



Dave Yost • Auditor of State

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 Required by OMB Circular A-133	3
Federal Awards Receipts and Expenditures Schedule.....	5
Notes to the Federal Awards Receipts and Expenditures Schedule	6
Schedule of Findings.....	7

This page intentionally left blank.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2012. 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 opinions 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 intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 30, 2012



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Stow-Munroe Falls City School District, Summit County, (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 the Stow-Munroe Falls City School District's major federal programs for the year ended June 30, 2012. 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 opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these requirements.

In our opinion, 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, 2012.

Internal Control Over Compliance

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

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

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

Federal Awards Receipts and Expenditures Schedule

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 30, 2012. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Dave Yost
Auditor of State

December 30, 2012

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012**

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>						
Child Nutrition Cluster:						
School Breakfast Program	10.553	102595-3L70-2011	\$ 39,462	-	\$ 39,462	-
National School Lunch Program	10.555	102595-3L60-2011	442,487	\$ 65,613	442,487	\$ 65,613
Total			<u>481,949</u>	<u>65,613</u>	<u>481,949</u>	<u>65,613</u>
Total U.S. Department of Agriculture/Nutrition Cluster			<u>481,949</u>	<u>65,613</u>	<u>481,949</u>	<u>65,613</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	102595-3M00-2011	-	-	55,252	-
Title I Grants to Local Education Agencies	84.010	102595-3M00-2012	396,826	-	491,529	-
ARRA - Title I Grants to Local Education Agencies	84.389	102595-3DK0-2011	-	-	5,428	-
ARRA - Title I Grants to Local Education Agencies	84.389	102595-3DK0-2012	89,090	-	97,055	-
Total Title I, Part A Cluster			<u>485,916</u>	<u>-</u>	<u>649,264</u>	<u>-</u>
Special Education Cluster:						
Special Education Grants to States, IDEA-B	84.027	102595-3M20-2011	-	-	31,564	-
Special Education Grants to States, IDEA-B	84.027	102595-3M20-2012	733,286	-	887,390	-
ARRA-Special Education Grants to States, IDEA-B	84.391	102595-3DJ0-2011	28,918	-	28,970	-
Special Education Preschool Grants, IDEA-B	84.173	102595-3C50-2011	-	-	65	-
Special Education Preschool Grants, IDEA-B	84.173	102595-3C50-2012	3,023	-	12,803	-
ARRA - Special Education Preschool Grants, IDEA-B	84.392	102595-3DL0-2011	-	-	2,865	-
Total Special Education Cluster			<u>765,227</u>	<u>-</u>	<u>963,657</u>	<u>-</u>
Educational Technology State Grants, Title II-D	84.318	102595-3S20-2011	-	-	200	-
Educational Technology State Grants, Title II-D	84.318	102595-3S20-2012	-	-	3,734	-
			<u>-</u>	<u>-</u>	<u>3,934</u>	<u>-</u>
English Language Acquisition Grants, Title III	84.365	102595-3Y70-2011	-	-	714	-
English Language Acquisition Grants, Title III	84.365	102595-3Y70-2012	2,950	-	2,585	-
			<u>2,950</u>	<u>-</u>	<u>3,299</u>	<u>-</u>
Improving Teacher Quality State Grants, Title II-A	84.367	102595-3Y60-2011	29,730	-	11,979	-
Improving Teacher Quality State Grants, Title II-A	84.367	102595-3Y60-2012	57,378	-	62,090	-
			<u>87,108</u>	<u>-</u>	<u>74,069</u>	<u>-</u>
Education Jobs Fund	84.410	102595-3ET0-2012	21,904	-	21,904	-
<i>Passed Through Ohio Department of Education</i>			<u>1,363,105</u>	<u>-</u>	<u>1,716,127</u>	<u>-</u>
<i>Passed Through Six District Educational Compact</i>						
Career and Technical Education - Basic Grants to States	84.048	n/a	39,000	-	39,000	-
<i>Passed Through Educational Service Center of Cuyahoga County</i>						
English Language Acquisition Grants, Title III	84.365	n/a	9,819	-	9,819	-
Safe and Drug Free Schools and Communities - State Grants, Title IV-A	84.186	n/a	1,400	-	1,400	-
<i>Passed Through Educational Service Center of Cuyahoga County</i>			<u>11,219</u>	<u>-</u>	<u>11,219</u>	<u>-</u>
Total U.S. Department of Education			<u>1,413,324</u>	<u>-</u>	<u>1,766,346</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 1,895,273</u>	<u>\$ 65,613</u>	<u>\$ 2,248,295</u>	<u>\$ 65,613</u>

The accompanying notes are an integral part of this schedule.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES OF SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Stow-Munroe Falls City School District (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

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 2012, 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	2012	\$324,872	
84.010	Title I Grants to Local Education Agencies	2013		\$324,872
84.367	Improving Teacher Quality State Grants, Title II-A	2012	\$42,977	
84.367	Improving Teacher Quality State Grants, Title II-A	2013		\$42,977
84.318	Educational Technology State Grants, Title II-D	2012	\$2	
84.318	Educational Technology State Grants, Title II-D	2013		\$2
84.365	English Language Acquisition Grants, Title III	2012	\$1,069	
84.365	English Language Acquisition Grants, Title III	2013		\$1,069
84.027	Special Education Grants to States, IDEA-B	2012	\$334,803	
84.027	Special Education Grants to States, IDEA-B	2013		\$334,803
84.173	Special Education Preschool Grants, IDEA-B	2012	\$211	
84.173	Special Education Preschool Grants, IDEA-B	2013		\$211

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

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):	Special Education Cluster: Special Education Grants to State – #84.027 Special Education Grants to State – #84.391 (ARRA) Special Education Preschool Grant – #84.173 Special Education Preschool Grant – #84.392 (ARRA) Child Nutrition Cluster – School Breakfast Program - #10.553 Child Nutrition Cluster – School Lunch Program - #10.555
(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, 2012

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, 2012**

TABLE OF CONTENTS

TITLE PAGE

TABLE OF CONTENTS i-iii

I. INTRODUCTORY SECTION

Letter of Transmittal 1-9
 List of Principal Officers 10
 Organizational Chart 11
 Certificate of Achievement for Excellence in Financial Reporting 12
 Certificate of Excellence in Financial Reporting 13

II. FINANCIAL SECTION

INDEPENDENT ACCOUNTANTS' REPORT 15-16

MANAGEMENT'S DISCUSSION AND ANALYSIS 17-27

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 - Major Governmental Funds:

Fund Descriptions - Major Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Uniform School Supplies Fund	69
Special Services Rotary Fund	69
Internal Service Rotary Fund	69
Public School Support Fund	70
Unclaimed Monies Fund	70

Combining Statements - Nonmajor Governmental Funds:

Fund Descriptions - Nonmajor Governmental Funds.....	72-73
Combining Balance Sheet - Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	75

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

Combining Balance Sheet - Nonmajor Special Revenue Funds	76-78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Nonmajor Special Revenue Funds	80-83
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Food Service Fund	84
Other Grants Fund.....	84
District Managed Activity Fund.....	84
Auxiliary Services Fund.....	85
Entry Year Programs Fund.....	85
Data Communication Fund	85
Education Jobs Fund	86
IDEA Part B Grants Fund	86
Title II-D Technology Fund	86
Title III Limited English Proficiency Fund	87
Title I Disadvantaged Children Fund	87
IDEA Preschool-Handicapped Fund	87
Improving Teacher Quality Fund	88

Individual Fund Schedule - Nonmajor Capital Projects Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Permanent Improvement Fund	89

Individual Fund Schedule - Private Purpose Trust Fund:

Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Scholarship Fund.....	90

Statement of Changes in Assets and Liabilities - Agency Fund.....	91
---	----

III. STATISTICAL SECTION

Contents.....	93
Net Assets by Component - Last Ten Fiscal Years	94-95
Changes in Net Assets - Last Ten Fiscal Years.....	96-101
Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	102-103
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	104-107
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	108-109
Direct and Overlapping Property Tax Rates - Last Ten Years.....	110-111
Principal Property Tax Payers - December 31, 2011 and December 31, 2004.....	112
Property Tax Levies and Collections - Last Ten Fiscal Years	114-115
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	116
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	117
Direct and Overlapping Governmental Activities Debt as of June 30, 2012.....	118
Legal Debt Margin Information - Last Ten Fiscal Years	119
Demographic and Economic Statistics - Last Ten Fiscal Years.....	120
Principal Employers - Current Year and Nine Years Ago.....	121
Staffing Statistics Full Time Equivalents by Type and Function - Last Ten Fiscal Years.....	122-125
Operating Indicators by Function - Last Ten Fiscal Years.....	126-127
Capital Asset Statistics - Last Ten Fiscal Years.....	128-129
School Building Information - Last Ten Fiscal Years.....	130-131
Operating Statistics - Last Ten Fiscal Years	132-133
Teacher Statistics - June 30, 2012	134

THIS PAGE IS INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK



Stow-Munroe Falls City Schools

4350 Allen Road, Stow, Ohio 44224 | 330.689.5445 | FAX 330.688.1629 | www.smfschools.org

December 27, 2012

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, 2012 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 2012. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with federal and State laws and regulations. The Independent Accountants' Report is included in this CAFR.

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

As a part of the District's independent audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2012 provided no instances of material weaknesses in internal controls.

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

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

PROFILE OF STOW-MUNROE FALLS CITY SCHOOL DISTRICT

The District ranks as the second largest school district in Summit County, Ohio. As of the current school year (2011-12), the average daily membership (ADM) was 5,486 students attending nine schools.

The District has 619 full and part-time employees (not including supplemental positions). The District employs 352 certificated employees, 20 certificated and 8 non-certificated administrators and 239 non-certificated staff members.

The District's instructional buildings range in age from 25 years to 74 years. Detailed information about the District's buildings is presented in the statistical section of the CAFR.

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

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

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

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

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

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

The District's buildings had the following accomplishments during the 2011-12 school year:

Stow Munroe Falls High School (SMFHS): The Stow-Munroe Falls City School District (SMFCSD) is one of 539 school districts across 44 of the 50 states in the United States and Canada being honored by the College Board with placement on the 3rd Annual AP District Honor Roll for simultaneously increasing access to Advanced Placement course work while increasing the percentage of students earning scores of 3 or higher on AP Exams.

The Stow-Munroe Falls High School wind ensemble was one of two high school bands selected to perform at the 2012 OMEA Professional Development Convention held in February in Columbus. The wind ensemble also was the demonstration ensemble for composer and educator Robert Sheldon as he presented the workshop "Fix it Now" to the teachers in attendance.

The Stow-Munroe Falls High School marching band was selected to perform in the Walt Disney World Magic Kingdom Electric Light Parade in March. The students took part in the Disney "You're Instrumental" workshop which puts students into the role of professional Disney musicians and gives them the opportunity to experience recording a soundtrack in a Disney studio.

The Stow Band donated over \$800 to the Ovarian Cancer Research Fund as part of the March Benefit Concert.

One senior student received the president's Volunteer Service Award through the Hugh O'Brien Youth (HOBY) Leadership Foundation for 127 hours of service. The student had to be a HOBY representative during their sophomore year in order to receive this award.

The School Counseling Department has submitted two sophomores as Stow-Munroe Falls High School's representatives to the 2013 HOBY program.

Two senior students were chosen as Stow-Munroe Falls High School's senior recipients of the Cuyahoga Falls Youth Optimist Club Awards.

Stow-Munroe Falls High School continues to work with the International Leaders in an Education Program (ILEP) co-sponsored by the U.S. Department of State, and Kent State University. Visiting scholars have been screened by the Fulbright Commission in their respective countries, and are experienced, highly qualified teachers in their home countries. Four teachers partnered with the scholars for the 2011-12 school year.

The International Business and Marketing program was invited as special guests to the University of Akron's Chinese Week. The high school students participated in a variety of activities designed to create a greater awareness of Chinese culture.

Kimpton Middle School: Kimpton Middle School was rated "Excellent" by the Ohio Department of Education for the 2011-2012 academic year.

Kimpton Middle School is collaborating with Kent State University in researching the development of technology used to support student learning.

Kimpton Middle School was chosen to participate in an \$80,000 School Sustainability grant focusing on dropout prevention obtained by the Summit County Educational Service Center (ESC). This grant facilitated twelve staff members' training in the Olweus Bullying Prevention Program. Those twelve staff members, with consultants from the ESC, will train the remaining staff. The Olweus Bullying Prevention Program is a comprehensive program that will involve the whole school, the classroom, the individual, the community, and the parents.

Kimpton Middle School piloted a "Bring Your Own Technology" program in an effort to provide students the opportunity to have access to and utilize technology in the classroom. The advantage of this program was to provide students at Kimpton Middle School with a 1:1 ratio to access technology.

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

Kimpton Middle School's seventh and eighth grade band students earned the top rating, 'Superior,' at the Ohio Music Educators Association large group competition at The University of Akron.

The Kimpton Jazz Band performed at the Music Festival's Showcase competition at Huron High School, earning a "Superior" rating with a score of 97.5 out of 100. Additional trophies were given for the 'Best:' Overall Middle School Jazz Band; Saxophone, Brass, and Rhythm Sections; Overall Middle School Instrumental Ensemble and Outstanding Soloist.

Kimpton Middle School String Orchestra received a "Superior" rating them in first place at the "Music in the Parks" music festival.

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

Kimpton Middle School engages in activities to support our community. The leadership of the Kimpton Middle School's Student Council collected clothing and food for the Good Neighbor's Ministry and supports the American Red Cross through its annual blood drive.

Lakeview Intermediate School: Lakeview Intermediate School was rated as “Excellent” by the Ohio Department of Education for the 2011-2012 academic year.

A Lakeview Intermediate School Fifth Grade Teacher won “Make a Day Better” from Office Max.

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

A new computer lab complete with 30 student computers, SMART Boards, projector, and color printer opened for student use.

Echo Hills Elementary School: Echo Hills Elementary School earned a rating of “Effective” from the Ohio Department of Education for the 2011-2012 academic year.

Many Echo Hills classrooms were equipped with interactive whiteboards (SMART Boards) to enhance student engagement and allow for seamless integration of technology in everyday instruction.

An Echo Hills Elementary School fourth grade classroom attended the AT&T classroom at Kent State University. This was a continuation of a long history of collaboration between the District and Kent State University to assist in the identification of best practices in 21st century teaching and learning. One third grade teacher received a grant to purchase technology items for the fourth grade classroom at Echo Hills.

Echo Hills K-Kids, an affiliate of Kiwanis, participated in numerous community service projects.

Also, Echo Hills Elementary Student Council participated in numerous school and civic service projects.

Fishcreek Elementary School: Fishcreek Elementary School earned the “Excellent” designation this year from the Ohio Department of Education for the 2011-12 academic year.

Fishcreek Elementary School has continued its partnership with the Research Center for Educational Technology at Kent State University. Teachers are involved in technology-mentoring grants and a first grade teacher and a fourth grade teacher, with their classes, had the opportunity to work and learn in the lab at Kent State University. The school has been fortunate to benefit recently from the funding of three grants through this collaboration.

Many of the Fishcreek Elementary School students are participants in K-Kids, the elementary-focused branch of Kiwanis.

Fishcreek PTA hosted its first annual Raccoon Run, which is a 5k walk/run for families. It is the first fundraiser of its kind in the Stow-Munroe Falls area. This corporate-sponsored event generated over \$13,000 benefiting the Fishcreek Elementary students.

Fishcreek Elementary School hosted its’ annual holiday Giving Tree project that generated many charitable donations benefiting the Kylie Jane Long Foundation, Open M’s ‘Pajamas for Kids’ campaign, and the families who were victims of the storm-ravaged Meadow Elementary School in Baldwin, New York. Additionally, Fishcreek’s Student Council assisted in charitable campaigns that collected thousands of fun, colorful bandages for patients at Akron Children’s Hospital.

For the third year in a row, the third and fourth grade girls participated in Girls on the Run, an international program focused on the physical and emotional health and well-being of young girls.

Highland Elementary School: Highland Elementary School was rated as “Excellent” by the Ohio Department of Education for the 2011-12 academic year.

Highland Elementary School staff was provided monthly internal professional development activities revolving around technology.

Highland Elementary School students participated in the extra-curricular group known as K-Kids, an affiliate of Kiwanis, working on various service projects during monthly meetings.

Highland Elementary students in the fourth grade choir performed at various local events.

Highland Elementary second grade classes continued their annual tradition of outreach activities with the local nursing homes.

Highland Elementary students participated in the district blood drive for the American Red Cross.

Highland Elementary Student Council sponsored several students' "Fun Days", a canned-food drive, and participated in the Homecoming parade. They also emptied the recycling bins on a weekly basis.

The Highland Elementary Safety Patrol, sponsored by American Automobile Association (AAA), assisted with student dismissal on a daily basis and was in charge of the raising and lowering of the flag.

The majority of the Highland Elementary students participated in three book clubs where their work is recognized during the Honors Assembly at the end of the year and at the end of each quarter for meeting certain goals.

The Highland Elementary PTA sponsored one additional field trip per grade level.

Highland Elementary students brought in items for the Clothes Closet.

Highland Elementary teachers were provided in-house training on the instructional use of the Smart Boards and other technology advancements.

Various teachers were awarded grants totaling \$7,934 for instructional materials from the Stow Schools Foundation, the GAR Foundation, and Friends Office Supply.

Indian Trail Elementary School: Indian Trail Elementary School was rated as "Excellent" by the Ohio Department of Education for the 2011-12 academic year. This was the sixth consecutive year that Indian Trail Elementary School has been rated "Excellent" or higher by the Ohio Department of Education.

Indian Trail Elementary School was ranked in the top 20 percent of all elementary schools in the State of Ohio by the Ohio Department of Education based on Performance Index Scores for the School Year Report Card.

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

One Indian Trail Elementary Library-Media Specialist was recognized on the All County Teaching Team for Summit County.

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

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

Indian Trail staff received two literacy grants for \$500 each from the Stow Education Foundation and The Stow Excellence in Education Foundation.

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

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

Forty juniors and seniors from Stow-Munroe Falls High School taught Spanish on a bi-weekly basis to all Indian Trail Elementary School students.

The Indian Trail Elementary School community volunteered over 4,500 hours and the PTA sponsored several enrichment activities including fieldtrips, book fairs, literacy night and the school carnival.

Riverview Elementary School: Riverview Elementary School was rated as “Excellent with Distinction” by the Ohio Department of Education in the 2011-12 academic year for the sixth consecutive year.

Seventy-two community and parent volunteers supported the Riverview Elementary School educational program.

Every Riverview Elementary fourth grader passed the Ohio Achievement Assessments (OAA).

The Riverview Elementary school-wide “published writing project” completed its fourth year and was highly successful.

Woodland Elementary School: Students participated in the One for Books program. Their school goal was to read 100,000 minutes during Right to Read Week. Students looked for sponsors to donate money for every minute they read. All proceeds went towards purchasing more books to enrich each classroom library. Right to Read Week was a Hawaiian Theme centered on the literature selection “Pig Kahuna” by Jennifer Sattler. The goal was reached and the principal kissed a pig!!!

Woodland Elementary School’s after-school intervention program was initiated for at-risk third and fourth grade students.

The Woodland Elementary staff participated in training sessions to implement the ‘Brain Child’ intervention program.

Woodland Elementary students participated in a Walking Club and indoor recess which was a great program for the students to get some exercise and burn off energy!

One Kindergarten teacher and the Woodland Elementary students were recipients of ‘A Day Made Better’ sponsored by Office Max where over a thousand dollars of miscellaneous supplies, equipment and materials were donated to Woodland Elementary school.

Employees

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2011-12 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 employees, excluding administration, are members of the Stow Teachers Association (STA), a labor organization affiliated with the Ohio Education Association. The contract between the Board of Education and the STA expires June 30, 2013.

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

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

The Reporting Entity

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

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

Budgetary Controls

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

Unencumbered amounts lapse at year-end. A complete description of the District's budgetary process can be found in Note 1.E. to the basic financial statements. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The general fund balance was \$13,948,472 at June 30, 2012 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 passage of a 6.57 mill, ten-year, emergency levy in 2011.

Major Initiatives for the Year

The Technology Advisory Committee comprised of administrators and teachers was developed to assess the current status and technology needs of the District. This committee will be very valuable as we complete a Gap Analysis in preparation for the next generation of State assessments. The focus of this committee is to provide teachers and administrators with the tools to provide our students with the best education possible in the 21st century.

The District is investigating the feasibility of housing a Distance Learning Classroom at Stow-Munroe Falls High School. This classroom would provide an opportunity for students at our high school to take college classes in our facility with University of Akron students giving students the opportunity to earn high school credit and college credit simultaneously without additional costs to the family. Additionally, the Distance Learning Classroom, in partnership with the City of Stow and the University of Akron would provide Stow residents a chance to obtain college credit at the high school as a part of the workforce development plan.

A joint committee comprised of administrators and teachers was created to “roll-out” the new mandated Ohio Teacher and Principal Evaluation Systems. This committee is a partnership to inform the staff about the legislative mandates to promote positive growth in both teachers and administrators to positively impact student achievement.

The District Leadership Team continues to promote the vision and mission of the District.

Special Education Leadership Steering Committee commenced this year to continue the inclusionary partnership between special and general education.

Minding the Gap is a grant initiative between Stow-Munroe Falls City Schools, Kent State University and the University of Akron. This grant will provide professional development opportunities to further align the curriculum and instruction between higher education and the high school promoting a more effective transition.

The District continues to look for alternate funding sources through various grant opportunities. Numerous grants have been received at the District and building level.

Major Initiatives for the Future

The District will continue with the year-2 “action steps” for the new 5-year strategic plan.

The District will also look forward to authorization of Indian Trail Elementary School as an International Baccalaureate (IB) school for the 2012-2013 school year.

Teachers across the District continue to explore opportunities for students using blended learning incorporating traditional instruction with online opportunities.

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District was to be fully reimbursed for the lost revenue and begin phasing it out in calendar years 2011-2017. The District continues to evaluate meeting the rising costs of operations and supplementing the negative effects from the State funding formula and the impact of House Bill No. 66 on tangible property tax revenue.

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, 2011. 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.

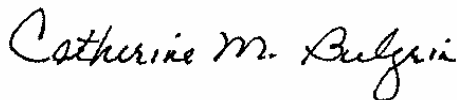
ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2011, to the Stow-Munroe Falls City School District. This award certifies that the Comprehensive Annual Financial Report substantially 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, 2012, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

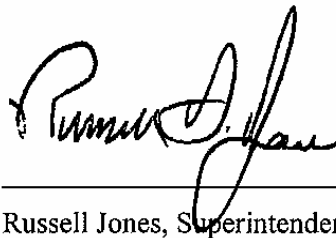
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Treasurer's Office staff. In addition, we acknowledge the outstanding services of our data processing department in meeting the vast informational requirements. Our consultant, 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, 2012

Board of Education

Karen Powers - President

Karen Wright - Vice President

Fred Bonacci

Richard Spangler

Rodney Armstrong

Superintendent

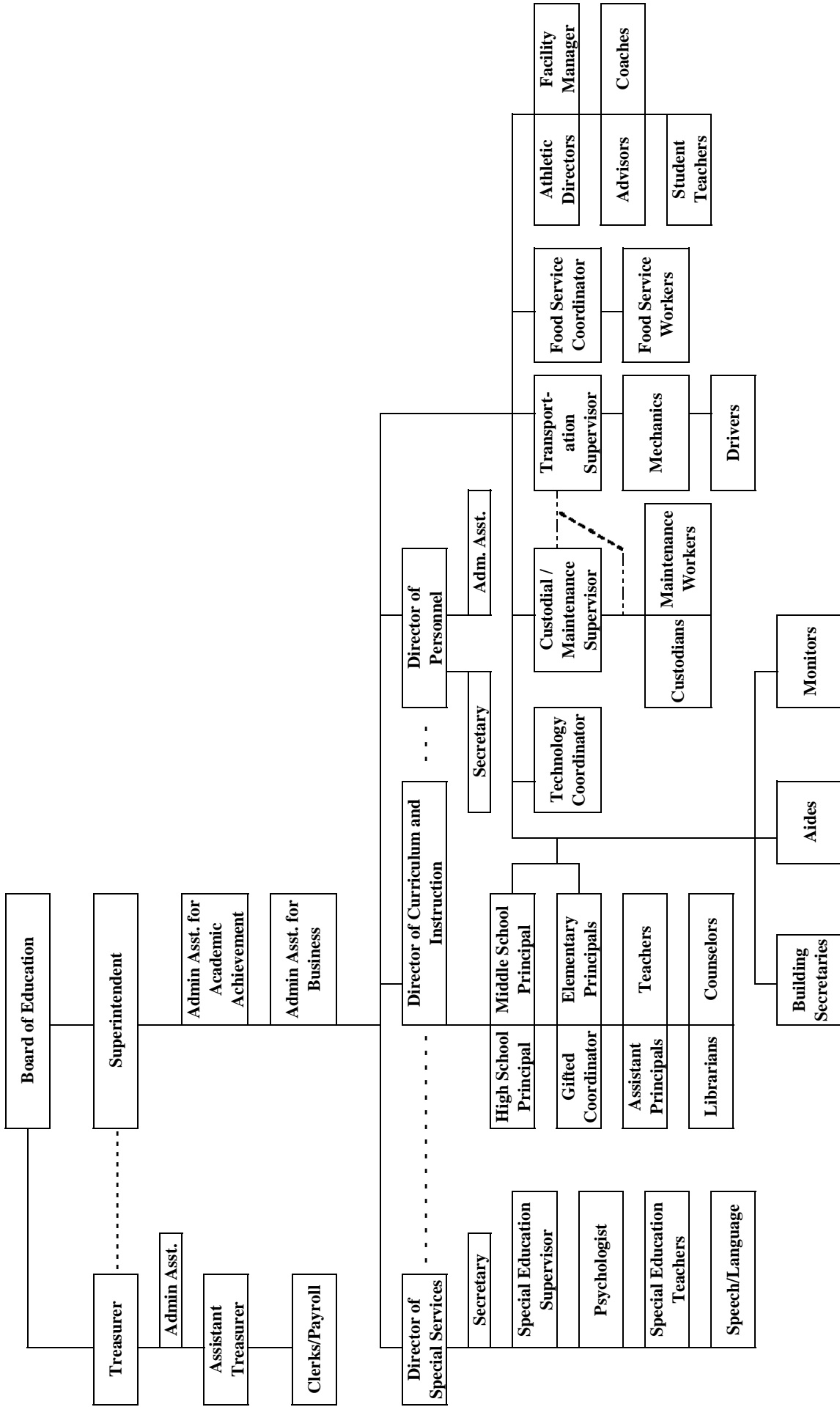
Dr. Russell Jones

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, 2011

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Association of School Business Officials International



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

Stow-Munroe Falls City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

THIS PAGE IS INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each 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, 2012, 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, each major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of June 30, 2012, 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 December 30, 2012, 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 statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

December 30, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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, 2012. 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 2012 are as follows:

- In total, net assets of governmental activities increased \$2,494,764, which represents a 10.88% increase from 2011 net assets.
- General revenues accounted for \$49,685,999 in revenue or 87.45% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7,128,480 or 12.55% of total revenues of \$56,814,479.
- The District had \$54,319,715 in expenses related to governmental activities; \$7,128,480 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 \$49,685,999 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$52,669,602 in revenues and other financing sources and \$49,964,433 in expenditures. During fiscal year 2012, the general fund's fund balance increased \$2,705,169 from a balance of \$12,274,737 to \$14,979,906.

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 2012?" 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, 2012
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 24. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 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, 2012
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 2012 and 2011.

	Net Assets	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<u>Assets</u>		
Current and other assets	\$ 52,402,388	\$ 45,124,568
Capital assets, net	<u>15,998,090</u>	<u>16,279,508</u>
Total assets	<u>68,400,478</u>	<u>61,404,076</u>
<u>Liabilities</u>		
Current liabilities	36,231,118	31,261,763
Long-term liabilities	<u>6,751,592</u>	<u>7,219,309</u>
Total liabilities	<u>42,982,710</u>	<u>38,481,072</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	13,352,253	13,326,998
Restricted	201,134	429,712
Unrestricted	<u>11,864,381</u>	<u>9,166,294</u>
Total net assets	<u>\$ 25,417,768</u>	<u>\$ 22,923,004</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$25,417,768. Of this total, \$201,134 is restricted in use.

At year-end, capital assets represented 23.39% 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, 2012, were \$13,352,253. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Current assets of the District increased in fiscal year 2012 because the District's voters approved a 6.57 mill emergency levy in November 2011. This caused the taxes receivable amount to increase. This also caused a corresponding increase in unearned revenue, which accounts for the increase in current liabilities over fiscal year 2011.

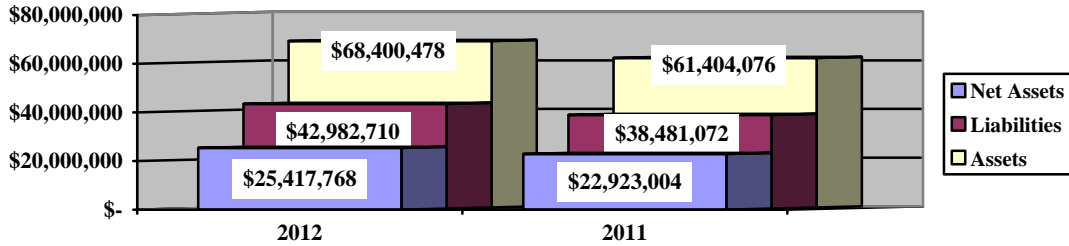
A portion of the District's net assets, \$201,134, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$11,864,381.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The graph below illustrates the District assets, liabilities and net assets at June 30, 2012 and 2011:

Governmental Activities



The table below shows the changes in net assets for fiscal year 2012 and 2011.

Change in Net Assets

	Governmental Activities 2012	Governmental Activities 2011
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,618,083	\$ 3,702,367
Operating grants and contributions	3,510,397	5,902,195
General revenues:		
Property taxes	31,151,905	29,688,132
Payments in lieu of taxes	219,623	62,280
Grants and entitlements	18,068,848	18,641,456
Investment earnings	51,581	60,285
Miscellaneous	194,042	152,262
Total revenues	56,814,479	58,208,977

-- continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Change in Net Assets (Continued)	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 24,818,358	\$ 26,866,739
Special	4,578,782	5,529,916
Vocational	1,594,810	1,602,735
Other	795,323	265,404
Support services:		
Pupil	2,924,738	3,048,577
Instructional staff	2,099,634	2,366,096
Board of education	554,243	373,274
Administration	3,386,624	3,591,133
Fiscal	1,472,498	1,304,844
Business	80,341	47,052
Operations and maintenance	5,042,203	5,327,855
Pupil transportation	3,412,539	3,105,971
Central	616,663	632,010
Operations of non-instructional services:		
Food service operations	1,269,711	1,313,065
Other non-instructional services	351,300	338,433
Extracurricular activities	1,201,505	1,240,678
Interest and fiscal charges	<u>120,443</u>	<u>130,192</u>
Total expenses	<u>54,319,715</u>	<u>57,083,974</u>
Change in net assets	2,494,764	1,125,003
Net assets at beginning of year	<u>22,923,004</u>	<u>21,798,001</u>
Net assets at end of year	<u>\$ 25,417,768</u>	<u>\$ 22,923,004</u>

Governmental Activities

Net assets of the District's governmental activities increased \$2,494,764. Total governmental expenses of \$54,319,715 were offset by program revenues of \$7,128,480 and general revenues of \$49,685,999. Program revenues supported 13.12% 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, 2012
UNAUDITED**

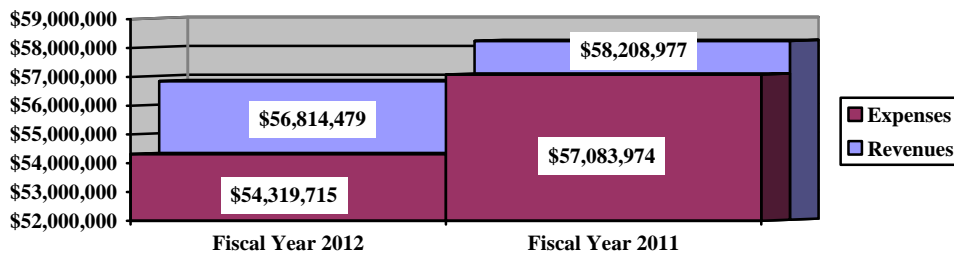
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 86.63% of total governmental revenue.

In fiscal 2012, the operating grants and contributions program revenue category decreased \$2,391,798. This is due to the end of Federal Stimulus grants after fiscal year 2011. Additionally, tax revenue increased approximately \$1,463,773 primarily due to the District beginning to collect on the 6.57 mill emergency levy approved in November 2011. Unrestricted grants and entitlements decreased due to decreased property tax reimbursements received from the State.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$31,787,273 or 58.52% of total governmental expenses for fiscal 2012. Expenses decreased \$2,764,259, mainly due to reductions in staffing.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2012 and 2011.

Governmental Activities - Revenues and Expenses



As can be seen in the chart above, revenues decreased but they still exceeded decreased expenses. Revenues decreased by 2.40% while expenses decreased 4.85%. As a result, net assets increased \$2,494,764 during fiscal year 2012.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2012 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
Governmental Activities				
Program expenses				
Instruction:				
Regular	\$ 24,818,358	\$ 22,208,477	\$ 26,866,739	\$ 22,908,288
Special	4,578,782	3,366,617	5,529,916	3,778,440
Vocational	1,594,810	1,345,921	1,602,735	1,383,279
Other	795,323	794,877	265,404	265,315
Support services:				
Pupil	2,924,738	2,375,335	3,048,577	2,368,415
Instructional staff	2,099,634	2,065,461	2,366,096	2,300,436
Board of education	554,243	554,243	373,274	325,788
Administration	3,386,624	3,261,707	3,591,133	3,350,334
Fiscal	1,472,498	1,472,498	1,304,844	1,304,844
Business	80,341	80,341	47,052	47,052
Operations and maintenance	5,042,203	5,001,008	5,327,855	5,258,261
Pupil transportation	3,412,539	3,277,643	3,105,971	2,921,332
Central	616,663	616,663	632,010	430,056
Operations of non-instructional services:				
Food service operations	1,269,711	(12,348)	1,313,065	17,533
Other non-instructional services	351,300	(28,865)	338,433	(42,146)
Extracurricular activities	1,201,505	691,214	1,240,678	731,993
Interest and fiscal charges	<u>120,443</u>	<u>120,443</u>	<u>130,192</u>	<u>130,192</u>
Total expenses	<u>\$ 54,319,715</u>	<u>\$ 47,191,235</u>	<u>\$ 57,083,974</u>	<u>\$ 47,479,412</u>

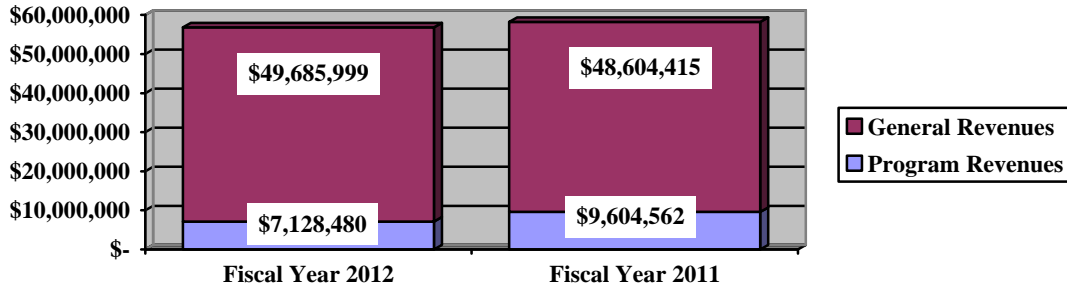
The dependence upon tax and other general revenues for governmental activities is apparent, 87.19% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.88%. The District's taxpayers and unrestricted grants and 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, 2012
UNAUDITED

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.

Governmental Activities - General and Program Revenues



General revenues increased \$1,081,584 or 2.23% from fiscal 2011 to 2012 and program revenues decreased \$2,476,082 or 25.78% from 2011 to 2012. The changes in governmental activities revenues are discussed on page 22.

The District's Funds

The District's governmental funds reported a combined fund balance of \$15,186,337, which is greater than last year's total of \$12,840,725. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	Fund Balance <u>June 30, 2012</u>	Fund Balance <u>June 30, 2011</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 14,979,906	\$ 12,274,737	\$ 2,705,169	22.04 %
Other Governmental	<u>206,431</u>	<u>565,988</u>	<u>(359,557)</u>	(63.53) %
Total	<u>\$ 15,186,337</u>	<u>\$ 12,840,725</u>	<u>\$ 2,345,612</u>	18.27 %

General Fund

The District's general fund balance increased \$2,705,169. Revenues increased from the prior year by \$1,484,902, or 2.91%, while expenditures decreased \$688,574, or 1.36%, 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, 2012
UNAUDITED

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

	<u>2012</u>	<u>2011</u>	<u>Increase</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>	<u>Change</u>
<u>Revenues</u>				
Taxes	\$ 30,766,033	\$ 28,871,222	\$ 1,894,811	6.56 %
Earnings on investments	54,688	64,627	(9,939)	(15.38) %
Intergovernmental	18,824,002	19,359,217	(535,215)	(2.76) %
Other revenues	<u>3,023,581</u>	<u>2,888,336</u>	<u>135,245</u>	4.68 %
Total	<u>\$ 52,668,304</u>	<u>\$ 51,183,402</u>	<u>\$ 1,484,902</u>	2.90 %
<u>Expenditures</u>				
Instruction	\$ 30,175,518	\$ 30,745,356	\$ (569,838)	(1.85) %
Support services	18,721,784	18,648,401	73,383	0.39 %
Non-instructional services	20,850	-	20,850	100.00 %
Extracurricular activities	831,016	869,655	(38,639)	(4.44) %
Facilities acquisition and construction	73,609	249,439	(175,830)	(70.49) %
Debt service	<u>141,656</u>	<u>140,156</u>	<u>1,500</u>	1.07 %
Total	<u>\$ 49,964,433</u>	<u>\$ 50,653,007</u>	<u>\$ (688,574)</u>	(1.36) %

Tax revenue increased due to the passage of a 6.57 mill emergency levy in November 2011. The decrease in intergovernmental revenue can be attributed to a decrease in property tax reimbursements received from the State. The increase in "other revenues" was due to an increase in open enrollment revenue and pay to play fees during fiscal year 2012.

The decrease in instruction expenditures is the result of reductions in staffing. Instruction and support service expenditures totaled \$48,897,302 or 97.87% of total general fund expenditures for fiscal year 2012.

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 2012, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$50,033,391 and final budgeted revenues and other financing sources were \$53,097,553. Actual revenues and other financing sources for fiscal 2012 was \$53,127,230. This was \$29,677 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. The budget variance between the original budget and final budget can be attributed to the passage of a 6.57 mill emergency levy in November 2011. This occurred after the original budget was prepared.

General fund original appropriations (appropriated expenditures including other financing uses) of \$63,096,016 were unchanged in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$52,241,383, which was \$10,854,633 less than the final budgeted appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2012, the District had \$15,998,090 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 2012 balances compared to 2011:

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

	Governmental Activities	
	2012	2011
Land	\$ 563,915	\$ 563,915
Land improvements	2,364,857	2,025,621
Building and improvements	9,470,610	9,829,990
Furniture and equipment	1,946,034	2,061,599
Vehicles	1,652,674	1,798,383
Total	\$ 15,998,090	\$ 16,279,508

Total additions to capital assets for fiscal year 2012 were \$823,475 and total disposals were \$22,155 (net of accumulated depreciation). Depreciation expense recorded for the fiscal year totaled \$1,082,738.

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

Debt Administration

At June 30, 2012, the District had \$2,635,000 in general obligation bonds outstanding. Of this total, \$260,000 is due within one year and \$2,375,000 is due in greater than one year. The following table summarizes the bond obligations outstanding.

Outstanding Bonds, at Year End

	Governmental Activities	Governmental Activities
	2012	2011
General obligation bonds	\$ 2,635,000	\$ 2,885,000
Total	\$ 2,635,000	\$ 2,885,000

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, 2012
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 153 speeds up the phase out of the tangible personal property tax reimbursement received from the State. This phase out led to the District losing approximately \$975,000 from fiscal year 2011 to fiscal year 2012. The District estimates losing an additional \$647,000 in reimbursements in fiscal year 2013 compared to fiscal year 2012. 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

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

STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 17,279,153
Receivables:	
Taxes	34,481,679
Accounts	5,082
Intergovernmental	445,929
Accrued interest	7,471
Materials and supplies inventory	132,882
Unamortized bond issuance costs	50,192
Capital assets:	
Land	563,915
Depreciable capital assets, net	15,434,175
Capital assets, net	<u>15,998,090</u>
 Total assets	 <u>68,400,478</u>
Liabilities:	
Accounts payable	494,525
Accrued wages and benefits	4,065,509
Pension obligation payable	1,119,368
Intergovernmental payable	260,659
Accrued interest payable	9,457
Unearned revenue	30,281,600
Long-term liabilities:	
Due within one year	729,204
Due in more than one year	6,022,388
 Total liabilities	 <u>42,982,710</u>
Net assets:	
Invested in capital assets, net of related debt	13,352,253
Restricted for:	
Locally funded programs	23,389
State funded programs	94,736
Federally funded programs	10,410
Student activities	72,599
Unrestricted	<u>11,864,381</u>
 Total net assets	 <u>\$ 25,417,768</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 24,818,358	\$ 1,811,441	\$ 798,440	\$ (22,208,477)
Special	4,578,782	327,324	884,841	(3,366,617)
Vocational	1,594,810	38,893	209,996	(1,345,921)
Other	795,323	-	446	(794,877)
Support services:				
Pupil.	2,924,738	190,827	358,576	(2,375,335)
Instructional staff	2,099,634	-	34,173	(2,065,461)
Board of education	554,243	-	-	(554,243)
Administration.	3,386,624	-	124,917	(3,261,707)
Fiscal.	1,472,498	-	-	(1,472,498)
Business.	80,341	-	-	(80,341)
Operations and maintenance	5,042,203	41,195	-	(5,001,008)
Pupil transportation.	3,412,539	-	134,896	(3,277,643)
Central	616,663	-	-	(616,663)
Operation of non-instructional services:				
Food service operations	1,269,711	713,955	568,104	12,348
Other non-instructional services	351,300	-	380,165	28,865
Extracurricular activities	1,201,505	494,448	15,843	(691,214)
Interest and fiscal charges	120,443	-	-	(120,443)
Total governmental activities	\$ 54,319,715	\$ 3,618,083	\$ 3,510,397	(47,191,235)

General revenues:	
Property taxes levied for:	
General purposes	30,625,517
Capital outlay.	526,388
Payments in lieu of taxes.	219,623
Grants and entitlements not restricted to specific programs	18,068,848
Investment earnings	51,581
Miscellaneous	194,042
Total general revenues	49,685,999
Change in net assets	2,494,764
Net assets at beginning of year.	22,923,004
Net assets at end of year	\$ 25,417,768

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 15,678,917	\$ 1,600,236	\$ 17,279,153
Receivables:			
Taxes	33,940,302	541,377	34,481,679
Accounts	5,082	-	5,082
Intergovernmental	44,079	401,850	445,929
Accrued interest	7,471	-	7,471
Interfund loans	1,227,439	-	1,227,439
Materials and supplies inventory	69,883	62,999	132,882
Total assets	<u>\$ 50,973,173</u>	<u>\$ 2,606,462</u>	<u>\$ 53,579,635</u>
Liabilities:			
Accounts payable	\$ 157,825	\$ 336,700	\$ 494,525
Accrued wages and benefits	3,909,739	155,770	4,065,509
Compensated absences payable	40,463	-	40,463
Pension obligation payable	1,073,538	45,830	1,119,368
Intergovernmental payable	227,310	33,349	260,659
Interfund loans payable	-	1,227,439	1,227,439
Deferred revenue	778,934	124,801	903,735
Unearned revenue	29,805,458	476,142	30,281,600
Total liabilities	<u>35,993,267</u>	<u>2,400,031</u>	<u>38,393,298</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	69,883	62,999	132,882
Unclaimed monies	35,364	-	35,364
Restricted:			
Non-public schools	-	119,530	119,530
Special education	-	14,392	14,392
Extracurricular	-	72,599	72,599
Other purposes	-	23,781	23,781
Committed:			
Student instruction	14,880	-	14,880
Capital improvements	-	46,426	46,426
Student and staff support	225,742	-	225,742
Facilities acquisition and construction	201,972	-	201,972
Assigned:			
Student instruction	424,161	-	424,161
Student and staff support	652,239	-	652,239
Extracurricular activities	8,008	-	8,008
Facilities acquisition and construction	6,425	-	6,425
School supplies	58,679	-	58,679
Subsequent year's appropriations	13,263,878	-	13,263,878
Other purposes	18,675	-	18,675
Unassigned (deficit)	-	(133,296)	(133,296)
Total fund balances	<u>14,979,906</u>	<u>206,431</u>	<u>15,186,337</u>
Total liabilities and fund balances	<u>\$ 50,973,173</u>	<u>\$ 2,606,462</u>	<u>\$ 53,579,635</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, 2012

Total governmental fund balances		\$ 15,186,337
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,998,090
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 740,681	
Accrued interest receivable	5,485	
Intergovernmental receivable	157,569	
Total	903,735	
Unamortized premiums are not recognized in the funds.		(61,029)
Unamortized bond issuance costs are not recognized in the funds.		50,192
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(9,457)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	2,635,000	
Compensated absences	4,015,100	
Total	(6,650,100)	
Net assets of governmental activities		\$ 25,417,768

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, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 30,766,033	\$ 532,711	\$ 31,298,744
Tuition	2,032,784	-	2,032,784
Earnings on investments	54,688	450	55,138
Charges for services	-	713,955	713,955
Extracurricular	453,471	253,434	706,905
Classroom materials and fees	119,302	-	119,302
Other local revenues	418,024	50,240	468,264
Intergovernmental - intermediate	14,667	218	14,885
Intergovernmental - state	18,759,116	459,468	19,218,584
Intergovernmental - federal	50,219	2,179,961	2,230,180
Total revenues	<u>52,668,304</u>	<u>4,190,437</u>	<u>56,858,741</u>
Expenditures:			
Current:			
Instruction:			
Regular	23,638,299	819,336	24,457,635
Special	4,202,059	367,381	4,569,440
Vocational	1,567,281	35,182	1,602,463
Other	767,879	444	768,323
Support services:			
Pupil	2,614,924	356,501	2,971,425
Instructional staff	2,040,349	34,207	2,074,556
Board of education	554,243	-	554,243
Administration	3,263,766	124,169	3,387,935
Fiscal	1,472,844	13,959	1,486,803
Business	80,341	-	80,341
Operations and maintenance	4,835,545	-	4,835,545
Pupil transportation	3,229,801	11,500	3,241,301
Central	629,971	-	629,971
Operation of non-instructional services:			
Food service operations	-	1,261,373	1,261,373
Other non-instructional services	20,850	347,531	368,381
Extracurricular activities	831,016	290,524	1,121,540
Facilities acquisition and construction	73,609	655,845	729,454
Debt service:			
Principal retirement	90,000	160,000	250,000
Interest and fiscal charges	51,656	70,744	122,400
Total expenditures	<u>49,964,433</u>	<u>4,548,696</u>	<u>54,513,129</u>
Excess of revenues over expenditures	<u>2,703,871</u>	<u>(358,259)</u>	<u>2,345,612</u>
Other financing sources (uses):			
Transfers in	1,298	-	1,298
Transfers (out)	-	(1,298)	(1,298)
Total other financing sources (uses)	<u>1,298</u>	<u>(1,298)</u>	<u>-</u>
Net change in fund balances	2,705,169	(359,557)	2,345,612
Fund balances at beginning of year	<u>12,274,737</u>	<u>565,988</u>	<u>12,840,725</u>
Fund balances at end of year	<u>\$ 14,979,906</u>	<u>\$ 206,431</u>	<u>\$ 15,186,337</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, 2012

Net change in fund balances - total governmental funds \$ 2,345,612

*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 outlays in the current period.

Capital asset additions	\$	823,475	
Current year depreciation		(1,082,738)	
Total			(259,263)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.

(22,155)

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

Taxes		(146,839)	
Interest		(3,107)	
Intergovernmental		127,839	
Total			(22,107)

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

250,000

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

Decrease in accrued interest payable		806	
Amortization of bond issuance costs		(5,330)	
Amortization of bond premiums		6,481	
Total			1,957

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

200,720

Change in net assets of governmental activities \$ 2,494,764

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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 29,027,676	\$ 30,805,398	\$ 30,822,616	\$ 17,218
Tuition.	1,914,406	2,031,648	2,032,784	1,136
Earnings on investments	53,563	56,843	56,875	32
Extracurricular.	224,880	238,655	238,787	132
Other local revenues	364,621	386,951	387,167	216
Intergovernmental - intermediate	13,813	14,659	14,667	8
Intergovernmental - state	17,666,688	18,748,637	18,759,116	10,479
Intergovernmental - federal	47,295	50,191	50,219	28
Total revenues	<u>49,312,942</u>	<u>52,332,982</u>	<u>52,362,231</u>	<u>29,249</u>
Expenditures:				
Current:				
Instruction:				
Regular	28,856,815	28,856,815	23,892,473	4,964,342
Special.	5,210,220	5,210,220	4,313,887	896,333
Vocational.	1,862,363	1,862,363	1,541,974	320,389
Other.	862,148	862,148	713,830	148,318
Support services:				
Pupil.	2,979,870	2,979,870	2,467,232	512,638
Instructional staff	2,568,241	2,568,241	2,126,417	441,824
Board of education	732,361	732,361	606,370	125,991
Administration.	3,968,436	3,968,436	3,285,732	682,704
Fiscal	1,474,296	1,474,296	1,220,668	253,628
Business	98,272	98,272	81,366	16,906
Operations and maintenance.	6,328,824	6,328,824	5,240,054	1,088,770
Pupil transportation	3,971,422	3,971,422	3,288,204	683,218
Central.	784,034	784,034	649,154	134,880
Other non-instructional services	25,182	25,182	20,850	4,332
Extracurricular activities.	1,006,950	1,006,950	833,721	173,229
Facilities acquisition and construction.	318,561	318,561	263,758	54,803
Debt service:				
Principal retirement.	108,700	108,700	90,000	18,700
Interest and fiscal charges	62,389	62,389	51,656	10,733
Total expenditures	<u>61,219,084</u>	<u>61,219,084</u>	<u>50,687,346</u>	<u>10,531,738</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(11,906,142)</u>	<u>(8,886,102)</u>	<u>1,674,885</u>	<u>10,560,987</u>
Other financing sources (uses):				
Refund of prior year's expenditures	7,728	8,201	8,206	5
Refund of prior year's receipts.	(359,949)	(359,949)	(298,026)	61,923
Transfers in	1,222	1,297	1,298	1
Transfers (out).	(34,509)	(34,509)	(28,572)	5,937
Advances in.	695,547	738,144	738,557	413
Advances (out)	(1,482,474)	(1,482,474)	(1,227,439)	255,035
Sale of assets	15,952	16,929	16,938	9
Total other financing sources (uses)	<u>(1,156,483)</u>	<u>(1,112,361)</u>	<u>(789,038)</u>	<u>323,323</u>
Net change in fund balance	(13,062,625)	(9,998,463)	885,847	10,884,310
Fund balance at beginning of year.	12,308,497	12,308,497	12,308,497	-
Prior year encumbrances appropriated	754,128	754,128	754,128	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,064,162</u>	<u>\$ 13,948,472</u>	<u>\$ 10,884,310</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, 2012

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 2,953	\$ 130,000
Receivables:		
Accounts	-	370
Total assets.	2,953	\$ 130,370
Liabilities:		
Accounts payable.	-	\$ 1,153
Due to students.	-	129,217
Total liabilities	-	\$ 130,370
Net assets:		
Held in trust for scholarships	2,953	
Total net assets	\$ 2,953	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 7
Deductions:	
Scholarships awarded	1,574
Change in net assets.	(1,567)
Net assets at beginning of year	4,520
Net assets at end of year.	\$ 2,953

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, 2012

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 239 full-time and part-time non-certified employees, 352 certified teaching personnel and 28 administrators. The District provides services to 5,486 students and other community members.

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

RELATED ORGANIZATION

Stow-Munroe Falls Public Library

The Stow-Munroe Falls Public Library (the "Library") is a related organization to the District. The District's Board of Education is responsible for appointing all the trustees of the Library; however, the District's Board of Education cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District serves as the taxing authority and may issue tax related debt on behalf of the Library, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during the fiscal year 2012.

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

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

The Council employs an Executive Director who works cooperatively with a seven-member Board of Directors consisting of four superintendents, the ESC superintendent, one member of the treasurers' committee and one member of the technology committee. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors, who exercises total control over the operation of NEOnet including budgeting, appropriating, contracting and designating management. All revenues are generated from State funding and an annual fee per student to participating districts. The Metropolitan Regional Services Council and NEOnet are located at 700 Graham Road, Cuyahoga Falls, Ohio 44221. During the current fiscal year, the District contributed \$186,386 to NEOnet.

Six District Educational Compact

The Six District Educational Compact is a jointly governed organization to provide for the vocational and special education needs of the students of six participating school districts. The six member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. The District paid \$291,863 to the Six District Educational Compact for services during fiscal year 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 2012, the District paid \$268,490 to the Council. Financial information can be obtained by contacting David Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

PUBLIC ENTITY RISK POOL

Stark County Schools Council of Government Health Benefits Program

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

Ohio School Boards Association Workers' Compensation Group Rating Program

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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, 2012

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, 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, 2012

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, 2012, but which were levied to finance fiscal year 2013 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, 2012, 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 the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budgeted revenues in the budgetary statements reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted revenues in the budgetary statement reflect the amounts in the amended certificate of estimated resources that was in effect at the time the final appropriations were passed by the Board of Education. The amounts reported as the original budgeted expenditures reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditures represent the final appropriation amounts passed by the Board during the year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 2012, investments were limited to federal agency securities, U.S. Treasury money market funds, negotiable certificates of deposit, a repurchase agreement and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2012. 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, 2012.

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 2012 amounted to \$54,688 which includes \$6,545 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/expensed when used. Inventories are accounted for using the consumption method.

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

H. Capital Assets

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. 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 2012. 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, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

N. Net Assets

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

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

O. Interfund Activity

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

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 2012, the District did not incur any transactions that would be classified as an extraordinary item or special item.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Q. Unamortized Bond Issuance Costs and Bond Premiums

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

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

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

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title I	\$ 79,094
Improving teacher quality	4,622

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012

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, 2012, the carrying amount of all District deposits was \$1,461,421, exclusive of the repurchase agreement reported below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, all of the District's bank balance of \$2,802,837 was covered by the FDIC.

C. Investments

As of June 30, 2012, 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	\$ 933,860	\$ 164,992	\$ 768,868	\$ -	\$ -	\$ -
FHLMC	402,354	350,406	-	-	51,948	-
FHLB	1,287,729	240,173	-	942,618	104,938	-
FNMA	1,942,261	260,213	102,351	329,436	103,969	1,146,292
Negotiable CDs	1,368,469	493,255	735,358	139,856	-	-
STAR Ohio	3,178,416	3,178,416	-	-	-	-
Repurchase agreement	6,825,000	6,825,000	-	-	-	-
U.S. Treasury money market	11,546	11,546	-	-	-	-
	<u>\$ 15,949,635</u>	<u>\$ 11,524,001</u>	<u>\$ 1,606,577</u>	<u>\$ 1,411,910</u>	<u>\$ 260,855</u>	<u>\$ 1,146,292</u>

The weighted average maturity of investments is 0.48 years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

Concentration of Credit Risk: The District's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2012:

<u>Investment type</u>	<u>Fair value</u>	<u>% of Total</u>
FHLMC DN	\$ 933,860	5.86
FHLMC	402,354	2.52
FHLB	1,287,729	8.07
FNMA	1,942,261	12.18
Negotiable CDs	1,368,469	8.58
STAR Ohio	3,178,416	19.93
Repurchase agreement	6,825,000	42.79
U.S. Treasury money market	11,546	0.07
	<u>\$ 15,949,635</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,461,421
Investments	15,949,635
Cash on hand	<u>1,050</u>
Total	<u>\$ 17,412,106</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 17,279,153
Private-purpose trust fund	2,953
Agency fund	<u>130,000</u>
Total	<u>\$ 17,412,106</u>

NOTE 4 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 1,227,439</u>

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

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

- B.** Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

Transfers from nonmajor governmental funds to:	<u>Amount</u>
General	<u>\$ 1,298</u>

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

The transfer to the general fund was a residual equity transfer performed to close several special cost centers in the other grants fund, a nonmajor governmental fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 - INTERFUND TRANSACTIONS - (Continued)

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

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

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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.

The District receives property taxes from Summit and Portage Counties. The County Fiscal Officer and County Auditor periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$3,405,474 in the general fund and \$53,924 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$3,462,057 in the general fund and \$71,095 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 5 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 980,064,930	99.08	\$ 900,379,310	98.89
Public utility personal	<u>9,174,500</u>	<u>0.92</u>	<u>10,175,270</u>	<u>1.11</u>
Total	<u>\$ 989,239,430</u>	<u>100.00</u>	<u>\$ 910,554,580</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 45.05		\$ 53.24	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2012 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	\$ 34,481,679
Accounts	5,082
Intergovernmental:	
IDEA part B grant	196,166
Title II-D	3,734
Title I	169,710
IDEA preschool-handicapped	11,464
SERS refund	10,056
Medicaid	34,023
Improving teacher quality grant	<u>20,776</u>
Total intergovernmental	445,929
Accrued interest	<u>7,471</u>
Total receivables	<u>\$ 34,940,161</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, 2012

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>06/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/12</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	2,532,070	466,260	-	2,998,330
Buildings and improvements	30,458,336	189,678	-	30,648,014
Furniture, fixtures and equipment	4,141,283	85,010	-	4,226,293
Vehicles	<u>4,302,929</u>	<u>82,527</u>	<u>(504,955)</u>	<u>3,880,501</u>
Total capital assets, being depreciated	<u>41,434,618</u>	<u>823,475</u>	<u>(504,955)</u>	<u>41,753,138</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(506,449)	(127,024)	-	(633,473)
Buildings and improvements	(20,628,346)	(549,058)	-	(21,177,404)
Furniture, fixtures and equipment	(2,079,684)	(200,575)	-	(2,280,259)
Vehicles	<u>(2,504,546)</u>	<u>(206,081)</u>	<u>482,800</u>	<u>(2,227,827)</u>
Total accumulated depreciation	<u>(25,719,025)</u>	<u>(1,082,738)</u>	<u>482,800</u>	<u>(26,318,963)</u>
Governmental activities capital assets, net	<u>\$ 16,279,508</u>	<u>\$ (259,263)</u>	<u>\$ (22,155)</u>	<u>\$ 15,998,090</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 463,531
Special	3,731
Vocational	2,435
<u>Support services:</u>	
Pupil	560
Instructional staff	18,465
Administration	3,949
Fiscal	1,236
Operations and maintenance	275,520
Pupil transportation	219,886
Other non-instructional services	2,550
Extracurricular activities	81,544
Food service operations	<u>9,331</u>
Total depreciation expense	<u>\$ 1,082,738</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 8 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2012, the following changes occurred in the governmental activities long-term obligations.

	<u>Balance 06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/12</u>	<u>Amounts Due in One Year</u>
Governmental activities:					
<u>General obligation bonds</u>					
2006 bus acquisition/energy conservation, 4.00-5.00%	\$ 2,885,000	\$ -	\$ (250,000)	\$ 2,635,000	\$ 260,000
Total general obligation bonds	<u>2,885,000</u>	<u>-</u>	<u>(250,000)</u>	<u>2,635,000</u>	<u>260,000</u>
<u>Other obligations:</u>					
Compensated absences	<u>4,266,799</u>	<u>263,969</u>	<u>(475,205)</u>	<u>4,055,563</u>	<u>469,204</u>
Total other obligations	<u>4,266,799</u>	<u>263,969</u>	<u>(475,205)</u>	<u>4,055,563</u>	<u>469,204</u>
Total governmental activities long-term obligations	<u>\$ 7,151,799</u>	<u>\$ 263,969</u>	<u>\$ (725,205)</u>	6,690,563	<u>\$ 729,204</u>
				<u>61,029</u>	
				<u>\$ 6,751,592</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 Year Ending</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 260,000	\$ 112,200	\$ 372,200
2014	265,000	101,369	366,369
2015	280,000	88,737	368,737
2016	295,000	74,362	369,362
2017	310,000	59,237	369,237
2018 - 2022	<u>1,225,000</u>	<u>133,824</u>	<u>1,358,824</u>
Total	<u>\$ 2,635,000</u>	<u>\$ 569,729</u>	<u>\$ 3,204,729</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, IDEA Part B grants, Title I disadvantaged children, 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, 2012, are a voted debt margin of \$79,314,912 and an unvoted debt margin of \$910,555.

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 2011.

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

The District has contracted with Stark County Schools Council of Government (the "Consortium") to provide medical/surgical, dental, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The Consortium is a shared risk pool comprised of sixty-five members. The members pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating entities and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$500,000 per individual and a maximum aggregate stop-loss coverage liability of \$178,787,124.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9 - RISK MANAGEMENT - (Continued)

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

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

	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 86,996,330	\$ 89,702,252
Actuarial liabilities	15,897,000	13,719,000

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".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$990,768, \$953,972 and \$1,039,686, respectively; 66.27 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements.

B. State Teachers Retirement System of Ohio

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - PENSION PLANS - (Continued)

Funding Policy - For fiscal year 2012, 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, 2012, 2011 and 2010 were \$3,110,483, \$3,359,040 and \$3,192,216, respectively; 84.00 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements. Contributions to the DC and Combined Plans for fiscal year 2012 were \$101,706 made by the District and \$72,647 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, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the 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".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 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 2012, 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, 2012, 2011 and 2010 were \$164,312, \$238,738 and \$159,445, respectively; 66.27 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$58,510, \$61,390 and \$61,828, respectively; 66.27 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements.

B. State Teachers Retirement System of Ohio

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2012, 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, 2012, 2011 and 2010 were \$239,268, \$258,388 and \$245,555, respectively; 84.00 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements.

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	\$ 885,847
Net adjustment for revenue accruals	(44,947)
Net adjustment for expenditure accruals	(275,748)
Net adjustment for other sources/uses	761,764
Funds budgeted elsewhere	(38,916)
Adjustment for encumbrances	1,417,169
GAAP basis	\$ 2,705,169

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

NOTE 13 - CONTINGENCIES

A. Grants and ADM

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

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, 2012

NOTE 14 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	942,547
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(606,856)
Excess qualified expenditures from prior years	-
Current year offsets	(623,129)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (287,438)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

NOTE 15 - OTHER COMMITMENTS

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

	<u>Year-End Encumbrances</u>
<u>Fund</u>	
General fund	\$ 1,355,324
Other governmental	<u>200,201</u>
Total	<u>\$ 1,555,525</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

MAJOR FUND

General Fund

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

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

Uniform School Supplies Fund

Section 3313.811, Revised Code

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

Special Services Rotary Fund

Section 5705.12, Revised Code

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

Internal Service Rotary Fund

Section 5705.12, Revised Code

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

Public School Support Fund

Section 5705.12, Revised Code

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

Unclaimed Monies Fund

Section 9.39, Revised Code

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Uniform School Supplies Fund</u>			
Total revenues and other financing sources	\$ 141,319	\$ 141,441	\$ 122
Total expenditures and other financing uses	<u>237,824</u>	<u>181,871</u>	<u>55,953</u>
Net change in fund balance	(96,505)	(40,430)	56,075
Fund balance at beginning of year	91,476	91,476	-
Prior year encumbrances appropriated	<u>5,029</u>	<u>5,029</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 56,075</u>	<u>\$ 56,075</u>
<u>Special Services Rotary Fund</u>			
Total revenues and other financing sources	\$ 25,572	\$ 25,572	\$ -
Total expenditures and other financing uses	<u>45,550</u>	<u>26,888</u>	<u>18,662</u>
Net change in fund balance	(19,978)	(1,316)	18,662
Fund balance at beginning of year	<u>19,978</u>	<u>19,978</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 18,662</u>	<u>\$ 18,662</u>
<u>Internal Service Rotary Fund</u>			
Total expenditures and other financing uses	<u>\$ 647</u>	<u>\$ 647</u>	<u>\$ -</u>
Net change in fund balance	(647)	(647)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>647</u>	<u>647</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, 2012

	<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	\$ 202,430	\$ 202,430	\$ -
Total expenditures and other financing uses	<u>393,900</u>	<u>291,339</u>	<u>102,561</u>
Net change in fund balance	(191,470)	(88,909)	102,561
Fund balance at beginning of year	179,752	179,752	-
Prior year encumbrances appropriated	<u>11,718</u>	<u>11,718</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 102,561</u>	<u>\$ 102,561</u>
<u>Unclaimed Monies Fund</u>			
Total revenues and other financing sources	\$ 10,878	\$ 10,878	\$ -
Total expenditures and other financing uses	<u>35,364</u>	<u>-</u>	<u>35,364</u>
Net change in fund balance	(24,486)	10,878	35,364
Fund balance at beginning of year	<u>24,486</u>	<u>24,486</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 35,364</u>	<u>\$ 35,364</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

Nonmajor Special Revenue Funds

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

Food Service Fund

Section 3313.81, Revised Code

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

Other Grants Fund

Section 5705.09, Revised Code

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

District Managed Activity Fund

Section 3313.062, Revised Code

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

Auxiliary Services Fund

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

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

Management Information Systems Fund

Current Budget Bill. appropriation line item 200-446

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

Entry Year Programs Fund

Section 3313.024, Revised Code

A fund used to assist in the implementation of entry-year programs pursuant to division (T) of section 3313.024 of the Ohio Revised Code.

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.

Education Jobs Fund

Catalog of Federal Domestic Assistance #84.410

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

IDEA Part B Grants Fund

Catalog of Federal Domestic Assistance #84.027

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

Title II-D - Technology Fund

Catalog of Federal Domestic Assistance #84.386

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

Title III Limited English Proficiency Fund

Catalog of Federal Domestic Assistance #84.365

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

Title I Disadvantaged Children Fund

Catalog of Federal Domestic Assistance #84.010

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

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

Nonmajor Special Revenue Funds - (Continued)

IDEA Preschool-Handicapped Fund

Catalog of Federal Domestic Assistance #84.173

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

Improving Teacher Quality Fund

Catalog of Federal Domestic Assistance #84.367

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

Nonmajor Capital Projects Fund

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

Permanent Improvement Fund

Section 5705.10, Revised Code

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 1,343,205	\$ 257,031	\$ 1,600,236
Receivables:			
Taxes	-	541,377	541,377
Intergovernmental	401,850	-	401,850
Materials and supplies inventory	62,999	-	62,999
Total assets.	<u>\$ 1,808,054</u>	<u>\$ 798,408</u>	<u>\$ 2,606,462</u>
Liabilities:			
Accounts payable.	\$ 72,171	\$ 264,529	\$ 336,700
Accrued wages and benefits	155,770	-	155,770
Pension obligation payable.	45,830	-	45,830
Intergovernmental payable	33,349	-	33,349
Interfund loans payable.	1,227,439	-	1,227,439
Deferred revenue	113,490	11,311	124,801
Unearned revenue	-	476,142	476,142
Total liabilities	<u>1,648,049</u>	<u>751,982</u>	<u>2,400,031</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	62,999	-	62,999
Restricted:			
Non-public schools.	119,530	-	119,530
Special education.	14,392	-	14,392
Extracurricular	72,599	-	72,599
Other purposes.	23,781	-	23,781
Committed:			
Capital improvements.	-	46,426	46,426
Unassigned (deficit).	<u>(133,296)</u>	<u>-</u>	<u>(133,296)</u>
Total fund balances	<u>160,005</u>	<u>46,426</u>	<u>206,431</u>
Total liabilities and fund balances.	<u>\$ 1,808,054</u>	<u>\$ 798,408</u>	<u>\$ 2,606,462</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, 2012

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ -	\$ 532,711	\$ 532,711
Earnings on investments	450	-	450
Charges for services	713,955	-	713,955
Extracurricular	253,434	-	253,434
Other local revenues	50,240	-	50,240
Intergovernmental - intermediate	-	218	218
Intergovernmental - state	386,440	73,028	459,468
Intergovernmental - federal	2,179,961	-	2,179,961
Total revenues	<u>3,584,480</u>	<u>605,957</u>	<u>4,190,437</u>
Expenditures:			
Current:			
Instruction:			
Regular	819,336	-	819,336
Special	367,381	-	367,381
Vocational	35,182	-	35,182
Other	444	-	444
Support services:			
Pupil	356,501	-	356,501
Instructional staff	34,207	-	34,207
Administration	124,169	-	124,169
Fiscal	-	13,959	13,959
Pupil transportation	11,500	-	11,500
Operation of non-instructional services:			
Food service operations	1,261,373	-	1,261,373
Other non-instructional services	347,531	-	347,531
Extracurricular activities	290,524	-	290,524
Facilities acquisition and construction	-	655,845	655,845
Debt service:			
Principal retirement	-	160,000	160,000
Interest and fiscal charges	-	70,744	70,744
Total expenditures	<u>3,648,148</u>	<u>900,548</u>	<u>4,548,696</u>
Excess of revenues over expenditures	<u>(63,668)</u>	<u>(294,591)</u>	<u>(358,259)</u>
Other financing uses:			
Transfers out	(1,298)	-	(1,298)
Total other financing uses	<u>(1,298)</u>	<u>-</u>	<u>(1,298)</u>
Net change in fund balances	(64,966)	(294,591)	(359,557)
Fund balances at beginning of year	<u>224,971</u>	<u>341,017</u>	<u>565,988</u>
Fund balances at end of year	<u>\$ 160,005</u>	<u>\$ 46,426</u>	<u>\$ 206,431</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>Food Service</u>	<u>Other Grants</u>	<u>District Managed Activity</u>	<u>Auxiliary Services</u>
Assets:				
Equity in pooled cash and investments	\$ 54,340	\$ 23,389	\$ 74,933	\$ 145,133
Receivables:				
Intergovernmental	-	-	-	-
Materials and supplies inventory	62,999	-	-	-
Total assets.	<u>\$ 117,339</u>	<u>\$ 23,389</u>	<u>\$ 74,933</u>	<u>\$ 145,133</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ 2,214	\$ 19,704
Accrued wages and benefits	67,684	-	-	4,023
Pension obligation payable.	32,366	-	-	1,532
Intergovernmental payable	3,870	-	120	344
Interfund loans payable.	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities.	<u>103,920</u>	<u>-</u>	<u>2,334</u>	<u>25,603</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	62,999	-	-	-
Restricted:				
Non-public schools.	-	-	-	119,530
Special education.	-	-	-	-
Extracurricular	-	-	72,599	-
Other purposes.	-	23,389	-	-
Unassigned (deficit).	(49,580)	-	-	-
Total fund balances (deficits)	<u>13,419</u>	<u>23,389</u>	<u>72,599</u>	<u>119,530</u>
Total liabilities and fund balances.	<u>\$ 117,339</u>	<u>\$ 23,389</u>	<u>\$ 74,933</u>	<u>\$ 145,133</u>

<u>Data Communication</u>	<u>IDEA Part B Grants</u>	<u>Title II-D Technology</u>	<u>Title III Limited English Proficiency</u>	<u>Title I Disadvantaged Children</u>	<u>IDEA Preschool- Handicapped</u>
\$ 27	\$ 383,354	\$ 3,736	\$ 1,069	\$ 596,248	\$ 2,093
-	196,166	3,734	-	169,710	11,464
-	-	-	-	-	-
<u>\$ 27</u>	<u>\$ 579,520</u>	<u>\$ 7,470</u>	<u>\$ 1,069</u>	<u>\$ 765,958</u>	<u>\$ 13,557</u>
\$ -	\$ 5,414	\$ -	\$ -	\$ 42,858	\$ -
-	11,143	-	-	66,079	-
-	3,104	-	-	7,866	-
-	24,828	-	-	3,823	-
-	520,803	3,736	704	626,926	11,675
-	-	3,734	-	97,500	1,718
-	565,292	7,470	704	845,052	13,393
-	-	-	-	-	-
-	-	-	-	-	-
-	14,228	-	-	-	164
-	-	-	-	-	-
27	-	-	365	-	-
-	-	-	-	(79,094)	-
27	14,228	-	365	(79,094)	164
<u>\$ 27</u>	<u>\$ 579,520</u>	<u>\$ 7,470</u>	<u>\$ 1,069</u>	<u>\$ 765,958</u>	<u>\$ 13,557</u>

- continued

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

COMBINING BALANCE SHEET (CONCLUDED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>Improving Teacher Quality</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:		
Equity in pooled cash and investments	\$ 58,883	\$ 1,343,205
Receivables:		
Intergovernmental	20,776	401,850
Materials and supplies inventory	-	62,999
	<hr/>	<hr/>
Total assets.	<u>\$ 79,659</u>	<u>\$ 1,808,054</u>
Liabilities:		
Accounts payable.	\$ 1,981	\$ 72,171
Accrued wages and benefits	6,841	155,770
Pension obligation payable.	962	45,830
Intergovernmental payable	364	33,349
Interfund loans payable.	63,595	1,227,439
Deferred revenue	10,538	113,490
	<hr/>	<hr/>
Total liabilities.	<u>84,281</u>	<u>1,648,049</u>
Fund balances:		
Nonspendable:		
Materials and supplies inventory	-	62,999
Restricted:		
Non-public schools.	-	119,530
Special education.	-	14,392
Extracurricular	-	72,599
Other purposes.	-	23,781
Unassigned (deficit).	(4,622)	(133,296)
	<hr/>	<hr/>
Total fund balances (deficits)	<u>(4,622)</u>	<u>160,005</u>
Total liabilities and fund balances.	<u>\$ 79,659</u>	<u>\$ 1,808,054</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

**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, 2012

	Food Service	Other Grants	District Managed Activity	Auxiliary Services
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ 450
Charges for services	713,955	-	-	-
Extracurricular	-	-	253,434	-
Other local revenues	-	30,428	19,785	-
Intergovernmental - state	10,690	-	-	358,150
Intergovernmental - federal	557,414	-	-	-
Total revenues	1,282,059	30,428	273,219	358,600
Expenditures:				
Current:				
Instruction:				
Regular	-	7,955	-	-
Special	-	-	-	-
Vocational	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	3	-	-
Administration	-	-	-	-
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,261,373	-	-	-
Other non-instructional services	-	-	-	329,620
Extracurricular activities	-	-	290,524	-
Total expenditures	1,261,373	7,958	290,524	329,620
Excess of revenues over (under) expenditures	20,686	22,470	(17,305)	28,980
Other financing uses:				
Transfers out	-	(1,298)	-	-
Net change in fund balances	20,686	21,172	(17,305)	28,980
Fund balances (deficits)				
at beginning of year	(7,267)	2,217	89,904	90,550
Fund balances (deficits) at end of year	\$ 13,419	\$ 23,389	\$ 72,599	\$ 119,530

Management Information Systems	Entry Year Programs	Data Communication	Education Jobs	IDEA Part B Grants	Title II-D Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
27	-	-	-	-	-
-	1,400	16,200	-	-	-
-	-	-	21,904	929,452	-
<u>27</u>	<u>1,400</u>	<u>16,200</u>	<u>21,904</u>	<u>929,452</u>	<u>-</u>
-	1,050	18,648	21,904	200	-
-	350	-	-	365,228	-
-	-	-	-	35,182	-
-	-	-	-	444	-
-	-	-	-	344,176	-
-	-	-	-	31,340	-
-	-	-	-	122,800	-
-	-	-	-	11,500	-
-	-	-	-	-	-
-	-	-	-	13,850	200
-	-	-	-	-	-
<u>-</u>	<u>1,400</u>	<u>18,648</u>	<u>21,904</u>	<u>924,720</u>	<u>200</u>
<u>27</u>	<u>-</u>	<u>(2,448)</u>	<u>-</u>	<u>4,732</u>	<u>(200)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>27</u>	<u>-</u>	<u>(2,448)</u>	<u>-</u>	<u>4,732</u>	<u>(200)</u>
<u>(27)</u>	<u>-</u>	<u>2,475</u>	<u>-</u>	<u>9,496</u>	<u>200</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 14,228</u>	<u>\$ -</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, 2012

	Title III Limited English Proficiency	Title I Disadvantaged Children	IDEA Preschool- Handicapped	Improving Teacher Quality
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	2,950	558,126	12,769	97,346
Total revenues	<u>2,950</u>	<u>558,126</u>	<u>12,769</u>	<u>97,346</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,417	697,666	-	68,496
Special	-	-	1,803	-
Vocational	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	12,325	-
Instructional staff	-	2,864	-	-
Administration	-	-	-	1,369
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	1,880	-	1,981
Extracurricular activities	-	-	-	-
Total expenditures	<u>3,417</u>	<u>702,410</u>	<u>14,128</u>	<u>71,846</u>
Excess of revenues over (under) expenditures	<u>(467)</u>	<u>(144,284)</u>	<u>(1,359)</u>	<u>25,500</u>
Other financing uses:				
Transfers out	-	-	-	-
Net change in fund balances	(467)	(144,284)	(1,359)	25,500
Fund balances (deficits)				
at beginning of year	832	65,190	1,523	(30,122)
Fund balances (deficits) at end of year	<u>\$ 365</u>	<u>\$ (79,094)</u>	<u>\$ 164</u>	<u>\$ (4,622)</u>

**Total
Nonmajor
Special Revenue
Funds**

\$ 450
713,955
253,434
50,240
386,440

2,179,961

3,584,480

819,336
367,381
35,182
444

356,501
34,207
124,169
11,500

1,261,373
347,531
290,524

3,648,148

(63,668)

(1,298)

(64,966)

224,971

\$ 160,005

**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, 2012

	<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	\$ 1,204,523	\$ 1,206,594	\$ 2,071
Total expenditures and other financing uses	<u>1,219,047</u>	<u>1,181,898</u>	<u>37,149</u>
Net change in fund balance	(14,524)	24,696	39,220
Fund balance at beginning of year	14,370	14,370	-
Prior year encumbrances appropriated	<u>154</u>	<u>154</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 39,220</u>	<u>\$ 39,220</u>
<u>Other Grants Fund</u>			
Total revenues and other financing sources	\$ 30,428	\$ 30,428	\$ -
Total expenditures and other financing uses	<u>32,645</u>	<u>12,613</u>	<u>20,032</u>
Net change in fund balance	(2,217)	17,815	20,032
Fund balance at beginning of year	<u>2,217</u>	<u>2,217</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 20,032</u>	<u>\$ 20,032</u>
<u>District Managed Activity Fund</u>			
Total revenues and other financing sources	\$ 279,794	\$ 279,794	\$ -
Total expenditures and other financing uses	<u>363,198</u>	<u>299,205</u>	<u>63,993</u>
Net change in fund balance	(83,404)	(19,411)	63,993
Fund balance at beginning of year	73,685	73,685	-
Prior year encumbrances appropriated	<u>9,719</u>	<u>9,719</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 63,993</u>	<u>\$ 63,993</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, 2012

	<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	\$ 402,549	\$ 358,600	\$ (43,949)
Total expenditures and other financing uses	<u>519,307</u>	<u>356,801</u>	<u>162,506</u>
Net change in fund balance	(116,758)	1,799	118,557
Fund balance at beginning of year	12,949	12,949	-
Prior year encumbrances appropriated	<u>103,809</u>	<u>103,809</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 118,557</u>	<u>\$ 118,557</u>
<u>Entry Year Programs Fund</u>			
Total revenues and other financing sources	\$ 1,400	\$ 1,400	\$ -
Total expenditures and other financing uses	<u>1,400</u>	<u>1,400</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Data Communication Fund</u>			
Total revenues and other financing sources	\$ 16,200	\$ 16,200	\$ -
Total expenditures and other financing uses	<u>18,675</u>	<u>18,648</u>	<u>27</u>
Net change in fund balance	(2,475)	(2,448)	27
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>2,475</u>	<u>2,475</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 27</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Education Jobs Fund</u>			
Total revenues and other financing sources	\$ 21,904	\$ 21,904	\$ -
Total expenditures and other financing uses	<u>21,904</u>	<u>21,904</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>IDEA Part B Grants Fund</u>			
Total revenues and other financing sources	\$ 1,283,007	\$ 1,283,007	\$ -
Total expenditures and other financing uses	<u>1,677,824</u>	<u>1,348,958</u>	<u>328,866</u>
Net change in fund balance	(394,817)	(65,951)	328,866
Fund balance at beginning of year	333,094	333,094	-
Prior year encumbrances appropriated	<u>61,723</u>	<u>61,723</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 328,866</u></u>	<u><u>\$ 328,866</u></u>
<u>Title II-D Technology Fund</u>			
Total revenues and other financing sources	\$ 3,736	\$ 3,736	\$ -
Total expenditures and other financing uses	<u>3,936</u>	<u>3,934</u>	<u>2</u>
Net change in fund balance	(200)	(198)	2
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 2</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, 2012

	<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	\$ 3,654	\$ 3,654	\$ -
Total expenditures and other financing uses	<u>4,486</u>	<u>3,417</u>	<u>1,069</u>
Net change in fund balance	(832)	237	1,069
Fund balance at beginning of year	118	118	-
Prior year encumbrances appropriated	<u>714</u>	<u>714</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,069</u>	<u>\$ 1,069</u>
<u>Title I Disadvantaged Children Fund</u>			
Total revenues and other financing sources	\$ 1,218,181	\$ 1,112,842	\$ (105,339)
Total expenditures and other financing uses	<u>1,832,685</u>	<u>1,307,225</u>	<u>525,460</u>
Net change in fund balance	(614,504)	(194,383)	420,121
Fund balance at beginning of year	712,391	712,391	-
Prior year encumbrances appropriated	<u>7,452</u>	<u>7,452</u>	<u>-</u>
Fund balance at end of year	<u>\$ 105,339</u>	<u>\$ 525,460</u>	<u>\$ 420,121</u>
<u>IDEA Preschool-Handicapped Fund</u>			
Total revenues and other financing sources	\$ 20,117	\$ 14,698	\$ (5,419)
Total expenditures and other financing uses	<u>50,628</u>	<u>50,628</u>	<u>-</u>
Net change in fund balance	(30,511)	(35,930)	(5,419)
Fund balance at beginning of year	32,990	32,990	-
Prior year encumbrances appropriated	<u>2,940</u>	<u>2,940</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,419</u>	<u>\$ -</u>	<u>\$ (5,419)</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Improving Teacher Quality Fund</u>			
Total revenues and other financing sources	\$ 150,703	\$ 150,703	\$ -
Total expenditures and other financing uses	<u>172,181</u>	<u>125,363</u>	<u>46,818</u>
Net change in fund balance	(21,478)	25,340	46,818
Fund balance at beginning of year	<u>21,478</u>	<u>21,478</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 46,818</u>	<u>\$ 46,818</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 ENDING JUNE 30, 2012

	<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	\$ 626,937	\$ 623,128	\$ (3,809)
Total expenditures and other financing uses	<u>894,883</u>	<u>889,446</u>	<u>5,437</u>
Net change in fund balance	(267,946)	(266,318)	1,628
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>271,754</u>	<u>271,754</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,808</u>	<u>\$ 5,436</u>	<u>\$ 1,628</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 ENDING JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Scholarship</u>			
Total revenues and other financing sources	\$ 46	\$ 7	\$ (39)
Total expenditures and other financing uses	<u>4,527</u>	<u>1,759</u>	<u>2,768</u>
Net change in fund balance	(4,481)	(1,752)	2,729
Fund balance at beginning of year	4,300	4,300	-
Prior year encumbrances appropriated	<u>220</u>	<u>220</u>	<u>-</u>
Fund balance at end of year	<u>\$ 39</u>	<u>\$ 2,768</u>	<u>\$ 2,729</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, 2012

	Beginning Balance July 1, 2011	Additions	Deletions	Ending Balance June 30, 2012
<u>Student Managed Activities</u>				
Assets:				
Equity in pooled cash and investments.	\$ 105,225	\$ 195,108	\$ 170,333	\$ 130,000
Receivables				
Accounts	32	370	32	370
Total assets	\$ 105,257	\$ 195,478	\$ 170,365	\$ 130,370
Liabilities:				
Accounts payable	\$ 1,655	\$ 1,153	\$ 1,655	\$ 1,153
Due to students	103,602	194,325	168,710	129,217
Total liabilities.	\$ 105,257	\$ 195,478	\$ 170,365	\$ 130,370

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	94-107
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	108-115
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.	116-119
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.	120-121
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.	122-134

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 13,352,253	\$ 13,326,998	\$ 13,043,385	\$ 13,665,567
Restricted	201,134	429,712	1,576,925	1,408,917
Unrestricted (deficit)	11,864,381	9,166,294	7,177,691	5,290,670
Total governmental activities net assets	<u>\$ 25,417,768</u>	<u>\$ 22,923,004</u>	<u>\$ 21,798,001</u>	<u>\$ 20,365,154</u>

Source: School District financial records.

2008	2007	2006	2005	2004	2003
\$ 14,413,341	\$ 14,594,908	\$ 13,822,667	\$ 13,475,011	\$ 13,566,347	\$ 13,399,505
977,417	1,261,715	1,071,897	909,159	1,097,917	1,453,640
2,790,531	508,072	(1,014,787)	(2,357,564)	(1,303,353)	(1,333,184)
<u>\$ 18,181,289</u>	<u>\$ 16,364,695</u>	<u>\$ 13,879,777</u>	<u>\$ 12,026,606</u>	<u>\$ 13,360,911</u>	<u>\$ 13,519,961</u>

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 24,818,358	\$ 26,866,739	\$ 25,754,244	\$ 25,179,398	\$ 24,485,458
Special	4,578,782	5,529,916	5,128,781	4,852,659	4,473,031
Vocational	1,594,810	1,602,735	1,625,972	1,596,146	1,715,572
Adult/continuing	-	-	-	4,031	14,550
Other instructional	795,323	265,404	338,078	320,688	299,228
Support services:					
Pupil	2,924,738	3,048,577	3,072,569	3,053,622	3,127,951
Instructional staff	2,099,634	2,366,096	2,416,922	2,507,581	2,552,978
Board of education	554,243	373,274	232,490	422,215	460,799
Administration	3,386,624	3,591,133	3,217,318	2,818,083	2,775,102
Fiscal	1,472,498	1,304,844	1,198,534	1,320,751	1,172,084
Business	80,341	47,052	151,624	468,037	552,982
Operations and maintenance	5,042,203	5,327,855	5,304,788	5,557,031	5,130,426
Pupil transportation	3,412,539	3,105,971	3,273,312	3,283,900	3,117,758
Central	616,663	632,010	652,505	610,594	843,101
Operation of non-instructional services:					
Food service operations	1,269,711	1,313,065	1,264,556	1,241,668	1,296,565
Other non-instructional services	351,300	338,433	441,929	422,399	470,651
Extracurricular activities	1,201,505	1,240,678	1,135,002	1,149,187	1,236,766
Interest and fiscal charges	120,443	130,192	139,186	159,358	243,867
Total governmental activities expenses	<u>54,319,715</u>	<u>57,083,974</u>	<u>55,347,810</u>	<u>54,967,348</u>	<u>53,968,869</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 23,550,656	\$ 23,764,903	\$ 25,450,276	\$ 23,103,681	\$ 21,278,031
4,427,824	3,989,858	4,313,470	3,835,287	3,592,459
1,458,317	1,541,980	1,847,273	1,297,268	1,254,799
-	-	-	250	989
902,031	940,423	737,074	936,811	1,048,792
3,332,745	3,080,777	3,166,707	2,776,546	2,657,613
2,829,699	2,624,390	2,985,883	2,650,470	2,269,340
310,104	368,110	289,971	269,601	331,060
2,815,201	2,992,001	3,191,741	2,945,966	2,628,576
1,098,441	1,019,822	1,050,449	1,014,760	841,874
536,163	588,952	445,583	488,385	378,808
5,282,427	5,019,556	4,438,153	4,880,797	3,816,579
2,995,031	2,922,388	2,960,741	2,894,856	2,462,800
762,104	422,118	505,640	584,798	464,589
1,343,765	1,403,937	1,386,922	1,444,664	1,275,325
619,682	619,092	675,461	501,165	459,466
1,374,551	1,351,955	1,302,681	1,214,993	948,190
172,551	210,613	278,866	298,510	499,049
<u>53,811,292</u>	<u>52,860,875</u>	<u>55,026,891</u>	<u>51,138,808</u>	<u>46,208,339</u>

- - Continued

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Program revenues					
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 1,811,441	\$ 1,926,730	\$ 1,984,041	\$ 1,365,821	\$ 1,087,083
Special	327,324	209,189	117,609	96,972	348,941
Vocational	38,893	44,822	44,198	57,737	53,723
Adult/continuing	-	-	-	-	-
Support services:					
Pupil	190,827	212,279	43,076	189,973	214,314
Instructional staff	-	-	-	1,369	775
Board of education	-	-	-	-	-
Administration	-	14,531	13,062	27,639	-
Fiscal	-	-	-	-	-
Operations and maintenance	41,195	54,068	38,544	33,745	73,830
Pupil transportation	-	-	300	-	-
Central	-	-	4,526	-	-
Operation of non-instructional services:					
Food service operations	713,955	747,688	802,499	858,272	901,262
Extracurricular activities	494,448	493,060	445,534	444,695	334,418
Operating grants and contributions:					
Instruction:					
Regular	798,440	2,031,721	1,332,549	625,316	537,366
Special	884,841	1,542,287	1,698,101	1,344,323	1,222,890
Vocational	209,996	174,634	244,135	220,108	145,909
Other	446	89	45,721	37,437	-
Support services:					
Pupil	358,576	467,883	460,528	444,033	309,381
Instructional staff	34,173	65,660	36,906	69,007	144,486
Board of education	-	47,486	9,099	-	-
Administration	124,917	226,268	175,658	200,813	168,013
Fiscal	-	-	-	-	-
Business	-	-	-	-	-
Operations and maintenance	-	15,526	-	1,693	-
Pupil transportation	134,896	184,639	144,884	122,077	127,122
Central	-	201,954	207,437	34,040	27,000
Operation of non-instructional services:					
Food service operations	568,104	547,844	493,221	393,384	348,810
Other non-instructional services	380,165	380,579	412,923	425,336	528,674
Extracurricular activities	15,843	15,625	16,385	1,776	-
Capital grants and contributions:					
Instruction:					
Regular	-	-	-	-	53,339
Support services:					
Pupil transportation	-	-	-	65,104	86,629
Total governmental program revenues	<u>7,128,480</u>	<u>9,604,562</u>	<u>8,770,936</u>	<u>7,060,670</u>	<u>6,713,965</u>
Net (expense)/revenue					
Governmental activities	<u>\$ (47,191,235)</u>	<u>\$ (47,479,412)</u>	<u>\$ (46,576,874)</u>	<u>\$ (47,906,678)</u>	<u>\$ (47,254,904)</u>

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	839,577	\$ 809,107	\$ 699,094	\$ 317,194	\$ 292,803
	20,500	-	-	52,079	273,559
	22,046	26,770	40,409	30,588	30,651
	-	-	-	594	594
	232,209	189,464	152,916	173,344	107,049
	9,335	14,068	24,033	15,606	91
	-	-	-	1,475	1,850
	-	-	-	-	4,482
	-	-	-	2,676	-
	61,247	5,342	58,547	-	-
	-	-	55,710	-	12,776
	21	-	-	-	-
	911,688	985,430	982,914	1,002,911	954,481
	230,786	315,281	273,388	411,133	244,005
	425,668	447,749	548,770	601,497	211,116
	1,675,276	485,548	538,298	357,782	403,185
	201,025	1,709	9,324	18,499	30,500
	-	-	-	-	-
	345,341	309,623	215,783	120,346	208,502
	160,467	103,585	71,929	74,433	47,056
	8,009	3,294	5,322	4,607	3,877
	185,361	177,466	161,481	186,115	135,723
	-	-	25,195	-	-
	932	-	-	-	-
	-	-	-	-	-
	163,999	-	141,555	-	-
	27,000	27,000	30,782	27,000	28,000
	318,072	330,886	308,308	242,925	213,206
	554,006	600,229	583,559	496,796	461,135
	115,792	12,943	9,420	11,009	6,890
	-	-	49,350	-	92,933
	60,033	-	-	17,438	67,958
	<u>6,568,390</u>	<u>4,845,494</u>	<u>4,986,087</u>	<u>4,166,047</u>	<u>3,832,422</u>
	<u>\$ (47,242,902)</u>	<u>\$ (48,015,381)</u>	<u>\$ (50,040,804)</u>	<u>\$ (46,972,761)</u>	<u>\$ (42,375,917)</u>

- - Continued

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General revenues and other changes in net assets					
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 30,625,517	\$ 29,094,194	\$ 28,256,878	\$ 29,435,567	\$ 28,667,429
Debt service	-	-	-	153,580	378,895
Capital outlay	526,388	593,938	575,728	594,342	570,303
Payments in lieu of taxes	219,623	62,280	19,242	125,406	-
Grants and entitlements not restricted to specific programs	18,068,848	18,641,456	19,148,037	19,385,420	18,755,169
Investment earnings	51,581	60,285	107,693	261,203	640,953
Miscellaneous	194,042	152,262	104,937	135,025	58,749
Total governmental activities	<u>49,685,999</u>	<u>48,604,415</u>	<u>48,212,515</u>	<u>50,090,543</u>	<u>49,071,498</u>
Change in net assets					
Governmental activities	<u>\$ 2,494,764</u>	<u>\$ 1,125,003</u>	<u>\$ 1,635,641</u>	<u>\$ 2,183,865</u>	<u>\$ 1,816,594</u>

Source: School District financial records.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 29,939,799	\$ 29,113,425	\$ 28,523,107	\$ 26,143,723	\$ 26,032,094
634,047	1,065,835	1,157,845	1,025,310	1,117,393
346,716	-	-	-	-
-	-	-	-	-
17,957,172	19,088,996	18,713,795	19,347,434	18,695,113
734,831	489,912	263,326	115,986	138,041
115,255	110,384	48,426	181,258	427,354
<u>49,727,820</u>	<u>49,868,552</u>	<u>48,706,499</u>	<u>46,813,711</u>	<u>46,409,995</u>
<u>\$ 2,484,918</u>	<u>\$ 1,853,171</u>	<u>\$ (1,334,305)</u>	<u>\$ (159,050)</u>	<u>\$ 4,034,078</u>

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General fund:					
Nonspendable	\$ 105,247	\$ 104,719	\$ -	\$ -	\$ -
Restricted	-	248,223	-	-	-
Committed	442,594	161,805	-	-	-
Assigned	14,432,065	809,688	-	-	-
Unassigned	-	10,950,302	-	-	-
Reserved	-	-	4,588,028	3,947,840	2,731,642
Unreserved (deficit)	-	-	7,160,057	5,157,387	3,281,668
Total general fund	<u>\$ 14,979,906</u>	<u>\$ 12,274,737</u>	<u>\$ 11,748,085</u>	<u>\$ 9,105,227</u>	<u>\$ 6,013,310</u>
All other governmental funds:					
Nonspendable	\$ 62,999	\$ 91,344	\$ -	\$ -	\$ -
Restricted	230,302	262,387	-	-	-
Committed	46,426	341,017	-	-	-
Unassigned (deficit)	(133,296)	(128,760)	-	-	-
Reserved	-	-	618,720	473,295	714,893
Unreserved (deficit), reported in:					
Special revenue funds	-	-	(402,283)	65,836	204,163
Capital projects funds	-	-	1,924	166,443	110,968
Debt service funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 206,431</u>	<u>\$ 565,988</u>	<u>\$ 218,361</u>	<u>\$ 705,574</u>	<u>\$ 1,030,024</u>

Source: School District financial records.

Note: The District implemented GASB Statement No. 54 in fiscal year 2011. Descriptions of the GASB Statement No. 54 fund balance classifications can be found in Note 1.M. of the basic financial statements. Prior to fiscal year 2011, fund balance was classified as either reserved or unreserved. Reserved fund balance indicates that portion of fund balance which is not available for current appropriation or is legally segregated for a specific use. Any fund balance not classified as reserved was classified as unreserved.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,021,818	1,963,826	1,776,600	997,971	1,956,797
<u>1,611,392</u>	<u>307,654</u>	<u>(1,146,189)</u>	<u>2,691,362</u>	<u>2,111,428</u>
<u>\$ 4,633,210</u>	<u>\$ 2,271,480</u>	<u>\$ 630,411</u>	<u>\$ 3,689,333</u>	<u>\$ 4,068,225</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
803,864	846,476	742,648	109,833	217,874
355,740	271,861	209,024	460,608	242,451
210,285	92,339	70,094	505,149	460,722
-	-	-	295,113	594,179
<u>\$ 1,369,889</u>	<u>\$ 1,210,676</u>	<u>\$ 1,021,766</u>	<u>\$ 1,370,703</u>	<u>\$ 1,515,226</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues				
From local sources:				
Taxes	\$ 31,298,744	\$ 29,460,525	\$ 28,767,164	\$ 30,384,088
Tuition	2,032,784	1,978,965	1,770,239	1,267,229
Earnings on investments	55,138	65,127	131,808	273,193
Charges for services	713,955	747,688	802,499	858,272
Extracurricular	706,905	719,776	645,462	611,584
Classroom materials and fees	119,302	175,738	174,922	183,904
Other local revenues	468,264	295,030	213,650	422,966
Intergovernmental - intermediate	14,885	15,337	20,855	24,748
Intergovernmental - state	19,218,584	19,774,764	20,415,976	21,159,032
Intergovernmental - federal	2,230,180	4,997,913	3,890,920	2,020,049
Total revenues	<u>56,858,741</u>	<u>58,230,863</u>	<u>56,833,495</u>	<u>57,205,065</u>
Expenditures				
Current:				
Instruction:				
Regular	24,457,635	26,353,173	25,165,939	24,432,390
Special	4,569,440	5,609,467	5,057,266	4,776,526
Vocational	1,602,463	1,594,424	1,624,270	1,635,991
Adult/continuing	-	-	-	4,031
Other	768,323	270,997	332,204	326,512
Support services:				
Pupil	2,971,425	3,065,045	3,053,140	3,036,197
Instructional staff	2,074,556	2,446,433	2,423,157	2,490,848
Board of education	554,243	373,274	232,490	422,215
Administration	3,387,935	3,595,432	3,148,750	2,781,284
Fiscal	1,486,803	1,296,056	1,178,996	1,297,887
Business	80,341	61,971	162,635	489,492
Operations and maintenance	4,835,545	5,091,881	4,873,243	5,135,214
Pupil transportation	3,241,301	3,187,402	3,070,792	3,100,653
Central	629,971	609,170	658,618	593,674
Operation of non-instructional services:				
Food service operations	1,261,373	1,299,824	1,237,292	1,229,437
Other non-instructional services	368,381	371,902	500,254	423,566
Extracurricular activities	1,121,540	1,159,404	1,101,773	1,114,396
Facilities acquisitions and construction	729,454	603,629	488,886	335,075
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	250,000	235,000	235,000	650,000
Interest and fiscal charges	122,400	132,100	141,500	162,210
Bond issuance costs	-	-	-	-
Total expenditures	<u>54,513,129</u>	<u>57,356,584</u>	<u>54,686,205</u>	<u>54,437,598</u>
Excess of revenues over (under) expenditures	\$ 2,345,612	\$ 874,279	\$ 2,147,290	\$ 2,767,467

2008	2007	2006	2005	2004	2003
\$ 29,317,400	\$ 30,875,950	\$ 30,165,879	\$ 29,702,046	\$ 27,048,879	\$ 27,423,545
1,249,518	685,399	589,338	508,996	631,116	314,206
651,284	716,891	491,407	251,929	118,392	139,306
901,262	911,688	985,430	982,914	1,006,187	959,054
406,752	425,574	379,140	487,552	471,428	383,344
183,795	172,174	162,876	156,784	-	-
331,768	386,297	382,040	215,829	377,775	510,143
28,578	-	-	-	-	-
20,654,799	20,049,641	19,692,736	19,534,663	21,552,374	20,399,767
1,747,793	2,005,425	1,837,816	1,857,907	-	-
<u>55,472,949</u>	<u>56,229,039</u>	<u>54,686,662</u>	<u>53,698,620</u>	<u>51,206,151</u>	<u>50,129,365</u>
23,988,547	22,768,780	22,883,452	24,700,303	22,295,969	20,547,614
4,463,939	4,384,329	3,996,276	4,297,974	3,805,316	3,602,048
1,705,596	1,467,657	1,538,598	1,862,192	1,295,383	1,228,066
14,550	-	-	-	250	989
296,984	900,478	928,589	737,074	936,811	1,048,792
3,161,162	3,317,294	3,050,080	3,151,380	2,738,814	2,654,942
2,592,951	2,815,881	2,601,998	3,000,488	2,632,278	2,285,101
460,799	310,104	368,110	289,971	303,015	297,815
2,831,147	2,808,089	2,910,525	3,095,215	2,892,625	2,514,907
1,142,634	1,105,427	1,020,454	1,049,369	1,016,790	881,642
552,632	548,016	577,389	435,379	509,438	368,961
5,059,450	4,858,766	4,668,455	4,410,011	4,605,046	3,669,549
3,255,461	2,869,203	3,694,489	3,706,834	2,872,125	2,316,596
838,344	759,073	437,537	509,889	568,325	498,893
1,275,691	1,338,914	1,381,034	1,362,198	1,383,232	1,146,741
467,385	622,949	616,974	663,072	500,743	466,145
1,095,834	1,211,090	1,164,548	1,096,598	1,136,442	873,341
341,507	1,602,885	382,551	1,997,407	-	-
-	-	-	-	434,633	-
640,000	5,992,000	3,045,000	3,789,000	2,522,000	3,080,941
258,452	196,329	200,324	271,518	339,331	446,099
-	79,507	-	-	-	-
<u>54,443,065</u>	<u>59,956,771</u>	<u>55,466,383</u>	<u>60,425,872</u>	<u>52,788,566</u>	<u>47,929,182</u>
\$ 1,029,884	\$ (3,727,732)	\$ (779,721)	\$ (6,727,252)	\$ (1,582,415)	\$ 2,200,183

- - Continued

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Other financing sources (uses)				
Transfers in	\$ 1,298	\$ 3,743	\$ -	\$ 16,575
Transfers (out)	(1,298)	(3,743)	-	(16,575)
Sale of assets	-	-	8,355	-
Issuance of bonds	-	-	-	-
Premium on bonds sold	-	-	-	-
Issuance of notes	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,355</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,345,612</u>	<u>\$ 874,279</u>	<u>\$ 2,155,645</u>	<u>\$ 2,767,467</u>
Debt service as a percentage of noncapital expenditures	0.67%	0.65%	0.70%	1.50%

Source: School District financial records.

2008	2007	2006	2005	2004	2003
\$ 52,265	\$ 93,967	\$ 80,096	\$ 109,324	\$ 202,300	\$ 46,410
(52,265)	(93,967)	(80,096)	(109,324)	(202,300)	(46,410)
10,351	-	9,700	-	-	-
-	3,805,000	-	-	-	-
-	96,675	-	-	-	-
-	2,347,000	2,600,000	3,750,000	1,059,000	1,542,000
<u>10,351</u>	<u>6,248,675</u>	<u>2,609,700</u>	<u>3,750,000</u>	<u>1,059,000</u>	<u>1,542,000</u>
<u>\$ 1,040,235</u>	<u>\$ 2,520,943</u>	<u>\$ 1,829,979</u>	<u>\$ (2,977,252)</u>	<u>\$ (523,415)</u>	<u>\$ 3,742,183</u>
1.68%	10.71%	5.99%	7.08%	5.47%	7.38%

**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
2012	\$ 900,379,310	\$2,572,512,314	\$ -	\$ -	\$ 10,175,270	\$ 29,072,200
2011	980,064,930	2,800,185,514	-	-	9,174,500	26,212,857
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

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
\$ 910,554,580	\$ 2,601,584,514	35.00%	\$ 53.24
989,239,430	2,826,398,371	35.00%	45.05
990,276,775	2,830,386,803	34.99%	45.15
978,597,235	2,798,178,334	34.97%	45.49
959,029,779	2,757,261,046	34.78%	45.93
965,620,665	2,803,364,134	34.45%	45.62
962,124,865	2,793,058,375	34.45%	48.73
904,061,240	2,643,184,377	34.20%	47.88
885,975,808	2,596,445,518	34.12%	47.93
873,847,770	2,565,697,594	34.06%	48.32

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

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

Tax Year/ Collection Year	Overlapping Rates						
	Summit County	Portage County	City of Stow	City of Munroe Falls	City of Hudson	City of Cuyahoga Falls	City of Tallmadge
2011/2012	\$ 14.16	\$ 13.62	\$ 9.50	\$ 7.50	\$ 6.80	\$ 11.00	\$ 6.15
2010/2011	14.16	13.62	9.50	7.40	7.22	11.00	6.15
2009/2010	14.16	13.62	9.50	7.40	7.07	11.00	6.15
2008/2009	14.16	13.62	9.50	7.47	7.17	11.00	6.15
2007/2008	14.26	13.62	9.50	7.43	7.28	11.00	6.15
2006/2007	14.57	13.62	9.50	7.86	6.92	11.00	6.15
2005/2006	13.07	13.62	9.50	7.10	6.60	11.00	6.15
2004/2005	13.07	13.62	9.50	7.86	6.94	11.00	6.15
2003/2004	13.07	12.72	9.50	7.86	9.67	11.00	6.15
2002/2003	13.07	12.72	9.50	7.88	6.19	11.00	6.15

Source: Summit County Fiscal Office

Overlapping Rates (continued)			Direct Rates			
Franklin Township	Portage County Health District	Stow-Munroe Falls Public Library	Voted		Unvoted	Total
			General	Bond		
\$ 10.27	\$ 0.40	\$ 2.00	\$ 47.84	\$ -	\$ 5.40	\$ 53.24
10.27	0.40	2.00	39.65	-	5.40	45.05
10.27	0.40	1.00	39.75	-	5.40	45.15
10.27	0.40	1.00	40.09	-	5.40	45.49
10.27	0.40	1.00	40.09	0.44	5.40	45.93
10.27	0.40	1.00	39.80	0.42	5.40	45.62
10.27	0.40	1.00	42.20	1.13	5.40	48.73
10.27	0.40	-	41.08	1.40	5.40	47.88
11.65	0.40	-	41.13	1.40	5.40	47.93
11.65	0.40	-	41.57	1.35	5.40	48.32

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

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2011 AND DECEMBER 31, 2004

December 31, 2011			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
DDR Ohio Opportunity II LLC	\$ 7,999,690	1	0.88%
Wyndham Ridge LTD	7,819,040	2	0.86%
Ohio Edison	7,678,490	3	0.84%
Heron Springs Associates LLC	6,962,660	4	0.76%
JVM Hidden Lake Apartments LLC	4,634,850	5	0.51%
Stow-Glen Properties LLC	4,601,440	6	0.51%
Morgan Adhesive Co.	4,145,900	7	0.46%
SFC Enterprises LTD	3,976,300	8	0.44%
Steels Corners Apartment Co. LTD	3,473,390	9	0.38%
Stow Associates	3,392,300	10	0.37%
Total	<u>\$ 54,684,060</u>		<u>6.01%</u>

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

Source: Summit County Fiscal Office

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

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

**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
2011/2012	\$ 32,458,789	\$ 1,292,514	\$ 33,751,303	\$ 31,166,275	96.02%
2010/2011	32,593,674	1,027,241	33,620,915	31,566,433	96.85%
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%

Source: Summit County Fiscal Office

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
\$ 780,964	\$ 31,947,239	94.65%
701,626	32,268,059	95.98%
793,929	32,240,919	96.75%
1,137,363	32,803,879	97.87%
730,891	32,640,483	96.64%
449,506	32,950,341	96.76%
404,077	33,236,546	98.52%
858,085	29,955,757	98.06%
802,139	31,723,031	97.11%
753,795	31,603,949	96.01%

**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				
2012	\$ 2,635,000	\$ -	\$ 2,635,000	\$ 76	0.247%	\$ 480
2011	2,885,000	-	2,885,000	83	0.271%	509
2010	3,120,000	-	3,120,000	92	0.285%	567
2009	3,355,000	-	3,355,000	99	0.259%	608
2008	4,005,000	-	4,005,000	116	0.317%	713
2007	4,645,000	-	4,645,000	135	0.393%	784
2006	1,885,000	2,600,000	4,485,000	130	0.402%	754
2005	2,910,000	2,020,000	4,930,000	143	0.462%	830
2004	3,910,000	1,059,000	4,969,000	144	0.482%	833
2003	4,890,000	1,542,000	6,432,000	188	0.638%	1,103

Sources:

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

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

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

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
	General Obligation Bonds	Debt Service Available Balance	Net Bonded Debt		
2012	\$ 2,635,000	\$ -	\$ 2,635,000	0.29%	\$ 76
2011	2,885,000	-	2,885,000	0.29%	83
2010	3,120,000	-	3,120,000	0.32%	92
2009	3,355,000	-	3,355,000	0.34%	99
2008	4,005,000	236,139	3,768,861	0.14%	109
2007	4,645,000	346,911	4,298,089	0.15%	125
2006	1,885,000	692,278	1,192,722	0.04%	35
2005	2,910,000	612,306	2,297,694	0.09%	67
2004	3,910,000	505,149	3,404,851	0.13%	99
2003	4,890,000	594,179	4,295,821	0.17%	126

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, 2012

<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	\$ 2,635,000	100.00%	\$ 2,635,000
Overlapping debt:			
Summit County	52,410,000	7.95%	4,166,595
Portage County	25,659,930	0.11%	28,226
Akron Metro Regional Transit Authority	300,000	7.95%	23,850
City of Cuyahoga Falls	5,395,000	0.25%	13,488
City of Hudson	42,861,000	0.38%	162,872
City of Tallmadge	8,640,255	0.01%	864
City of Stow	27,555,000	100.00%	27,555,000
City of Munroe Falls	645,000	99.41%	641,195
Total overlapping debt	<u>163,466,185</u>		<u>32,592,090</u>
Total direct and overlapping debt	<u>\$ 166,101,185</u>		<u>\$ 35,227,090</u>

Source: Ohio Municipal Advisory Council

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

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Unvoted Debt Limit	Voted Debt Limit	Total Debt Applicable to Limit	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2012	\$ 910,555	\$ 81,949,912	\$ 2,635,000	\$ -	\$ 2,635,000	\$ 79,314,912	3.22%
2011	989,239	89,031,549	2,885,000	-	2,885,000	86,146,549	3.24%
2010	990,277	89,044,149	3,120,000	-	3,120,000	85,924,149	3.50%
2009	978,597	87,898,539	3,355,000	-	3,355,000	84,543,539	3.82%
2008	959,030	84,952,077	4,005,000	236,139	3,768,861	81,183,216	4.44%
2007	965,621	86,905,860	4,645,000	346,911	4,298,089	82,607,771	4.95%
2006	962,125	86,591,238	1,885,000	692,278	1,192,722	85,398,516	1.38%
2005	904,061	81,365,512	2,910,000	612,306	2,297,694	79,067,818	2.82%
2004	885,976	79,737,823	3,910,000	505,149	3,404,851	76,332,972	4.27%
2003	873,848	78,646,299	4,890,000	594,179	4,295,821	74,350,478	5.46%

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>
2012	34,837	\$ 30,633	\$ 1,067,161,821	39.7	5,486	7.1%	7.2%	8.2%
2011	34,837	30,521	1,063,260,077	39.7	5,666	8.7%	8.8%	9.2%
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%

Sources:

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

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

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

Employer	December 31, 2011		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	720	1	3.98%
MACTac - Morgan Adhesives	323	2	1.78%
Akron General Health & Wellness Center	250	3	1.38%
City of Stow	235	4	1.30%
Matco Tools Corporation	235	5	1.30%
National Machine Company	186	6	1.03%
Wrayco Industries Inc	171	7	0.94%
J.D. Clunk & Associates	141	8	0.78%
Anderson International	107	9	0.59%
Audio Technica	105	10	0.58%
Total	2,473		13.66%
Total City Employment	18,100		

Employer	December 31, 2002		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	639	1	3.74%
MACTAC	400	2	2.34%
Goodyear Stow Mold Plant	230	3	1.35%
Oak Technical	223	4	1.30%
City of Stow	207	5	1.21%
Matco Tools Corporation	170	6	0.99%
Eagle Plastics Division - Plastics Components, Inc.	150	7	0.88%
Saint Gobain Norpro Corporation	130	8	0.76%
Wrayco Industries Inc	115	9	0.67%
Audio Technica	114	10	0.67%
Total	2,378		13.91%
Total City Employment	17,100		

Source: City of Stow

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

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

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

<u>Type</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Professional staff:							
Teaching staff:							
Elementary	113	109	116	116	122	120	139
Intermediate	48	47	44	47	60	48	57
Middle	42	52	51	55	54	55	58
High	92	101	101	106	113	100	120
Tutors	17	16	17	12	18	17	18
Librarians	3	4	4	4	8	4	4
Others	7	2	2	2	2	1	1
Administration:							
District	28	28	28	28	29	30	35
Board members	5	5	5	5	5	5	5
Auxiliary positions:							
Counselors	9	9	9	9	11	10	11
Speech	5	5	5	5	6	5	5
Mental health specialists	5	5	5	5	5	5	16
Support staff:							
Secretarial	33	33	36	38	41	41	41
Aides	45	47	33	50	56	57	57
Hall monitor/security	7	7	25	18	20	18	19
Cooks	17	17	15	27	19	18	20
Custodial	37	37	34	37	41	37	38
Maintenance	8	8	8	8	13	14	12
Bus driver	34	34	27	39	35	36	36
Mechanics	4	4	3	5	4	4	5
Extracurricular	248	257	272	268	262	287	239
Total	<u>807</u>	<u>827</u>	<u>840</u>	<u>884</u>	<u>924</u>	<u>912</u>	<u>936</u>

<u>2005</u>	<u>2004</u>	<u>2003</u>
154	148	147
58	58	49
62	64	59
130	121	120
19	17	20
5	5	5
2	2	2
38	35	32
5	5	5
11	10	9
7	7	7
7	6	6
40	39	48
60	63	63
17	17	23
20	19	21
36	37	38
11	10	11
37	36	38
4	5	5
<u>207</u>	<u>196</u>	<u>191</u>
<u>930</u>	<u>900</u>	<u>899</u>

- - Continued

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

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

Function	2012	2011	2010	2009	2008	2007	2006
Instruction:							
Regular	264	265	265	286	317	229	269
Special	53	53	56	39	42	39	46
Vocational	11	11	12	15	16	14	13
Other	18	21	21	21	24	39	62
Support services:							
Pupil	30	36	36	37	40	43	35
Instructional staff	43	55	60	77	76	112	115
Administration	41	41	41	41	42	35	40
Fiscal	7	7	7	7	7	5	6
Business	2	2	2	2	3	-	-
Operations and maintenance	45	44	44	44	48	69	70
Pupil transportation	45	35	35	49	40	40	41
Extracurricular activities	248	257	261	266	269	287	239
Total governmental activities	<u>807</u>	<u>827</u>	<u>840</u>	<u>884</u>	<u>924</u>	<u>912</u>	<u>936</u>

Source: School District records

<u>2005</u>	<u>2004</u>	<u>2003</u>
275	271	269
37	39	40
19	17	19
88	75	79
33	31	30
114	118	114
43	40	38
6	6	6
-	-	-
67	66	70
41	41	43
<u>207</u>	<u>196</u>	<u>191</u>
<u><u>930</u></u>	<u><u>900</u></u>	<u><u>899</u></u>

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

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

Function	2012	2011	2010	2009	2008	2007
Instruction:						
Regular and special						
Enrollment (students)	5,486	5,666	5,507	5,517	5,617	5,927
Graduates	463	443	465	456	466	460
Support services:						
Board of education						
Regular meetings per year	21	20	17	20	24	20
Special meetings per year	11	12	14	10	29	52
Administration						
Student attendance rate	95.8%	95.5%	95.3%	95.4%	95.5%	96.1%
Fiscal						
Nonpayroll checks issued	5,026	5,340	5,145	5,286	5,443	5,868
Operations and maintenance						
Work orders completed	2,353	2,733	3,008	3,005	3,010	3,000
Square footage maintained	760,409	760,409	760,409	760,409	760,409	760,409
Pupil transportation						
Avg. students transported daily	2,769	3,731	2,757	4,005	4,005	4,344
Food service operations:						
Meals served to students	369,316	363,678	341,453	317,884	313,654	320,200
Percentage of students receiving reduced cost or free lunches	22.0%	21.0%	20.0%	16.6%	14.5%	12.2%

Source: District records

N/A = information not available.

2006	2005	2004	2003
5,949	5,937	5,966	5,830
463	480	447	431
20	20	20	19
54	56	43	17
95.3%	95.0%	95.4%	94.8%
6,008	6,209	5,848	6,080
3,100	3,000	2,800	2,600
760,409	760,409	760,409	760,409
4,161	4,573	4,367	2,372
284,036	267,880	N/A	N/A
11.2%	N/A	N/A	N/A

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

**CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities:					
Land	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
Land improvements	2,364,857	2,025,621	1,823,364	1,121,641	1,113,416
Buildings and improvements	9,470,610	9,829,990	10,374,976	12,547,638	13,294,731
Furniture, fixtures and equipment	1,946,034	2,061,599	1,758,690	623,141	704,982
Vehicles	1,652,674	1,798,383	1,716,431	2,244,704	2,326,738
Construction in progress	-	-	-	-	-
Total governmental activities capital assets, net	<u>\$ 15,998,090</u>	<u>\$ 16,279,508</u>	<u>\$ 16,237,376</u>	<u>\$ 17,101,039</u>	<u>\$ 18,003,782</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
849,451	938,762	898,026	911,288	1,029,337
12,473,045	13,248,043	13,884,899	12,742,746	13,369,991
844,283	992,038	1,123,191	1,142,721	1,334,209
2,304,370	2,564,909	1,934,980	1,224,677	1,249,053
1,381,436	-	-	-	-
<u>\$ 18,416,500</u>	<u>\$ 18,307,667</u>	<u>\$ 18,405,011</u>	<u>\$ 16,585,347</u>	<u>\$ 17,546,505</u>

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</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	323	365	354	354	364	408
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	346	363	356	357	377	386
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	349	348	344	351	347	358
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	347	352	293	302	292	381
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	286	280	273	266	286
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	320	324	293	284	285	322
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	870	855	846	841	843	864
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	845	862	862	879	904	913
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	1,806	1,854	1,879	1,876	1,938	1,999
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.

2006	2005	2004	2003
38,285	38,285	38,285	38,285
550	550	550	550
407	377	382	378
32,153	32,153	32,153	32,153
500	500	500	500
389	310	296	321
33,324	33,324	33,324	33,324
500	500	500	500
360	323	335	330
41,600	41,600	41,600	41,600
500	500	500	500
383	323	299	309
23,277	23,277	23,277	23,277
575	575	575	575
290	301	319	305
23,277	23,277	23,277	23,277
525	525	525	525
333	320	306	297
178,882	178,882	178,882	178,882
1,050	1,050	1,050	1,050
867	917	941	932
117,500	117,500	117,500	117,500
1,125	1,125	1,125	1,125
918	973	955	940
254,514	254,514	254,514	254,514
2,050	2,050	2,050	2,050
2,002	1,985	1,987	1,916
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		Enrollment
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2012	\$ 54,140,729	\$ 9,869	\$ 54,199,272	\$ 9,880	5,486
2011	56,989,484	10,058	56,953,782	10,052	5,666
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

Source: District records

(1) Debt service totals have been excluded.

Percent Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
-3.18%	352	15.59	95.80%
2.89%	369	15.36	95.50%
-0.18%	359	15.34	95.30%
-1.78%	379	14.56	95.40%
-5.23%	383	14.67	95.50%
-0.37%	344	17.23	96.10%
0.20%	380	15.66	95.30%
-0.49%	396	14.99	95.00%
2.35%	393	15.18	95.40%
0.75%	322	18.10	94.80%

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

TEACHER STATISTICS
JUNE 30, 2012

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	182	51.70%
Master's Degree	169	48.01%
Ph.D.	<u>1</u>	<u>0.28%</u>
	<u><u>352</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	64	18.18%
6 - 10	77	21.88%
11 and over	<u>211</u>	<u>59.94%</u>
	<u><u>352</u></u>	<u><u>100.00%</u></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
JANUARY 29, 2013**