Corners Apartment Co. LTD	3,915,990	9	0.40%
NHF RE 2 LLC	3,600,770	10	0.37%
Total	\$ 57,296,870		\$ 980,376,980

December 31, 2000			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Ohio Edison	\$ 7,435,610	1	0.98%
DDR Ohio Opportunity II LLC	6,482,360	2	0.85%
Stow-Glen Properties LLC	4,098,190	3	0.54%
Morgan Adhesive Co.	3,680,600	4	0.48%
Stow Associates	3,588,120	5	0.47%
Aetna Life Insurance Co.	3,475,530	6	0.46%
Ohio Bell Telephone	3,284,010	7	0.43%
Steels Corners Apartment Co. LTD	2,992,420	8	0.39%
East Ohio Gas	2,605,190	9	0.34%
Stow Falls Retail Limited Partnership	2,332,920	10	0.31%
Total	\$ 39,974,950		759,967,572

Source: Summit County Fiscal Office

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

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

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

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2009/2010	\$ 32,385,217	\$ 938,227	\$ 33,323,444	\$ 31,446,990	97.10%
2008/2009	32,592,041	925,526	33,517,567	31,666,516	97.16%
2007/2008	32,843,109	933,518	33,776,627	31,909,592	97.16%
2006/2007	33,277,434	776,598	34,054,032	32,500,835	97.67%
2005/2006	33,283,700	451,231	33,734,931	32,832,469	98.64%
2004/2005	29,823,368	725,697	30,549,065	29,097,672	97.57%
2003/2004	31,794,416	873,524	32,667,940	30,920,892	97.25%
2002/2003	31,861,265	1,055,847	32,917,112	30,850,154	96.83%
2001/2002	26,615,496	693,246	27,308,742	25,922,250	97.40%
2000/2001	26,510,502	746,175	27,256,677	25,764,327	97.19%

Source: Summit County Fiscal Office

<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection As a Percent of Total Levy</u>
\$ 793,929	\$ 32,240,919	96.75%
1,137,363	32,803,879	97.87%
730,891	32,640,483	96.64%
449,506	32,950,341	96.76%
404,077	33,236,546	98.52%
858,085	29,955,757	98.06%
802,139	31,723,031	97.11%
753,795	31,603,949	96.01%
760,037	26,682,287	97.71%
699,923	26,464,250	97.09%

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

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			(a) Total Primary Government	(b) Per Capita	(b) Percentage of Personal Income	(b) Per ADM
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases				
2010	\$ 3,120,000	\$ -	\$ -	\$ 3,120,000	\$ 92	0.285%	\$ 567
2009	3,355,000	-	-	3,355,000	99	0.259%	608
2008	4,005,000	-	-	4,005,000	116	0.317%	713
2007	4,645,000	-	-	4,645,000	135	0.393%	784
2006	1,885,000	2,600,000	-	4,485,000	130	0.402%	754
2005	2,910,000	2,020,000	-	4,930,000	143	0.462%	830
2004	3,910,000	1,059,000	-	4,969,000	144	0.482%	833
2003	4,890,000	1,542,000	-	6,432,000	188	0.638%	1,103
2002	5,850,000	2,025,000	95,941	7,970,941	236	0.798%	1,377
2001	6,790,000	2,073,000	96,623	8,959,623	267	0.954%	1,551

Sources:

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

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

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

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total		
2010	\$ 3,120,000	\$ 3,120,000	0.32%	\$ 92
2009	3,355,000	3,355,000	0.34%	99
2008	4,005,000	4,005,000	0.15%	116
2007	4,645,000	4,645,000	0.17%	135
2006	1,885,000	1,885,000	0.07%	55
2005	2,910,000	2,910,000	0.11%	85
2004	3,910,000	3,910,000	0.15%	114
2003	4,890,000	4,890,000	0.19%	143
2002	5,850,000	5,850,000	0.25%	173
2001	6,790,000	6,790,000	0.30%	202

Source: District financial records.

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Stow-Munroe City School District	\$ 3,120,000	100.00%	\$ 3,120,000
Overlapping debt:			
Summit County	34,090,000	7.77%	2,648,793
Portage County	18,087,066	0.10%	18,087
Akron Metro Regional Transit Authority	485,000	7.77%	37,685
City of Cuyahoga Falls	13,817,000	0.15%	20,726
City of Hudson	43,567,269	0.31%	135,059
City of Tallmadge	9,576,715	0.03%	2,873
City of Stow	30,790,000	100.00%	30,790,000
City of Munroe Falls	1,415,000	99.34%	1,405,661
Total overlapping debt	<u>151,828,050</u>		<u>35,058,884</u>
Total direct and overlapping debt	<u>\$ 154,948,050</u>		<u>\$ 38,178,884</u>

Source: Ohio Municipal Advisory Council

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

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2010	\$ 89,044,149	\$ 3,120,000	\$ -	\$ 3,120,000	\$ 85,924,149	3.50%
2009	87,898,539	3,355,000	-	3,355,000	84,543,539	3.82%
2008	84,952,077	4,005,000	236,139	3,768,861	81,183,216	4.44%
2007	86,905,860	4,645,000	346,911	4,298,089	82,607,771	4.95%
2006	86,591,238	1,885,000	692,278	1,192,722	85,398,516	1.38%
2005	81,365,512	2,910,000	612,306	2,297,694	79,067,818	2.82%
2004	79,737,823	3,910,000	505,149	3,404,851	76,332,972	4.27%
2003	78,646,299	4,890,000	594,179	4,295,821	74,350,478	5.46%
2002	70,345,228	5,850,000	626,013	5,223,987	65,121,241	7.43%
2001	68,397,081	6,790,000	636,539	6,153,461	62,243,620	9.00%

Source: Summit County Fiscal Office and District financial records

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

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

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (4)</u>	<u>Total Personal Income</u>	<u>Median Age (5)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Summit County</u>	<u>Ohio</u>	<u>United States</u>
2010	33,873	\$ 32,274	\$ 1,093,217,202	36.9	5,507	10.4%	10.5%	9.5%
2009	34,051	38,060	1,295,981,060	36.9	5,517	10.5%	11.2%	9.7%
2008	34,550	36,596	1,264,391,800	36.9	5,617	6.2%	6.6%	5.9%
2007	34,335	34,395	1,180,952,325	36.9	5,927	5.1%	5.9%	4.7%
2006	34,404	32,462	1,116,822,648	36.9	5,949	4.6%	5.1%	4.4%
2005	34,394	31,017	1,066,798,698	36.9	5,937	5.4%	5.9%	5.0%
2004	34,394	29,999	1,031,785,606	36.9	5,966	6.1%	5.7%	5.1%
2003	34,222	29,456	1,008,043,232	36.9	5,830	6.2%	5.5%	5.7%
2002	33,771	29,590	999,283,890	36.9	5,787	6.0%	5.3%	6.0%
2001	33,554	28,003	939,612,662	36.9	5,779	4.6%	4.8%	5.8%

Sources:

- (1) U. S. Census Bureau
- (2) District records
- (3) Civilian Labor Force Estimates, Ohio Department of Job and Family Services.
- (4) State Department of Labor
- (5) State Department of Commerce

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

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

Employer	December 31, 2009		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	648	1	3.66%
City of Stow	271	2	1.53%
MACTAC	260	3	1.47%
Matco Tools	172	4	0.97%
J.D. Clunk & Associates	158	5	0.89%
Akron General Health & Wellness Center	144	6	0.81%
Centimark Corporation	130	7	0.73%
Wrayco Industries Inc	116	8	0.66%
Audio Technica	102	9	0.58%
Saint-Gobain Norpro Corporation	77	10	0.44%
Total	2,078		11.74%
Total City Employment	17,700		

Employer	December 31, 2001		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	639	1	3.69%
MACTAC	400	2	2.31%
Goodyear Stow Mold Plant	230	3	1.33%
Oak Technical	223	4	1.29%
Matco Tools	170	5	0.98%
Eagle Plastics Division-Plastics Components Inc.	150	6	0.87%
National Machine Company	140	7	0.81%
Norton Chemical Process-St. Gobain Norpro Corp	130	8	0.75%
Wrayco Industries Inc	115	9	0.66%
Audio Technica	114	10	0.66%
Total	2,311		13.35%
Total City Employment	17,300		

Source: City of Stow

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

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

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

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

<u>Type</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Professional staff:							
Teaching staff:							
Elementary	114	116	122	120	139	154	148
Intermediate	49	47	60	48	57	58	58
Middle	55	55	54	55	58	62	64
High	104	106	138	100	120	130	121
Tutors	16	12	18	17	18	19	17
Librarians	4	4	8	4	4	5	5
Others	-	2	2	1	1	2	2
Administration:							
District	29	28	28	30	35	38	35
Board members	5	5	5	5	5	5	5
Auxiliary positions:							
Counselors	8	9	11	10	11	11	10
Speech	3	5	6	5	5	7	7
Mental health specialists	4	5	5	5	16	7	6
Support staff:							
Secretarial	36	38	41	41	41	40	39
Aides	33	50	56	57	57	60	63
Hall monitor/security	25	18	20	18	19	17	17
Cooks	15	27	19	18	20	20	19
Custodial	34	37	41	37	38	36	37
Maintenance	8	8	13	14	12	11	10
Bus driver	27	39	35	36	36	37	36
Mechanics	3	5	4	4	5	4	5
Extracurricular	272	268	262	287	239	207	196
Total	<u>844</u>	<u>884</u>	<u>948</u>	<u>912</u>	<u>936</u>	<u>930</u>	<u>900</u>

<u>2003</u>	<u>2002</u>	<u>2001</u>
147	144	135
49	46	45
59	56	50
120	119	106
20	24	31
5	6	6
2	-	2
32	33	52
5	5	5
9	10	11
7	6	6
6	5	5
48	43	47
63	63	74
23	18	21
21	20	24
38	28	37
11	9	9
38	41	50
5	4	4
<u>191</u>	<u>174</u>	<u>190</u>
<u>899</u>	<u>854</u>	<u>910</u>

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

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

<u>Function</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction:							
Regular	245	252	298	229	269	275	271
Special	64	75	84	39	46	37	39
Vocational	19	18	17	14	13	19	17
Other	13	14	-	39	62	88	75
Support services:							
Pupil	36	37	39	43	35	33	31
Instructional staff	60	65	64	112	115	114	118
Administration	49	49	50	35	40	43	40
Fiscal	8	8	8	5	6	6	6
Business	1	3	3	-	-	-	-
Operations and maintenance	42	45	55	69	70	67	66
Pupil transportation	35	50	40	40	41	41	41
Extracurricular activities	272	268	290	287	239	207	196
Total governmental activities	<u>844</u>	<u>884</u>	<u>948</u>	<u>912</u>	<u>936</u>	<u>930</u>	<u>900</u>

Source: School District records

<u>2003</u>	<u>2002</u>	<u>2001</u>
269	267	268
40	33	34
19	20	21
79	66	76
30	37	42
114	111	92
38	38	57
6	6	6
-	-	-
70	57	70
43	45	54
<u>191</u>	<u>174</u>	<u>190</u>
<u>899</u>	<u>854</u>	<u>910</u>

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

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

Function	2010	2009	2008	2007	2006	2005	2004
Instruction:							
Regular and special							
Enrollment (students)	5,507	5,517	5,617	5,927	5,949	5,937	5,966
Graduates	465	456	466	460	463	480	447
Support services:							
Board of education							
Regular meetings per year	17	20	24	20	20	20	20
Special meetings per year	14	10	29	52	54	56	43
Administration							
Student attendance rate	95.3%	95.4%	95.5%	96.1%	95.3%	95.0%	95.4%
Fiscal							
Nonpayroll checks issued	5,171	6,052	5,654	7,196	6,504	6,328	5,899
Operations and maintenance							
Work orders completed	3,008	3,005	3,010	3,000	3,100	3,000	2,800
Square footage maintained	760,409	760,409	760,409	760,409	760,409	760,409	760,409
Pupil transportation							
Avg. students transported daily	2,757	4,005	4,005	4,344	4,161	4,573	4,367
Food service operations:							
Meals served to students	341,453	317,884	113,654	320,200	284,036	267,880	N/A
Percentage of students receiving reduced cost or free lunches	20.0%	16.6%	14.5%	12.2%	11.2%	N/A	N/A

Source: District records

N/A = information not available.

2003	2002	2001
5,830	5,787	5,779
431	420	446
19	20	20
17	20	14
94.8%	94.8%	94.5%
6,163	5,938	6,252
2,600	2,500	2,300
760,409	760,409	760,409
2,372	4,585	4,543
N/A	N/A	N/A
N/A	N/A	N/A

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

CAPITAL ASSET STATISTICS
LAST EIGHT FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:					
Land	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
Land improvements	1,234,312	1,121,641	1,113,416	849,451	938,762
Buildings and improvements	11,977,667	12,547,638	13,294,731	12,473,045	13,248,043
Furniture, fixtures and equipment	592,398	623,141	704,982	844,283	992,038
Vehicles	2,071,878	2,244,704	2,326,738	2,304,370	2,564,909
Construction in progress	-	-	-	1,381,436	-
Total governmental activities capital assets, net	<u>\$ 16,440,170</u>	<u>\$ 17,101,039</u>	<u>\$ 18,003,782</u>	<u>\$ 18,416,500</u>	<u>\$ 18,307,667</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

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

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 563,915	\$ 563,915	\$ 563,915
898,026	911,288	1,029,337
13,884,899	12,742,746	13,369,991
1,123,191	1,142,721	1,334,209
1,934,980	1,224,677	1,249,053
-	-	-
<u>\$ 18,405,011</u>	<u>\$ 16,585,347</u>	<u>\$ 17,546,505</u>

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

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Echo Hills Elementary (1963)						
Square feet	38,285	38,285	38,285	38,285	38,285	38,285
Capacity (students)	550	550	550	550	550	550
Enrollment	354	354	364	408	407	377
Fishcreek Elementary (1960)						
Square feet	32,153	32,153	32,153	32,153	32,153	32,153
Capacity (students)	500	500	500	500	500	500
Enrollment	356	357	377	386	389	310
Highland Elementary (1938)						
Square feet	33,324	33,324	33,324	33,324	33,324	33,324
Capacity (students)	500	500	500	500	500	500
Enrollment	344	351	347	358	360	323
Indian Trail Elementary (1969)						
Square feet	41,600	41,600	41,600	41,600	41,600	41,600
Capacity (students)	500	500	500	500	500	500
Enrollment	293	302	292	381	383	323
Riverview Elementary (1954)						
Square feet	23,277	23,277	23,277	23,277	23,277	23,277
Capacity (students)	575	575	575	575	575	575
Enrollment	280	273	266	286	290	301
Woodland Elementary (1954)						
Square feet	23,277	23,277	23,277	23,277	23,277	23,277
Capacity (students)	525	525	525	525	525	525
Enrollment	293	284	285	322	333	320
Lakeview Intermediate (1959)						
Square feet	178,882	178,882	178,882	178,882	178,882	178,882
Capacity (students)	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	846	841	843	864	867	917
Kimpton Middle School (1970)						
Square feet	117,500	117,500	117,500	117,500	117,500	117,500
Capacity (students)	1,125	1,125	1,125	1,125	1,125	1,125
Enrollment	862	879	904	913	918	973
High School (1987)						
Square feet	254,514	254,514	254,514	254,514	254,514	254,514
Capacity (students)	2,050	2,050	2,050	2,050	2,050	2,050
Enrollment	1,879	1,876	1,938	1,999	2,002	1,985
Central office (1996)						
Square feet	11,000	11,000	11,000	11,000	11,000	11,000
Transportation and warehouse (1987)						
Square feet	6,597	6,597	6,597	6,597	6,597	6,597

Source: District records

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

2004	2003	2002	2001
38,285	38,285	38,285	38,285
550	550	550	550
382	378	367	359
32,153	32,153	32,153	32,153
500	500	500	500
296	321	305	321
33,324	33,324	33,324	33,324
500	500	500	500
335	330	314	305
41,600	41,600	41,600	41,600
500	500	500	500
299	309	347	357
23,277	23,277	23,277	23,277
575	575	575	575
319	305	331	321
23,277	23,277	23,277	23,277
525	525	525	525
306	297	305	304
178,882	178,882	178,882	178,882
1,050	1,050	1,050	1,050
941	932	932	933
117,500	117,500	117,500	117,500
1,125	1,125	1,125	1,125
955	940	954	978
254,514	254,514	254,514	254,514
2,050	2,050	2,050	2,050
1,987	1,916	1,892	1,873
11,000	11,000	11,000	11,000
6,597	6,597	6,597	6,597

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2010	\$ 54,309,705	\$ 9,862	\$ 55,208,624	\$ 10,025	5,507
2009	53,625,388	9,720	54,807,990	9,934	5,517
2008	53,544,613	9,533	53,725,002	9,565	5,617
2007	53,688,935	9,058	53,638,741	9,050	5,927
2006	52,221,059	8,778	52,650,262	8,850	5,949
2005	56,365,354	9,494	54,748,025	9,221	5,937
2004	49,927,235	8,368	50,840,298	8,521	5,966
2003	44,402,142	7,616	45,709,290	7,841	5,830
2002	43,521,748	7,521	N/A	N/A	5,787
2001	43,653,814	7,555	N/A	N/A	5,779

Source: District records

(1) Debt service totals have been excluded.

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

Percent Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
-0.18%	359	15.34	95.30%
-1.78%	379	14.56	95.40%
-5.23%	383	14.67	95.50%
-0.37%	344	17.23	96.10%
0.20%	380	15.66	95.30%
-0.49%	396	14.99	95.00%
2.35%	393	15.18	95.40%
0.75%	322	18.10	94.80%
0.14%	349	16.58	94.80%
-0.44%	342	16.90	94.50%

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

TEACHER STATISTICS
JUNE 30, 2010

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	50	13.93%
Master's Degree	309	86.07%
	<u>359</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	74	20.61%
6 - 10	76	21.17%
11 and over	209	58.22%
	<u>359</u>	<u>100.00%</u>

Source: School District Personnel Records



Dave Yost • Auditor of State

STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 10, 2011