

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

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

DAVID OSBORNE, INTERIM TREASURER



Dave Yost • Auditor of State

Board of Education
Stow-Munroe Falls City School District
4350 Allen Road
Stow, Ohio 44224

We have reviewed the *Independent Auditor's Report* of the Stow-Munroe Falls City School District, Summit County, prepared by Julian & Grube, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 16, 2016

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

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**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Cluster:			
(D) (E) School Breakfast Program	10.553	2015	\$ 75,798
(D) (E) National School Lunch Program	10.555	2015	516,317
(C) (D) National School Lunch Program - Food Donation	10.555	2015	81,230
Total National School Lunch Program			<u>597,547</u>
Total Child Nutrition Cluster			<u>673,345</u>
Total U.S. Department of Agriculture			<u>673,345</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2014	88,892
Title I Grants to Local Educational Agencies	84.010	2015	327,341
Total Title I Grants to Local Educational Agencies			<u>416,233</u>
Special Education_Grants to States	84.027	2014	72,370
Special Education_Grants to States	84.027	2015	923,730
Total Special Education_Grants to States			<u>996,100</u>
(F) English Language Acquisition Grants	84.365	2015	14,073
Improving Teacher Quality State Grants	84.367	2014	12,007
Improving Teacher Quality State Grants	84.367	2015	90,972
Total Improving Teacher Quality State Grants			<u>102,979</u>
PASSED THROUGH THE SIX DISTRICT EDUCATIONAL COMPACT			
Career and Technical Education_Basic Grants to States	84.048	2015	39,000
Total U.S. Department of Education			<u>1,568,385</u>
Total Federal Financial Assistance			<u>\$ 2,241,730</u>

Notes to the Schedule of Expenditures of Federal Awards:

- (A) OAKS did not assign pass-through numbers for fiscal year 2015.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) 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 ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the centers. During fiscal year 2015, the ODE authorized the following transfers:

Program Title	CFDA Number	Grant Year	Transfer Out	Transfer In
English Language Acquisition Grants	84.365	2014	\$ 1,375	
English Language Acquisition Grants	84.365	2015		\$ 1,375
Totals			<u>\$ 1,375</u>	<u>\$ 1,375</u>



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements and have issued our report thereon dated December 28, 2015, wherein we noted as discussed in Note 2, the Stow-Munroe Falls City School District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Stow-Munroe Falls City School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Stow-Munroe Falls City School District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Stow-Munroe Falls City School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Education
Stow-Munroe Falls City School District

Compliance and Other Matters

As part of reasonably assuring whether the Stow-Munroe Falls City School 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Stow-Munroe Falls City School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Stow-Munroe Falls City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
December 28, 2015



Julian & Grube, Inc.

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance With Requirements Applicable to the
Major Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133 and the Schedule of
Expenditures of Federal Awards**

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Stow-Munroe Falls City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Stow-Munroe Falls City School District's major federal program for the fiscal year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Stow-Munroe Falls City School District's major federal program.

Management's Responsibility

The Stow-Munroe Falls City School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Stow-Munroe Falls City School District's compliance for the Stow-Munroe Falls City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Stow-Munroe Falls City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Stow-Munroe Falls City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2015.

Board of Education
Stow-Munroe Falls City School District

Report on Internal Control Over Compliance

The Stow-Munroe Falls City School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Stow-Munroe Falls City School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Stow-Munroe Falls City School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, its major fund and the aggregate remaining fund information of the Stow-Munroe Falls City School District as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements. We issued our unmodified report thereon dated December 28, 2015. Our opinion also explained that the Stow-Munroe Falls City School District adopted *Governmental Accounting Standard No. 68 and 71* during the fiscal year. We conducted our audit to opine on the Stow-Munroe Falls City School District's basic financial statements. The accompanying schedule of expenditures of federal awards presents additional analysis 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 management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
December 28, 2015

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education_Grants to States (CFDA #84.027)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

STOW-MUNROE FALLS CITY
SCHOOL DISTRICT

SUMMIT COUNTY, OHIO

FOR THE

FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY
TREASURER'S DEPARTMENT
DAVID OSBORNE, INTERIM TREASURER

4350 ALLEN ROAD

STOW, OHIO 44224

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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INTRODUCTORY SECTION

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Stow-Munroe Falls City Schools

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

December 28, 2015

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, 2015 is hereby submitted. This CAFR includes financial statements and other financial and statistical data that conforms to accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

State statute requires an annual audit by independent auditors. The firm of Julian & Grube, Inc. conducted the audit for fiscal year 2015. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with Federal and State laws and regulations. The Independent Auditor's Report is included in this CAFR.

In addition to the financial audit, a single audit was performed as required by 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, 2015 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 13.

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 end of the fiscal year, the average daily membership (ADM) was 5,207 students attending nine schools. Enrollment is expected to remain consistent for the near future.

The District has 592 full and part-time employees (not including supplemental positions). The District employs 357 certificated employees, 28 certificated and non-certificated administrators and 235 non-certificated staff members.

The District's instructional buildings range in age from 26 years to 75 years. Detailed information about the District's buildings is presented in the statistical section of the CAFR.

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

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

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

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

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

The District had the following accomplishments during the 2014-15 school year: the purchasing of services of the Impact Group to handle District public relations and the District's web site; new boilers and creation of an overflow parking area at the high school; complete changeover to LED lighting at 8 of the 9 school buildings, full HVAC controls upgrades at 7 of the 9 buildings, new windows at 6 of the 9 buildings; creation of building technology personnel team; and creation on the Bulldog Online Academy using PLATO software and Chromebooks.

Employees

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2014-15 school year) for a teacher with a bachelor's degree is \$37,411, and the maximum salary for a teacher with a master's degree plus 15 graduate hours and 27 years of experience is \$79,337.

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, 2017.

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, 2017.

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

The Reporting Entity

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

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

Budgetary Controls

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

Unencumbered amounts lapse at year-end. A complete description of the District's budgetary process can be found in Note 1.E. to the basic financial statements. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The general fund balance was \$25,817,357 at June 30, 2015 as can be seen on the budgetary statement on page 32.

ECONOMIC CONDITION

Local Economy

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

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

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

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

Long-Term Financial Planning

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

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in improvements in the District's financial condition include the renewal of a 7.84 mill, ten-year, emergency levy in 2012.

Major Initiatives for the Year

Completion of the HB264 project as well as the installation of new windows at multiple buildings.

The Technology Advisory Team comprised of administrators and teachers continues to assess the current status and technology needs of the District. 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. Ten of the team members have become Google Certified Trainers as the District converts to utilizing Google Apps for Education. A complete re-wiring of the District's buildings is underway.

The District Leadership Team continues to promote the vision and mission of the District. Building Leadership Teams (BLT's) are functioning in all District buildings.

The District continues to provide training for all staff to ensure compliance with ODE regulations. Training topics include Third Grade Reading Guarantee, Restraint/Seclusion policies, implementation of new operating standards for students with disabilities, and reduction of the achievement gap for sub-groups.

The District participated in International Leader in Education Program WKSU to bring six international teachers to our District.

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

The District hosted the thirteenth annual Stow-Munroe Falls Community Showcase.

Major Initiatives for the Future

The District will continue with the major upgrades needed to all buildings using HB264 funding as well as local general fund monies.

The District will continue to upgrade the bus fleet as finances allow.

The District will continue enhancing safety measures with the installation of security surveillance cameras and door entry access security devices.

The District will upgrade the High School Auditorium sound system and the technology wiring in all buildings to support wireless access points.

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

Records retention using the latest technology will be used.

Book studies, adoptions, and purchasing will be a goal of the District over the next three years as well.

The District will explore the possibility of a levy for permanent improvements.

INDEPENDENT AUDIT

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

AWARDS

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stow-Munroe Falls City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. 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, 2014, 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, 2015, 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,



David Osborne
Interim Treasurer



Thomas Bratten
Superintendent

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

PRINCIPAL OFFICERS
JUNE 30, 2015

Board of Education

Rodney Armstrong - President

Fred Bonacci - Vice President

Pat Matthews

Gerry Bettio

Karen S. Powers

Superintendent

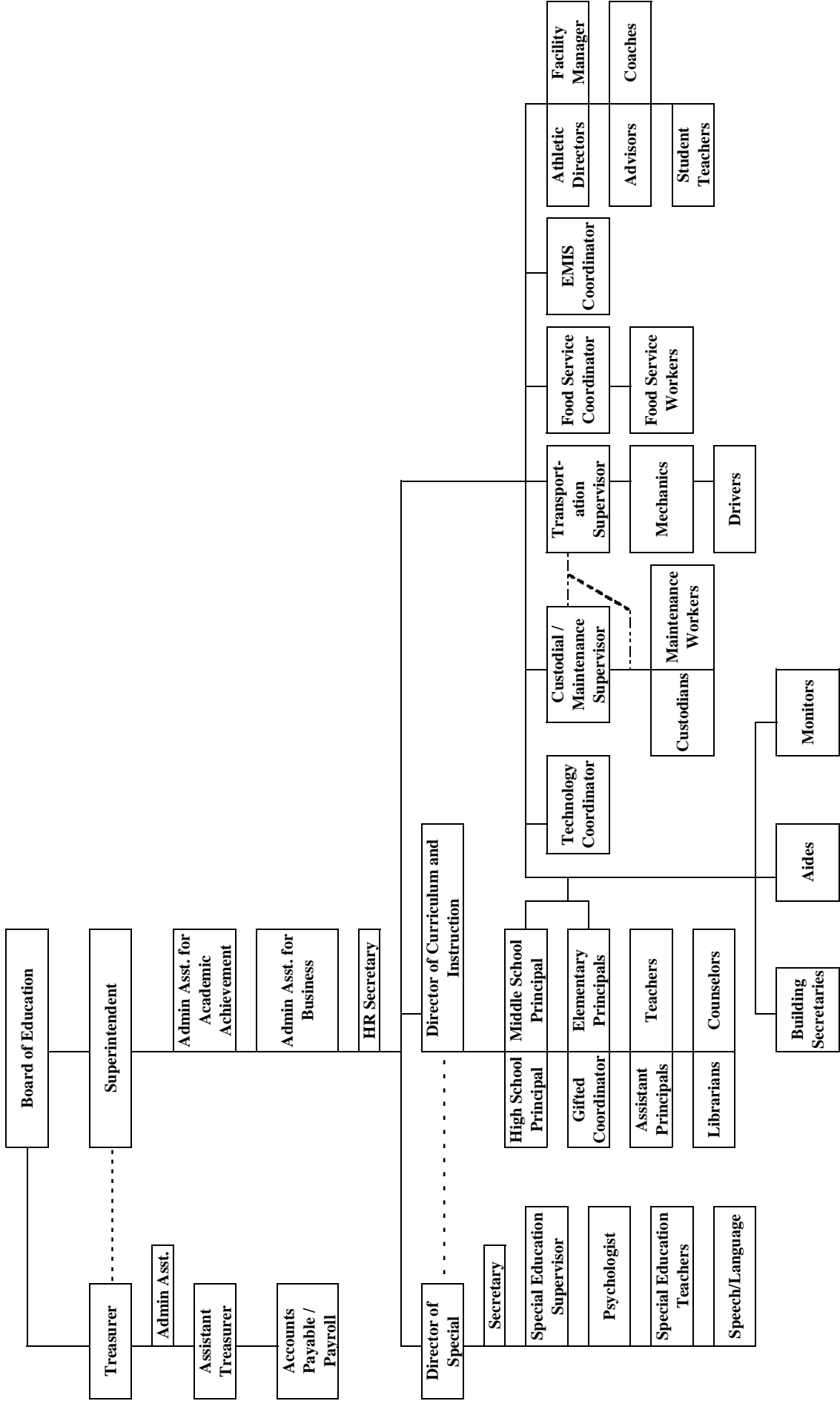
Thomas Bratten

Interim Treasurer/CFO

David Osborne

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

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FINANCIAL SECTION

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Stow-Munroe Falls City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Stow-Munroe Falls City School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Stow-Munroe Falls City School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the fiscal year ended June 30, 2015, the Stow-Munroe Falls City School District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, and schedules of net pension liabilities and pension contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Stow-Munroe Falls City School 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 present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015, on our consideration of the Stow-Munroe Falls City School 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stow-Munroe Falls City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 28, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015. 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 2015 are as follows:

- The District restated net position for 2014 as described in Note 2.A. The District's net position of governmental activities increased \$4,683,194 which represents an 11.08% increase from 2014 as restated.
- General revenues accounted for \$55,047,546 in revenue or 86.95% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,264,578 or 13.05% of total revenues of \$63,312,124.
- The District had \$58,628,930 in expenses related to governmental activities; \$8,264,578 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 \$55,047,546 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$59,112,756 in revenues and other financing sources and \$56,939,812 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased \$2,172,944 from a balance of \$26,353,746 to \$28,526,690.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

The District's statement of net position and statement of activities can be found on pages 26-27 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position 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 28-32 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 position and changes in fiduciary net position on pages 33 and 34. 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 35-70 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 72-78 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 2.A.

	Net Position	
	Governmental Activities 2015	Restated Governmental Activities 2014
<u>Assets</u>		
Current and other assets	\$ 63,107,107	\$ 62,555,833
Capital assets, net	<u>16,697,580</u>	<u>16,402,412</u>
Total assets	<u>79,804,687</u>	<u>78,958,245</u>
<u>Deferred outflows of resources</u>		
Pensions	<u>5,191,539</u>	<u>4,195,886</u>
Total deferred outflows of resources	<u>5,191,539</u>	<u>4,195,886</u>
<u>Liabilities</u>		
Current liabilities	6,563,598	5,560,260
Long-term liabilities:		
Due within one year	989,995	944,962
Due in more than one year:		
Net pension liability	70,437,265	83,677,797
Other amounts	<u>5,453,687</u>	<u>6,022,249</u>
Total liabilities	<u>83,444,545</u>	<u>96,205,268</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	26,425,007	29,218,589
Pensions	<u>12,713,206</u>	<u>-</u>
Total deferred inflows of resources	<u>39,138,213</u>	<u>29,218,589</u>
<u>Net position</u>		
Net investment in capital assets	14,150,823	13,694,422
Restricted	185,245	217,986
Unrestricted (deficit)	<u>(51,922,600)</u>	<u>(56,182,134)</u>
Total net position	<u>\$ (37,586,532)</u>	<u>\$ (42,269,726)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$37,212,185 to a deficit of \$42,269,726.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

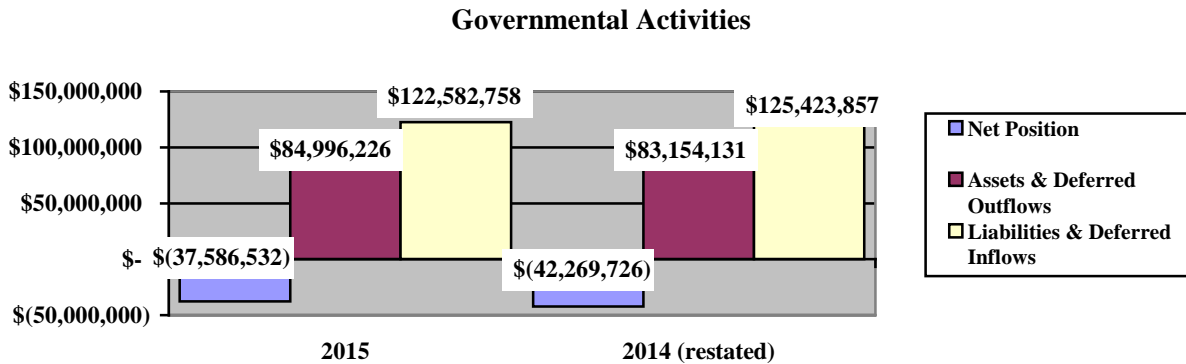
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows exceeded assets and deferred outflows by \$37,586,532. Of this total, \$185,245 is restricted in use.

At year-end, capital assets represented 20.92% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2015, was \$14,150,823. 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 increased mainly due to an increase in cash and investments during fiscal year 2015. Current liabilities increased because of an increase in accrued wages and benefits.

A portion of the District's net position, \$185,245 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$51,922,600. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2015 and 2014 as restated in Note 2.A.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The table below shows the changes in net position for governmental activities between 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 2.A.

Change in Net Position

	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,989,850	\$ 3,892,223
Operating grants and contributions	4,274,728	4,248,445
Capital grants and contributions	-	600,000
General revenues:		
Property taxes	36,922,428	37,900,302
Payments in lieu of taxes	190,233	162,867
Grants and entitlements	17,676,902	17,425,497
Investment earnings	67,469	69,776
Miscellaneous	<u>190,514</u>	<u>228,515</u>
Total revenues	<u>63,312,124</u>	<u>64,527,625</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Change in Net Position (Continued)	
	Governmental Activities 2015	Governmental Activities 2014
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 27,052,752	\$ 26,142,430
Special	6,956,911	6,275,524
Vocational	1,972,573	1,927,610
Other	223,883	154,966
Support services:		
Pupil	3,872,314	3,333,198
Instructional staff	988,923	562,413
Board of education	522,732	692,639
Administration	3,110,141	3,008,993
Fiscal	962,132	1,288,905
Business	251,158	155,361
Operations and maintenance	5,528,552	5,482,826
Pupil transportation	3,100,765	3,133,486
Central	775,673	625,585
Operations of non-instructional services:		
Food service operations	1,360,657	1,339,638
Other non-instructional services	458,375	252,098
Extracurricular activities	1,388,292	1,337,472
Interest and fiscal charges	103,097	99,211
Total expenses	<u>58,628,930</u>	<u>55,812,355</u>
Changes in net position	4,683,194	8,715,270
Net position at beginning of year	<u>(42,269,726)</u>	<u>N/A</u>
Net position at end of year	<u>\$ (37,586,532)</u>	<u>\$ (42,269,726)</u>

Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$4,195,886 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$3,006,081.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 58,628,930
Pension expense under GASB 68	(3,006,081)
2015 contractually required contributions	<u>4,529,060</u>
Adjusted 2015 program expenses	60,151,909
Total 2014 program expenses under GASB 27	<u>55,812,355</u>
Increase in program expenses not related to pension	<u>\$ 4,339,554</u>

Net position of the District's governmental activities increased \$4,683,194. Total governmental expenses of \$58,628,930 were offset by program revenues of \$8,264,578 and general revenues of \$55,047,546. Program revenues supported 14.10% of the total governmental expenses.

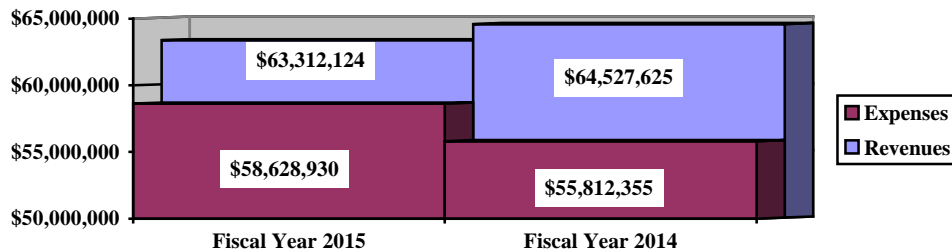
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 86.24% of total governmental revenue.

Tax revenue decreased approximately \$978,000 during fiscal year 2015. The District received a \$600,000 capital contribution during fiscal year 2014 for turf at the high school stadium.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$36,206,119 or 61.76% of total governmental expenses for fiscal 2015. Overall, expenses increased approximately \$2.82 million over 2014 expenses. The primary reason for this is a customary increase in wages and benefits.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2015 and 2014.

Governmental Activities - Revenues and Expenses



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015 and 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Governmental Activities				
Program expenses				
Instruction:				
Regular	\$ 27,052,752	\$ 24,271,290	\$ 26,142,430	\$ 23,473,587
Special	6,956,911	4,472,612	6,275,524	3,725,807
Vocational	1,972,573	1,758,019	1,927,610	1,754,861
Other	223,883	223,883	154,966	154,966
Support services:				
Pupil	3,872,314	3,506,278	3,333,198	2,970,157
Instructional staff	988,923	971,678	562,413	556,991
Board of education	522,732	522,732	692,639	692,639
Administration	3,110,141	3,020,466	3,008,993	2,925,457
Fiscal	962,132	934,293	1,288,905	1,254,213
Business	251,158	251,158	155,361	155,361
Operations and maintenance	5,528,552	5,508,662	5,482,826	5,466,506
Pupil transportation	3,100,765	2,952,443	3,133,486	2,936,042
Central	775,673	772,967	625,585	623,248
Operations of non-instructional services:				
Food service operations	1,360,657	169,522	1,339,638	160,848
Other non-instructional services	458,375	84,939	252,098	(94,750)
Extracurricular activities	1,388,292	840,313	1,337,472	216,543
Interest and fiscal charges	103,097	103,097	99,211	99,211
Total expenses	<u>\$ 58,628,930</u>	<u>\$ 50,364,352</u>	<u>\$ 55,812,355</u>	<u>\$ 47,071,687</u>

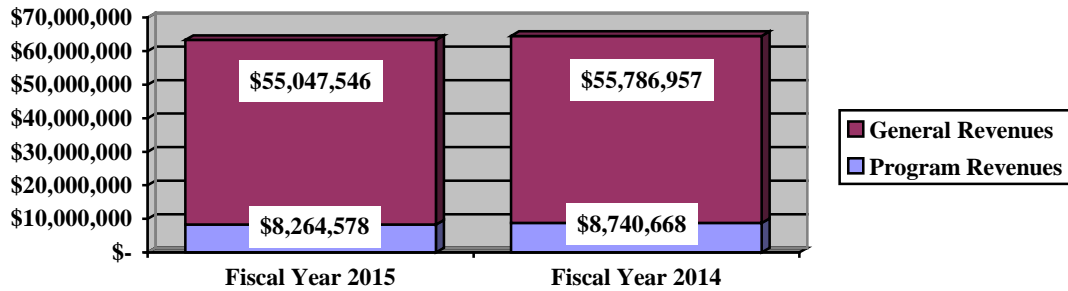
The dependence upon tax and other general revenues for governmental activities is apparent as 84.86% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.90%. The District's taxpayers and unrestricted grants and 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, 2015

The graph below presents the District's governmental activities revenue for fiscal years 2015 and 2014.

Governmental Activities - General and Program Revenues



General revenues decreased \$739,411 or 1.33% from fiscal 2014 to 2015 and program revenues decreased \$476,090 or 5.45% from 2015 to 2014.

The District's Funds

The District's governmental funds reported a combined fund balance of \$28,921,290, which is greater than last year's total of \$26,350,503. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance June 30, 2015	Fund Balance (deficit) June 30, 2014	Increase	Percentage Change
General	\$ 28,526,690	\$ 26,353,746	\$ 2,172,944	8.25 %
Other Governmental	394,600	(3,243)	397,843	12,267.75 %
Total	\$ 28,921,290	\$ 26,350,503	\$ 2,570,787	9.76 %

General Fund

The District's general fund balance increased \$2,172,944. Revenues decreased from the prior year by \$569,804, or 0.96%, while expenditures increased \$4,628,378, or 8.90%, 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, 2015**

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 36,489,178	\$ 37,218,277	\$ (729,099)	(1.96) %
Earnings on investments	62,286	71,072	(8,786)	(12.36) %
Intergovernmental	19,102,437	19,019,713	82,724	0.43 %
Other revenues	<u>3,425,357</u>	<u>3,340,000</u>	<u>85,357</u>	2.56 %
Total	<u>\$ 59,079,258</u>	<u>\$ 59,649,062</u>	<u>\$ (569,804)</u>	(0.96) %
<u>Expenditures</u>				
Instruction	\$ 35,404,245	\$ 32,306,515	\$ 3,097,730	9.59 %
Support services	19,366,396	18,023,765	1,342,631	7.45 %
Non-instructional services	48,251	15,595	32,656	209.40 %
Extracurricular activities	891,909	906,662	(14,753)	(1.63) %
Facilities acquisition and construction	608,666	474,102	134,564	28.38 %
Capital outlay	-	137,239	(137,239)	(100.00) %
Debt service	<u>333,471</u>	<u>160,682</u>	<u>172,789</u>	107.53 %
Total	<u>\$ 56,652,938</u>	<u>\$ 52,024,560</u>	<u>\$ 4,628,378</u>	8.90 %

The only significant reason that revenue decreased between fiscal year 2014 and fiscal year 2015 is due to a slight decrease in property tax revenues. The increase in "other revenues" was due to an increase in open enrollment revenue and pay to play fees during fiscal year 2015.

The increase in instruction and support services expenditures is due to customary wage and benefit increases. Instruction and support service expenditures totaled \$54,770,641 or 96.68% of total general fund expenditures for fiscal year 2015.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$56,292,521. Final budgeted revenues and other financing sources were unchanged from the original budget. Actual revenues and other financing sources for fiscal year 2015 were \$57,531,462. This was \$1,238,941 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.

General fund original appropriations (appropriated expenditures including other financing uses) of \$81,698,867 were unchanged in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$57,120,451, which was \$24,578,416 less than the final budgeted appropriations. The District's policy for preparing appropriations is to budget all available resources in order to avoid violating the Ohio Revised Code, which states that actual expenditures may not exceed appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2015, the District had \$16,697,580 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 2015 balances compared to 2014:

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

	Governmental Activities	
	2015	2014
Land	\$ 563,915	\$ 563,915
Construction in progress	-	186,064
Land improvements	2,694,538	2,868,465
Building and improvements	9,026,515	8,926,870
Furniture, fixtures and equipment	2,371,195	2,074,449
Vehicles	2,041,417	1,782,649
Total	\$ 16,697,580	\$ 16,402,412

Total additions to capital assets for fiscal year 2015 were \$1,635,436 and total disposals were \$42,511 (net of accumulated depreciation). Depreciation expense recorded for the fiscal year totaled \$1,297,757.

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

Debt Administration

At June 30, 2015, the District had \$2,505,171 in general obligation bonds and lease purchase obligations outstanding. Of this total, \$471,354 is due within one year and \$2,033,817 is due in greater than one year. The following table summarizes the bond and lease purchase obligations outstanding.

Outstanding Bonds, at Year End

	Governmental Activities	Governmental Activities
	2015	2014
General obligation bonds	\$ 1,830,000	\$ 2,110,000
Lease purchase obligations	675,171	846,719
Total	\$ 2,505,171	\$ 2,956,719

See Note 9 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, 2015**

Current Financial Related Activities

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

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

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

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

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 27,563,686
Receivables:	
Taxes	35,034,181
Accounts.	17,715
Accrued interest	9,565
Intergovernmental	401,877
Materials and supplies inventory.	26,812
Inventory held for resale.	53,271
Capital assets:	
Nondepreciable capital assets	563,915
Depreciable capital assets, net.	16,133,665
Capital assets, net	16,697,580
Total assets.	79,804,687
 Deferred outflows of resources:	
Pension - STRS	4,007,039
Pension - SERS	1,184,500
Total deferred outflows of resources	5,191,539
 Liabilities:	
Accounts payable.	148,868
Accrued wages and benefits	5,110,742
Intergovernmental payable	336,792
Pension and postemployment obligation payable.	932,993
Accrued interest payable	8,445
Unearned revenue	25,758
Long-term liabilities:	
Due within one year.	989,995
Due in more than one year:	
Net pension liability (See Note 11)	70,437,265
Other amounts due in more than one year	5,453,687
Total liabilities	83,444,545
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	26,425,007
Pension - STRS.	10,439,959
Pension - SERS.	2,273,247
Total deferred inflows of resources	39,138,213
 Net position:	
Net investment in capital assets	14,150,823
Restricted for:	
Locally funded programs	35,072
State funded programs.	30,794
Federally funded programs	39,196
Student activities	80,183
Unrestricted (deficit)	(51,922,600)
Total net position.	\$ (37,586,532)

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, 2015

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 27,052,752	\$ 2,125,820	\$ 655,642	\$ (24,271,290)
Special	6,956,911	447,777	2,036,522	(4,472,612)
Vocational	1,972,573	88,475	126,079	(1,758,019)
Other	223,883	-	-	(223,883)
Support services:				
Pupil.	3,872,314	171,893	194,143	(3,506,278)
Instructional staff	988,923	-	17,245	(971,678)
Board of education	522,732	-	-	(522,732)
Administration.	3,110,141	-	89,675	(3,020,466)
Fiscal.	962,132	15,366	12,473	(934,293)
Business.	251,158	-	-	(251,158)
Operations and maintenance	5,528,552	19,890	-	(5,508,662)
Pupil transportation.	3,100,765	-	148,322	(2,952,443)
Central	775,673	2,369	337	(772,967)
Operation of non-instructional services:				
Food service operations	1,360,657	580,683	610,452	(169,522)
Other non-instructional services	458,375	-	373,436	(84,939)
Extracurricular activities.	1,388,292	537,577	10,402	(840,313)
Interest and fiscal charges	103,097	-	-	(103,097)
Total governmental activities	<u>\$ 58,628,930</u>	<u>\$ 3,989,850</u>	<u>\$ 4,274,728</u>	<u>(50,364,352)</u>
General revenues:				
Property taxes levied for:				
General purposes				36,357,109
Capital outlay.				565,319
Payments in lieu of taxes.				190,233
Grants and entitlements not restricted				
to specific programs				17,676,902
Investment earnings				67,469
Miscellaneous.				190,514
Total general revenues.				<u>55,047,546</u>
Change in net position				4,683,194
Net position at beginning of year (restated).				<u>(42,269,726)</u>
Net position at end of year				<u>\$ (37,586,532)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments.	\$ 27,019,359	\$ 544,327	\$ 27,563,686
Receivables:			
Taxes.	34,499,992	534,189	35,034,181
Accounts	15,697	2,018	17,715
Accrued interest	9,565	-	9,565
Interfund loans	46,019	-	46,019
Intergovernmental.	241,294	160,583	401,877
Materials and supplies inventory.	26,812	-	26,812
Inventory held for resale.	25,068	28,203	53,271
Total assets	<u>\$ 61,883,806</u>	<u>\$ 1,269,320</u>	<u>\$ 63,153,126</u>
Liabilities:			
Accounts payable	\$ 143,713	\$ 5,155	\$ 148,868
Accrued wages and benefits	4,927,782	182,960	5,110,742
Compensated absences payable	21,715	12,300	34,015
Intergovernmental payable	329,030	7,762	336,792
Pension and postemployment obligation payable.	886,764	46,229	932,993
Interfund loans payable.	-	46,019	46,019
Unearned revenue.	25,758	-	25,758
Total liabilities.	<u>6,334,762</u>	<u>300,425</u>	<u>6,635,187</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	26,022,799	402,208	26,425,007
Delinquent property tax revenue not available.	749,023	11,504	760,527
Intergovernmental revenue not available.	241,294	160,583	401,877
Accrued interest not available.	9,238	-	9,238
Total deferred inflows of resources	<u>27,022,354</u>	<u>574,295</u>	<u>27,596,649</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	26,812	-	26,812
Unclaimed monies.	27,944	-	27,944
Restricted:			
Non-public schools	-	18,797	18,797
Special education	-	2,289	2,289
Extracurricular.	-	80,183	80,183
Other purposes.	-	51,255	51,255
Committed:			
Capital improvements	-	425,003	425,003
Assigned:			
Student instruction	70,650	-	70,650
Student and staff support.	801,753	-	801,753
Extracurricular activities	3,270	-	3,270
Facilities acquisition and construction	47,256	-	47,256
Subsequent year's appropriations	25,817,357	-	25,817,357
Other purposes.	62,612	-	62,612
Unassigned (deficit).	1,669,036	(182,927)	1,486,109
Total fund balances	<u>28,526,690</u>	<u>394,600</u>	<u>28,921,290</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 61,883,806</u>	<u>\$ 1,269,320</u>	<u>\$ 63,153,126</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total governmental fund balances		\$	28,921,290
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			16,697,580
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Taxes receivable	\$	760,527	
Accrued interest receivable		9,238	
Intergovernmental receivable		401,877	
Total		1,171,642	1,171,642
Unamortized premiums on bonds issued are not recognized in the funds.			(41,586)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(8,445)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		5,191,539	
Deferred inflows - pension		(12,713,206)	
Net pension liability		(70,437,265)	
Total		(77,958,932)	(77,958,932)
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		(1,830,000)	
Lease purchase obligations		(675,171)	
Compensated absences		(3,862,910)	
Total		(6,368,081)	(6,368,081)
Net position of governmental activities		\$	(37,586,532)

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, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 36,489,178	\$ 567,451	\$ 37,056,629
Tuition.	2,524,352	-	2,524,352
Earnings on investments	62,286	293	62,579
Charges for services	-	580,683	580,683
Extracurricular.	416,504	318,100	734,604
Classroom materials and fees	110,176	-	110,176
Other local revenues	374,325	60,279	434,604
Intergovernmental - state	19,063,437	534,812	19,598,249
Intergovernmental - federal	39,000	2,368,232	2,407,232
Total revenues	<u>59,079,258</u>	<u>4,429,850</u>	<u>63,509,108</u>
Expenditures:			
Current:			
Instruction:			
Regular.	26,717,831	531,805	27,249,636
Special	6,425,579	704,452	7,130,031
Vocational	2,035,101	-	2,035,101
Other	225,734	-	225,734
Support services:			
Pupil	3,712,895	226,074	3,938,969
Instructional staff	1,082,901	17,314	1,100,215
Board of education	523,220	-	523,220
Administration	3,165,145	92,799	3,257,944
Fiscal	980,638	20,590	1,001,228
Business.	222,909	-	222,909
Operations and maintenance	5,495,276	35,700	5,530,976
Pupil transportation	3,417,263	8,500	3,425,763
Central	766,149	-	766,149
Operation of non-instructional services:			
Food service operations.	-	1,385,371	1,385,371
Other non-instructional services.	48,251	458,677	506,928
Extracurricular activities.	891,909	406,096	1,298,005
Facilities acquisition and construction	608,666	202,284	810,950
Debt service:			
Principal retirement.	271,548	180,000	451,548
Interest and fiscal charges.	61,923	49,219	111,142
Total expenditures	<u>56,652,938</u>	<u>4,318,881</u>	<u>60,971,819</u>
Excess of revenues over expenditures	<u>2,426,320</u>	<u>110,969</u>	<u>2,537,289</u>
Other financing sources (uses):			
Sale of capital assets.	33,498	-	33,498
Transfers in.	-	286,874	286,874
Transfers (out)	(286,874)	-	(286,874)
Total other financing sources (uses).	<u>(253,376)</u>	<u>286,874</u>	<u>33,498</u>
Net change in fund balances	2,172,944	397,843	2,570,787
Fund balances (deficit) at beginning of year.	<u>26,353,746</u>	<u>(3,243)</u>	<u>26,350,503</u>
Fund balances at end of year.	<u>\$ 28,526,690</u>	<u>\$ 394,600</u>	<u>\$ 28,921,290</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, 2015

Net change in fund balances - total governmental funds	\$	2,570,787
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,635,436	
Current year depreciation	<u>(1,297,757)</u>	
Total		337,679
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(42,511)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(134,201)	
Earnings on investments	5,183	
Intergovernmental	<u>(67,966)</u>	
Total		(196,984)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	280,000	
Capital leases	<u>171,548</u>	
Total		451,548
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	1,564	
Amortization of bond premiums	<u>6,481</u>	
Total		8,045
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		4,529,060
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,006,081)
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.		
		<u>31,651</u>
Change in net position of governmental activities	\$	<u>4,683,194</u>

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, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 33,041,569	\$ 33,041,569	\$ 33,768,780	\$ 727,211
Tuition.	2,474,259	2,474,259	2,528,715	54,456
Earnings on investments	50,547	50,547	51,659	1,112
Extracurricular.	212,094	212,094	216,762	4,668
Other local revenues	371,285	371,285	379,457	8,172
Intergovernmental - state	18,789,341	18,789,341	19,202,875	413,534
Intergovernmental - federal	38,160	38,160	39,000	840
Total revenues	<u>54,977,255</u>	<u>54,977,255</u>	<u>56,187,248</u>	<u>1,209,993</u>
Expenditures:				
Current:				
Instruction:				
Regular	37,698,609	37,698,609	26,357,300	11,341,309
Special.	8,765,759	8,765,759	6,128,654	2,637,105
Vocational.	2,753,655	2,753,655	1,925,241	828,414
Other.	291,656	291,656	203,914	87,742
Support services:				
Pupil.	5,118,092	5,118,092	3,578,357	1,539,735
Instructional staff	1,484,987	1,484,987	1,038,241	446,746
Board of education	924,808	924,808	646,587	278,221
Administration.	4,475,150	4,475,150	3,128,839	1,346,311
Fiscal	1,750,689	1,750,689	1,224,009	526,680
Business	307,746	307,746	215,163	92,583
Operations and maintenance.	8,493,355	8,493,355	5,938,201	2,555,154
Pupil transportation	5,171,756	5,171,756	3,615,877	1,555,879
Central.	1,180,981	1,180,981	825,693	355,288
Other non-instructional services	69,013	69,013	48,251	20,762
Extracurricular activities.	1,272,148	1,272,148	889,433	382,715
Facilities acquisition and construction	1,186,090	1,186,090	829,265	356,825
Debt service:				
Principal retirement	143,029	143,029	100,000	43,029
Interest and fiscal charges.	56,524	56,524	39,519	17,005
Total expenditures	<u>81,144,047</u>	<u>81,144,047</u>	<u>56,732,544</u>	<u>24,411,503</u>
Excess of expenditures over revenues.	<u>(26,166,792)</u>	<u>(26,166,792)</u>	<u>(545,296)</u>	<u>25,621,496</u>
Other financing sources (uses):				
Refund of prior year's expenditures	364,061	364,061	372,074	8,013
Refund of prior year's receipts.	(46,743)	(46,743)	(32,681)	14,062
Transfers in	10,324	10,324	10,551	227
Transfers (out).	(442,256)	(442,256)	(309,207)	133,049
Advances in.	908,023	908,023	928,008	19,985
Advances (out)	(65,821)	(65,821)	(46,019)	19,802
Sale of capital assets	32,858	32,858	33,581	723
Total other financing sources (uses)	<u>760,446</u>	<u>760,446</u>	<u>956,307</u>	<u>195,861</u>
Net change in fund balance	(25,406,346)	(25,406,346)	411,011	25,817,357
Fund balance at beginning of year	24,010,388	24,010,388	24,010,388	-
Prior year encumbrances appropriated	1,395,958	1,395,958	1,395,958	-
Fund balance at end of year	\$ -	\$ -	\$ 25,817,357	\$ 25,817,357

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 4,791	\$ 111,862
Receivables:		
Accounts	-	930
Total assets.	4,791	\$ 112,792
Liabilities:		
Accounts payable.	-	\$ 408
Intergovernmental payable	-	58
Due to students.	-	112,326
Total liabilities	-	\$ 112,792
Net position:		
Held in trust for scholarships	4,791	
Total net position.	\$ 4,791	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 9
Deductions:	
Scholarships awarded	1,000
Change in net position	(991)
Net position at beginning of year.	5,782
Net position at end of year	\$ 4,791

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 235 full-time and part-time non-certified employees, 357 certified teaching personnel and 28 administrators. The District provides services to 5,207 students and other community members.

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

A. Reporting Entity

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

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

Within the District boundaries are two non-public schools, Holy Family School, which is operated through the Cleveland Diocese, 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, 2015

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 2015.

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 \$470,785 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 \$306,862 to the Six District Educational Compact for services during fiscal year 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 2015, the District paid \$243,464 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 Schools' Council Workers' Compensation Group Rating Program

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 deferred outflows and liabilities and deferred inflows is reported as fund balance. The following is the District's major governmental fund:

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and 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 funds account for student activity and Ohio High School Athletic Association (OHSAA) events.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. 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, 2015

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

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. 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, 2015

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.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related to the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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.

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 2015, investments were limited to federal agency securities, U.S. Treasury money market funds, U.S. Treasury notes, 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 2015. 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, 2015.

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 2015 amounted to \$62,286 which includes \$2,201 assigned from other District funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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 accounts 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 expended/expensed when used. Inventories are accounted for using the consumption method.

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their 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 2015. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

<u>Description</u>	Governmental Activities <u>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 loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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, 2015 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.

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 and lease purchase obligations are recognized as a liability on the fund financial statements when due.

L. Estimates

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

M. Fund Balance

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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 the general fund, assigned amounts represent intended uses established by policies of the District Board of Education or a District official delegated that authority by State statute. State statute authorizes the District Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

N. Net Position

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

O. Interfund Activity

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

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

P. Pensions

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

Q. 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 2015, the District did not incur any transactions that would be classified as an extraordinary item or special item.

R. Unamortized Bond Premiums

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the District has implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27”, GASB Statement No. 69 “Government Combinations and Disposals of Government Operations”, and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68”.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District’s pension plan disclosures and added required supplementary information.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 37,212,185
Deferred outflows - payments subsequent to measurement date	4,195,886
Net pension liability	(83,677,797)
Restated net position at July 1, 2014	\$ (42,269,726)

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 93,773
Title III limited English proficiency	8,105
Title I disadvantaged children	63,053
Improving teacher quality	17,996

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

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;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$4,461,301, 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, 2015, \$2,655,781 of the District’s bank balance of \$5,414,060 was exposed to custodial risk as discussed below, while \$2,758,279 was covered by the FDIC.

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

C. Investments

As of June 30, 2015, 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	\$ 1,995,583	\$ -	\$ 275,374	\$ 333,931	\$ 269,635	\$ 1,116,643
FHLB	306,279	-	-	-	-	306,279
U.S. Treasury note	350,164	350,164	-	-	-	-
FNMA	1,966,944	-	450,624	-	-	1,516,320
Negotiable CDs	1,391,301	245,044	490,745	410,573	244,939	-
STAR Ohio	681,498	681,498	-	-	-	-
Repurchase agreement	16,515,000	16,515,000	-	-	-	-
U.S. Treasury money market	11,219	11,219	-	-	-	-
	<u>\$ 23,217,988</u>	<u>\$ 17,802,925</u>	<u>\$ 1,216,743</u>	<u>\$ 744,504</u>	<u>\$ 514,574</u>	<u>\$ 2,939,242</u>

The weighted average maturity of investments is 0.50 years.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, U.S. Treasury notes and U.S. Treasury money markets, and the federal agency securities that underlie the District's repurchase agreements 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 and U.S. Treasury note are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The negotiable CDs are covered by FDIC. 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, 2015:

<u>Investment type</u>	<u>Fair value</u>	<u>% of Total</u>
FHLMC	\$ 1,995,583	8.59
FHLB	306,279	1.32
U.S. Treasury note	350,164	1.51
FNMA	1,966,944	8.47
Negotiable CDs	1,391,301	5.99
STAR Ohio	681,498	2.94
Repurchase agreement	16,515,000	71.13
U.S. Treasury money market	11,219	0.05
	<u>\$ 23,217,988</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, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,461,301
Investments	23,217,988
Cash on hand	<u>1,050</u>
Total	<u>\$ 27,680,339</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 27,563,686
Private-purpose trust fund	4,791
Agency funds	<u>111,862</u>
Total	<u>\$ 27,680,339</u>

NOTE 4 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2015 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 fund	Nonmajor governmental funds	<u>\$ 46,019</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, 2015 consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 286,874</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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, 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, respectively, periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$7,728,170 in the general fund and \$120,477 in the permanent improvement fund, a nonmajor governmental fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2014 was \$4,975,091 in the general fund and \$78,169 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, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 897,207,000	98.67	\$ 889,054,420	98.67
Public utility personal	<u>12,118,030</u>	<u>1.33</u>	<u>12,025,570</u>	<u>1.33</u>
Total	<u>\$ 909,325,030</u>	<u>100.00</u>	<u>\$ 901,079,990</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 53.47		\$ 53.66	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2015 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables reported on the statement of net position follows:

Governmental activities:

Taxes	\$ 35,034,181
Accounts	17,715
Intergovernmental:	
SERS refund	46,183
Medicaid	195,111
IDEA part B grant	17,066
Title III limited English proficiency grant	3,271
Title I disadvantaged children grant	122,211
Improving teacher quality grant	<u>18,035</u>
Total intergovernmental	401,877
Accrued interest	<u>9,565</u>
Total receivables	<u>\$ 35,463,338</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, 2015

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/15</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 563,915	\$ -	\$ -	\$ 563,915
Construction in progress	186,064	505,861	(691,925)	-
Total capital assets, not being depreciated	<u>749,979</u>	<u>505,861</u>	<u>(691,925)</u>	<u>563,915</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,840,961	30,671	-	3,871,632
Buildings and improvements	31,225,390	678,154	-	31,903,544
Furniture, fixtures and equipment	4,786,598	594,415	-	5,381,013
Vehicles	4,137,989	518,260	(454,010)	4,202,239
Total capital assets, being depreciated	<u>43,990,938</u>	<u>1,821,500</u>	<u>(454,010)</u>	<u>45,358,428</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(972,496)	(204,598)	-	(1,177,094)
Buildings and improvements	(22,298,520)	(578,509)	-	(22,877,029)
Furniture, fixtures and equipment	(2,712,149)	(297,669)	-	(3,009,818)
Vehicles	(2,355,340)	(216,981)	411,499	(2,160,822)
Total accumulated depreciation	<u>(28,338,505)</u>	<u>(1,297,757)</u>	<u>411,499</u>	<u>(29,224,763)</u>
Governmental activities capital assets, net	<u>\$ 16,402,412</u>	<u>\$ 1,029,604</u>	<u>\$ (734,436)</u>	<u>\$ 16,697,580</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 584,469
Special	3,731
Vocational	3,456
<u>Support services:</u>	
Pupil	560
Instructional staff	19,049
Administration	3,949
Fiscal	1,578
Operations and maintenance	316,677
Pupil transportation	228,565
Other non-instructional services	2,644
Extracurricular activities	121,035
Food service operations	<u>12,044</u>
Total depreciation expense	<u>\$ 1,297,757</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE

On October 28, 2013, the District entered into a lease-purchase agreement with De Lage Landen Public Finance LLC for the purchase of copiers. Also during fiscal year 2014, the District entered into a lease-purchase agreement with First Merit Bank for 8 new school buses.

Capital assets consisting of furniture, fixtures and equipment and vehicles have been capitalized in the amount of \$137,239, and \$727,891, respectively. Accumulated depreciation on the copiers as of June 30, 2015 was \$22,873, leaving a current book value of \$114,366. Accumulated depreciation on the vehicles as of June 30, 2015 was \$34,418, leaving a current book value of \$693,473. Principal and interest payments are made from the general fund and totaled \$171,548 and \$22,404, respectively, in fiscal year 2015.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2015.

<u>Fiscal year ending June 30,</u>	<u>Copiers</u>	<u>Buses</u>	<u>Total</u>
2016	\$ 37,104	\$ 156,848	\$ 193,952
2017	37,104	156,848	193,952
2018	15,460	156,848	172,308
2019	<u>-</u>	<u>156,848</u>	<u>156,848</u>
Total minimum lease payment	89,668	627,392	717,060
Less amount representing interest	<u>(4,218)</u>	<u>(37,671)</u>	<u>(41,889)</u>
Total	<u>\$ 85,450</u>	<u>\$ 589,721</u>	<u>\$ 675,171</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - LONG-TERM OBLIGATIONS

- A. The District's long-term obligations have been restated as described in Note 2.A. During the fiscal year 2015, the following changes occurred in the governmental activities long-term obligations.

	Restated Balance 06/30/14	Additions	Reductions	Balance 06/30/15	Amounts Due in One Year
Governmental activities:					
<u>General obligation bonds</u>					
2006 bus acquisition/energy conservation, 4.00-5.00%	\$ 2,110,000	\$ -	\$ (280,000)	\$ 1,830,000	\$ 295,000
Total general obligation bonds	2,110,000	-	(280,000)	1,830,000	295,000
<u>Other obligations:</u>					
Lease purchase - copiers	118,528	-	(33,078)	85,450	34,389
Lease purchase - buses	728,191	-	(138,470)	589,721	141,965
Net pension liability	83,677,797	-	(13,240,532)	70,437,265	-
Compensated absences	3,962,425	724,944	(790,444)	3,896,925	518,641
Total other obligations	88,486,941	724,944	(14,202,524)	75,009,361	694,995
Total governmental activities long-term obligations	\$ 90,596,941	\$ 724,944	\$ (14,482,524)	76,839,361	\$ 989,995
				41,586	
				\$ 76,880,947	

Series 2006 Bus Acquisition/Energy Conservation Bonds

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

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

Fiscal Year Ending	General Obligation Bonds		
	Principal	Interest	Total
2016	\$ 295,000	\$ 74,362	\$ 369,362
2017	310,000	59,237	369,237
2018	225,000	46,847	271,847
2019	235,000	37,359	272,359
2020	245,000	27,306	272,306
2021 - 2022	520,000	22,312	542,312
Total	\$ 1,830,000	\$ 267,423	\$ 2,097,423

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Lease Purchase Obligations

The interest rate on the school bus lease purchase obligation is 2.52%. The interest rate on the copier lease purchase obligation is 3.96%. For more detail on the lease purchase obligations, see Note 8.

Compensated Absences

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

Net Pension Liability

See Note 11 for detail on the District's net pension liability.

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, 2015 are a voted debt margin of \$79,267,199 and an unvoted debt margin of \$901,080.

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance in the past three years nor has insurance coverage been significantly reduced from 2014.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 10 - RISK MANAGEMENT - (Continued)

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 86 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 \$218,395,955.

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>2015</u>	<u>2014</u>
Cash and investments	\$ 101,181,377	\$ 98,806,139
Actuarial liabilities	16,233,000	16,136,000

C. Workers’ Compensation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$1,065,292 for fiscal year 2015. Of this amount \$92,096 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$3,463,768 for fiscal year 2015. Of this amount, \$597,876 is reported as pension and postemployment obligation payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 14,006,211	\$ 56,431,054	\$ 70,437,265
Proportion of the Net Pension Liability	0.27675100%	0.23200257%	
Pension Expense	\$ 817,089	\$ 2,188,992	\$ 3,006,081

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 119,208	\$ 543,271	\$ 662,479
District contributions subsequent to the measurement date	<u>1,065,292</u>	<u>3,463,768</u>	<u>4,529,060</u>
Total deferred outflows of resources	<u>\$ 1,184,500</u>	<u>\$ 4,007,039</u>	<u>\$ 5,191,539</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 2,273,247</u>	<u>\$ 10,439,959</u>	<u>\$ 12,713,206</u>
Total deferred inflows of resources	<u>\$ 2,273,247</u>	<u>\$ 10,439,959</u>	<u>\$ 12,713,206</u>

\$4,529,060 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (538,510)	\$ (2,474,172)	\$ (3,012,682)
2017	(538,510)	(2,474,172)	(3,012,682)
2018	(538,510)	(2,474,172)	(3,012,682)
2019	<u>(538,509)</u>	<u>(2,474,172)</u>	<u>(3,012,681)</u>
Total	<u>\$ (2,154,039)</u>	<u>\$ (9,896,688)</u>	<u>\$ (12,050,727)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 19,982,700	\$ 14,006,211	\$ 8,979,466

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

**STOW-MUNROE FALLS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 80,787,206	\$ 56,431,054	\$ 35,833,945

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 12 - 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 basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$140,109.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$203,950, \$146,928, and \$130,637, respectively. For fiscal year 2015, 92.27 percent has been contributed, with the balance being reported as pension and postemployment obligation payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$239,406, and \$228,126 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 411,011
Net adjustment for revenue accruals	2,576,651
Net adjustment for expenditure accruals	(547,886)
Net adjustment for other sources/uses	(1,221,528)
Funds budgeted elsewhere	(57,209)
Adjustment for encumbrances	1,011,905
GAAP basis	<u>\$ 2,172,944</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 14 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2015.

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.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 15 - SET-ASIDES

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - SET-ASIDES - (Continued)

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	871,240
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(1,626,708)
Excess qualified expenditures from prior years	-
Current year offsets	(633,433)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (1,388,901)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u><u>\$ -</u></u>

NOTE 16 - OTHER COMMITMENTS

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

	<u>Year-End Encumbrances</u>
<u>Fund</u>	
General fund	\$ 813,305
Other governmental	<u>384,459</u>
Total	<u><u>\$ 1,197,764</u></u>

NOTE 17 - SUBSEQUENT EVENTS

On August 18, 2015, the District issued \$3,784,885 in energy conservation bonds. The bonds bear an interest rate of 3.15% and mature on December 1, 2030. The proceeds of the bonds will be used for various energy saving improvements to the District's buildings.

In fiscal year 2016, the District entered into a lease-purchase agreement with First Merit Equipment Finance, Inc. for the acquisition of five new school buses. The cost of the new buses is \$414,408. The lease-purchase agreement bears an interest rate of 2.97%.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

LAST TWO FISCAL YEARS (1)

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.27675100%	0.27675100%
District's proportionate share of the net pension liability	\$ 14,006,211	\$ 16,457,494
District's covered-employee payroll	\$ 8,039,921	\$ 8,015,145
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.21%	205.33%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

(1) Information prior to fiscal year 2013 was unavailable.

Note: Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

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

LAST TWO FISCAL YEARS (1)

	2014	2013
District's proportion of the net pension liability	0.23200257%	0.23200257%
District's proportionate share of the net pension liability	\$ 56,431,054	\$ 67,220,303
District's covered-employee payroll	\$ 23,704,254	\$ 22,812,646
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	294.66%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

(1) Information prior to fiscal year 2013 was unavailable.

Note: Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

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

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,065,292	\$ 1,114,333	\$ 1,109,296	\$ 1,049,278
Contributions in relation to the contractually required contribution	<u>(1,065,292)</u>	<u>(1,114,333)</u>	<u>(1,109,296)</u>	<u>(1,049,278)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,082,640	\$ 8,039,921	\$ 8,015,145	\$ 7,801,323
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,015,362	\$ 1,101,514	\$ 804,868	\$ 809,883	\$ 857,504	\$ 820,370
<u>(1,015,362)</u>	<u>(1,101,514)</u>	<u>(804,868)</u>	<u>(809,883)</u>	<u>(857,504)</u>	<u>(820,370)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,077,661	\$ 8,135,258	\$ 8,179,553	\$ 8,247,281	\$ 8,029,064	\$ 7,753,970
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

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

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

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 3,463,768	\$ 3,081,553	\$ 2,965,644	\$ 3,110,483
Contributions in relation to the contractually required contribution	<u>(3,463,768)</u>	<u>(3,081,553)</u>	<u>(2,965,644)</u>	<u>(3,110,483)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 24,741,200	\$ 23,704,254	\$ 22,812,646	\$ 23,926,792
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
\$ 3,359,040	\$ 3,192,216	\$ 3,106,675	\$ 3,051,520	\$ 3,157,539	\$ 3,100,340
<u>(3,359,040)</u>	<u>(3,192,216)</u>	<u>(3,106,675)</u>	<u>(3,051,520)</u>	<u>(3,157,539)</u>	<u>(3,100,340)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 25,838,769	\$ 24,555,508	\$ 23,897,500	\$ 23,473,231	\$ 24,288,762	\$ 23,848,769
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

MAJOR FUND

General Fund

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

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

Uniform School Supplies Fund

Section 3313.811, Revised Code

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

Special Services Rotary Fund

Section 5705.12, Revised Code

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

Public School Support Fund

Section 5705.12, Revised Code

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

Unclaimed Monies Fund

Section 9.39, Revised Code

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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	\$ 157,779	\$ 133,585	\$ (24,194)
Total expenditures and other financing uses	<u>187,727</u>	<u>163,395</u>	<u>24,332</u>
Net change in fund balance	(29,948)	(29,810)	138
Fund balance at beginning of year	62,665	62,665	-
Prior year encumbrances appropriated	<u>1,782</u>	<u>1,782</u>	<u>-</u>
Fund balance at end of year	<u>\$ 34,499</u>	<u>\$ 34,637</u>	<u>\$ 138</u>
<u>Special Services Rotary Fund</u>			
Total revenues and other financing sources	\$ 27,544	\$ 27,544	\$ -
Total expenditures and other financing uses	<u>60,481</u>	<u>60,085</u>	<u>396</u>
Net change in fund balance	(32,937)	(32,541)	396
Fund balance at beginning of year	<u>32,937</u>	<u>32,937</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 396</u>
<u>Public School Support Fund</u>			
Total revenues and other financing sources	\$ 180,000	\$ 176,398	\$ (3,602)
Total expenditures and other financing uses	<u>287,341</u>	<u>175,143</u>	<u>112,198</u>
Net change in fund balance	(107,341)	1,255	108,596
Fund balance at beginning of year	107,507	107,507	-
Prior year encumbrances appropriated	<u>3,435</u>	<u>3,435</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,601</u>	<u>\$ 112,197</u>	<u>\$ 108,596</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Unclaimed Monies Fund</u>			
Total revenues and other financing sources	\$ 500	\$ 1,241	\$ 741
Total expenditures and other financing uses	<u>27,203</u>	<u>-</u>	<u>27,203</u>
Net change in fund balance	(26,703)	1,241	27,944
Fund balance at beginning of year	<u>26,703</u>	<u>26,703</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 27,944</u>	<u>\$ 27,944</u>

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

Nonmajor Special Revenue Funds

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

Food Service Fund

Section 3313.81, Revised Code

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

Other Grants Fund

Section 5705.09, Revised Code

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

District Managed Activity Fund

Section 3313.062, Revised Code

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

Auxiliary Services Fund

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

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

Data Communication Fund

Current Budget Bill. appropriation line item 200-426

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

Miscellaneous State Grants Fund

Section 5705.12, Revised Code

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

Race to the Top

Catalog of Federal Domestic Assistance #84.395

A fund used to account for funds used to provide for either a new program or expansion of an existing program to support initiatives in the following areas: Standards and Assessments; Using Data to Improve Instruction; Great Teachers and Leaders; and Turning Around the Lowest-Achieving Schools.

IDEA Part B Grants Fund

Catalog of Federal Domestic Assistance #84.027

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

Title III Limited English Proficiency Fund

Catalog of Federal Domestic Assistance #84.365

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

Title I Disadvantaged Children Fund

Catalog of Federal Domestic Assistance #84.010

A fund used to account for monies 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)

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.

Building Fund

Section 5705.09, Revised Code

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 239,801	\$ 304,526	\$ 544,327
Receivables:			
Taxes	-	534,189	534,189
Accounts	2,018	-	2,018
Intergovernmental	160,583	-	160,583
Inventory held for resale	28,203	-	28,203
Total assets	<u>\$ 430,605</u>	<u>\$ 838,715</u>	<u>\$ 1,269,320</u>
Liabilities:			
Accounts payable	\$ 5,155	\$ -	\$ 5,155
Accrued wages and benefits	182,960	-	182,960
Compensated absences payable	12,300	-	12,300
Pension and postemployment obligation payable	46,229	-	46,229
Intergovernmental payable	7,762	-	7,762
Interfund loans payable	46,019	-	46,019
Total liabilities	<u>300,425</u>	<u>-</u>	<u>300,425</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	-	402,208	402,208
Delinquent property tax revenue not available	-	11,504	11,504
Intergovernmental revenue not available	160,583	-	160,583
Total deferred inflows of resources	<u>160,583</u>	<u>413,712</u>	<u>574,295</u>
Fund balances:			
Restricted:			
Non-public schools	18,797	-	18,797
Special education	2,289	-	2,289
Extracurricular	80,183	-	80,183
Other purposes	51,255	-	51,255
Committed:			
Capital improvements	-	425,003	425,003
Unassigned (deficit)	<u>(182,927)</u>	<u>-</u>	<u>(182,927)</u>
Total fund balances (deficit)	<u>(30,403)</u>	<u>425,003</u>	<u>394,600</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 430,605</u>	<u>\$ 838,715</u>	<u>\$ 1,269,320</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, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ -	\$ 567,451	\$ 567,451
Earnings on investments	293	-	293
Charges for services	580,683	-	580,683
Extracurricular	318,100	-	318,100
Other local revenues	60,279	-	60,279
Intergovernmental - state	429,802	105,010	534,812
Intergovernmental - federal	2,368,232	-	2,368,232
Total revenues	3,757,389	672,461	4,429,850
Expenditures:			
Current:			
Instruction:			
Regular	531,805	-	531,805
Special	704,452	-	704,452
Support services:			
Pupil	226,074	-	226,074
Instructional staff	17,314	-	17,314
Administration	92,799	-	92,799
Fiscal	15,366	5,224	20,590
Operations and maintenance	-	35,700	35,700
Pupil transportation	8,500	-	8,500
Operation of non-instructional services:			
Food service operations	1,385,371	-	1,385,371
Other non-instructional services	458,677	-	458,677
Extracurricular activities	406,096	-	406,096
Facilities acquisition and construction	-	202,284	202,284
Debt service:			
Principal retirement	-	180,000	180,000
Interest and fiscal charges	-	49,219	49,219
Total expenditures	3,846,454	472,427	4,318,881
Excess (deficiency) of revenues over (under) expenditures	(89,065)	200,034	110,969
Other financing sources:			
Transfers in	260,874	26,000	286,874
Total other financing sources	260,874	26,000	286,874
Net change in fund balances	171,809	226,034	397,843
Fund balances (deficit)			
at beginning of year	(202,212)	198,969	(3,243)
Fund balances (deficit) at end of year	\$ (30,403)	\$ 425,003	\$ 394,600

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Food Service	Other Grants	District Managed Activity	Auxiliary Services
Assets:				
Equity in pooled cash and investments	\$ 341	\$ 35,456	\$ 80,311	\$ 24,360
Receivables:				
Accounts	2,018	-	-	-
Intergovernmental	-	-	-	-
Inventory held for resale	28,203	-	-	-
Total assets	\$ 30,562	\$ 35,456	\$ 80,311	\$ 24,360
Liabilities:				
Accounts payable	\$ -	\$ 375	\$ 24	\$ 621
Accrued wages and benefits	82,261	-	-	3,480
Compensated absences payable	12,300	-	-	-
Pension and postemployment obligation payable	26,312	-	-	1,193
Intergovernmental payable	3,462	9	104	269
Interfund loans payable	-	-	-	-
Total liabilities	124,335	384	128	5,563
Deferred inflows of resources:				
Intergovernmental revenue not available	-	-	-	-
Fund balances:				
Restricted:				
Non-public schools	-	-	-	18,797
Special education	-	-	-	-
Extracurricular	-	-	80,183	-
Other purposes	-	35,072	-	-
Unassigned (deficit)	(93,773)	-	-	-
Total fund balances (deficits)	(93,773)	35,072	80,183	18,797
Total liabilities, deferred inflows of resources and fund balances	\$ 30,562	\$ 35,456	\$ 80,311	\$ 24,360

<u>Data Communication</u>	<u>IDEA Part B Grants</u>	<u>Title III Limited English Proficiency</u>	<u>Title I Disadvantaged Children</u>	<u>Improving Teacher Quality</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 16,183	\$ 30,613	\$ 985	\$ 50,036	\$ 1,516	\$ 239,801
-	-	-	-	-	2,018
-	17,066	3,271	122,211	18,035	160,583
-	-	-	-	-	28,203
<u>\$ 16,183</u>	<u>\$ 47,679</u>	<u>\$ 4,256</u>	<u>\$ 172,247</u>	<u>\$ 19,551</u>	<u>\$ 430,605</u>
\$ -	\$ 3,900	\$ -	\$ -	\$ 235	\$ 5,155
-	18,775	5,948	58,238	14,258	182,960
-	-	-	-	-	12,300
-	3,864	-	12,464	2,396	46,229
-	842	205	2,344	527	7,762
-	943	2,937	40,043	2,096	46,019
-	<u>28,324</u>	<u>9,090</u>	<u>113,089</u>	<u>19,512</u>	<u>300,425</u>
-	<u>17,066</u>	<u>3,271</u>	<u>122,211</u>	<u>18,035</u>	<u>160,583</u>
-	-	-	-	-	18,797
-	2,289	-	-	-	2,289
-	-	-	-	-	80,183
16,183	-	-	-	-	51,255
-	-	(8,105)	(63,053)	(17,996)	(182,927)
<u>16,183</u>	<u>2,289</u>	<u>(8,105)</u>	<u>(63,053)</u>	<u>(17,996)</u>	<u>(30,403)</u>
<u>\$ 16,183</u>	<u>\$ 47,679</u>	<u>\$ 4,256</u>	<u>\$ 172,247</u>	<u>\$ 19,551</u>	<u>\$ 430,605</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service	Other Grants	District Managed Activity	Auxiliary Services
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ 293
Charges for services	580,683	-	-	-
Extracurricular	-	-	318,100	-
Other local revenues	-	49,266	11,013	-
Intergovernmental - state	9,906	-	-	378,696
Intergovernmental - federal	600,546	-	-	-
Total revenues	1,191,135	49,266	329,113	378,989
Expenditures:				
Current:				
Instruction:				
Regular	-	17,025	-	-
Special	-	815	-	-
Support services:				
Pupil	-	825	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	15,366
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,385,371	-	-	-
Other non-instructional services	-	-	-	451,515
Extracurricular activities	-	-	406,096	-
Total expenditures	1,385,371	18,665	406,096	466,881
Excess of revenues over (under) expenditures	(194,236)	30,601	(76,983)	(87,892)
Other financing sources:				
Transfers in	167,623	-	93,251	-
Net change in fund balances	(26,613)	30,601	16,268	(87,892)
Fund balances (deficits)				
at beginning of year	(67,160)	4,471	63,915	106,689
Fund balances (deficits) at end of year	\$ (93,773)	\$ 35,072	\$ 80,183	\$ 18,797

<u>Data Communication</u>	<u>Miscellaneous State Grants</u>	<u>Race to the Top</u>	<u>IDEA Part B Grants</u>	<u>Title III Limited English Proficiency</u>	<u>Title I Disadvantaged Children</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,200	25,000	-	-	-	-
-	-	6,650	1,080,486	10,746	542,607
<u>16,200</u>	<u>25,000</u>	<u>6,650</u>	<u>1,080,486</u>	<u>10,746</u>	<u>542,607</u>
17	-	-	-	-	406,024
-	-	-	684,029	19,608	-
-	25,000	-	199,631	618	-
-	-	-	13,874	-	3,440
-	-	-	90,584	-	-
-	-	-	-	-	-
-	-	-	8,500	-	-
-	-	-	-	-	-
-	-	-	7,162	-	-
-	-	-	-	-	-
<u>17</u>	<u>25,000</u>	<u>-</u>	<u>1,003,780</u>	<u>20,226</u>	<u>409,464</u>
<u>16,183</u>	<u>-</u>	<u>6,650</u>	<u>76,706</u>	<u>(9,480)</u>	<u>133,143</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
16,183	-	6,650	76,706	(9,480)	133,143
-	-	(6,650)	(74,417)	1,375	(196,196)
<u>\$ 16,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,289</u>	<u>\$ (8,105)</u>	<u>\$ (63,053)</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, 2015

	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
	<u> </u>	<u> </u>
Revenues:		
From local sources:		
Earnings on investments	\$ -	\$ 293
Charges for services	-	580,683
Extracurricular	-	318,100
Other local revenues	-	60,279
Intergovernmental - state	-	429,802
Intergovernmental - federal	127,197	2,368,232
Total revenues	<u>127,197</u>	<u>3,757,389</u>
Expenditures:		
Current:		
Instruction:		
Regular	108,739	531,805
Special	-	704,452
Support services:		
Pupil	-	226,074
Instructional staff	-	17,314
Administration	2,215	92,799
Fiscal	-	15,366
Pupil transportation	-	8,500
Operation of non-instructional services:		
Food service operations	-	1,385,371
Other non-instructional services	-	458,677
Extracurricular activities	-	406,096
Total expenditures	<u>110,954</u>	<u>3,846,454</u>
Excess of revenues over (under) expenditures	<u>16,243</u>	<u>(89,065)</u>
Other financing sources:		
Transfers in	-	260,874
Net change in fund balances	16,243	171,809
Fund balances (deficits)		
at beginning of year	<u>(34,239)</u>	<u>(202,212)</u>
Fund balances (deficits) at end of year	<u><u>\$ (17,996)</u></u>	<u><u>\$ (30,403)</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, 2015

	<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	\$ 1,355,075	\$ 1,355,416	\$ 341
Total expenditures and other financing uses	<u>1,355,075</u>	<u>1,355,075</u>	<u>-</u>
Net change in fund balance	-	341	341
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 341</u>	<u>\$ 341</u>
<u>Other Grants Fund</u>			
Total revenues and other financing sources	\$ 40,000	\$ 49,266	\$ 9,266
Total expenditures and other financing uses	<u>54,012</u>	<u>18,656</u>	<u>35,356</u>
Net change in fund balance	(14,012)	30,610	44,622
Fund balance at beginning of year	<u>4,471</u>	<u>4,471</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (9,541)</u>	<u>\$ 35,081</u>	<u>\$ 44,622</u>
<u>District Managed Activity Fund</u>			
Total revenues and other financing sources	\$ 328,209	\$ 423,269	\$ 95,060
Total expenditures and other financing uses	<u>492,048</u>	<u>428,323</u>	<u>63,725</u>
Net change in fund balance	(163,839)	(5,054)	158,785
Fund balance at beginning of year	50,807	50,807	-
Prior year encumbrances appropriated	<u>18,176</u>	<u>18,176</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (94,856)</u>	<u>\$ 63,929</u>	<u>\$ 158,785</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, 2015

	<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	\$ 405,836	\$ 379,442	\$ (26,394)
Total expenditures and other financing uses	<u>503,624</u>	<u>500,043</u>	<u>3,581</u>
Net change in fund balance	(97,788)	(120,601)	(22,813)
Fund balance at beginning of year	102,950	102,950	-
Prior year encumbrances appropriated	<u>21,225</u>	<u>21,225</u>	<u>-</u>
Fund balance at end of year	<u>\$ 26,387</u>	<u>\$ 3,574</u>	<u>\$ (22,813)</u>
<u>Data Communication Fund</u>			
Total revenues and other financing sources	\$ 16,200	\$ 16,200	\$ -
Total expenditures and other financing uses	<u>16,200</u>	<u>16,200</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>Miscellaneous State Grants Fund</u>			
Total revenues and other financing sources	\$ 39,199	\$ 39,199	\$ -
Total expenditures and other financing uses	<u>39,199</u>	<u>39,199</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>

**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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Race to the Top</u>			
Total revenues and other financing sources	\$ 6,650	\$ 6,650	\$ -
Total expenditures and other financing uses	<u>6,650</u>	<u>6,650</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	\$ 973,338	\$ 1,082,109	\$ 108,771
Total expenditures and other financing uses	<u>1,385,129</u>	<u>1,268,102</u>	<u>117,027</u>
Net change in fund balance	(411,791)	(185,993)	225,798
Fund balance at beginning of year	113,531	113,531	-
Prior year encumbrances appropriated	<u>72,462</u>	<u>72,462</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ (225,798)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 225,798</u></u>
<u>Title III Limited English Proficiency Fund</u>			
Total revenues and other financing sources	\$ 17,298	\$ 13,683	\$ (3,615)
Total expenditures and other financing uses	<u>19,708</u>	<u>16,663</u>	<u>3,045</u>
Net change in fund balance	(2,410)	(2,980)	(570)
Fund balance at beginning of year	<u>2,980</u>	<u>2,980</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ 570</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (570)</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Title I Disadvantaged Children Fund</u>			
Total revenues and other financing sources	\$ 584,950	\$ 584,950	\$ -
Total expenditures and other financing uses	<u>1,234,297</u>	<u>1,004,240</u>	<u>230,057</u>
Net change in fund balance	(649,347)	(419,290)	230,057
Fund balance at beginning of year	<u>419,290</u>	<u>419,290</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (230,057)</u>	<u>\$ -</u>	<u>\$ 230,057</u>
<u>Improving Teacher Quality Fund</u>			
Total revenues and other financing sources	\$ 136,152	\$ 129,594	\$ (6,558)
Total expenditures and other financing uses	<u>182,813</u>	<u>154,814</u>	<u>27,999</u>
Net change in fund balance	(46,661)	(25,220)	21,441
Fund balance at beginning of year	20,539	20,539	-
Prior year encumbrances appropriated	<u>4,681</u>	<u>4,681</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (21,441)</u>	<u>\$ -</u>	<u>\$ 21,441</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 278,526	\$ 26,000	\$ 304,526
Receivables:			
Taxes	534,189	-	534,189
Total assets.	<u>\$ 812,715</u>	<u>\$ 26,000</u>	<u>\$ 838,715</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	\$ 402,208	\$ -	\$ 402,208
Delinquent property tax revenue not available.	11,504	-	11,504
Total deferred inflows of resources	<u>413,712</u>	<u>-</u>	<u>413,712</u>
Fund balances:			
Committed:			
Capital improvements.	<u>399,003</u>	<u>26,000</u>	<u>425,003</u>
Total fund balances	<u>399,003</u>	<u>26,000</u>	<u>425,003</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 812,715</u>	<u>\$ 26,000</u>	<u>\$ 838,715</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Taxes	\$ 567,451	\$ -	\$ 567,451
Intergovernmental - State	105,010	-	105,010
Total revenues	672,461	-	672,461
Expenditures:			
Current:			
Support services:			
Fiscal	5,224	-	5,224
Operations and maintenance	35,700	-	35,700
Facilities acquisition and construction	202,284	-	202,284
Debt service:			
Principal retirement	180,000	-	180,000
Interest and fiscal charges	49,219	-	49,219
Total expenditures	472,427	-	472,427
Excess of revenues over expenditures.	200,034	-	200,034
Other financing sources:			
Transfers in	-	26,000	26,000
Total other financing sources	-	26,000	26,000
Net change in fund balances.	200,034	26,000	226,034
Fund balances at beginning of year.	198,969	-	198,969
Fund balances at end of year	\$ 399,003	\$ 26,000	\$ 425,003

**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, 2014

	<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	\$ 633,433	\$ 633,433	\$ -
Total expenditures and other financing uses	<u>768,945</u>	<u>743,104</u>	<u>25,841</u>
Net change in fund balance	(135,512)	(109,671)	25,841
Fund balance at beginning of year	3,513	3,513	-
Prior year encumbrances appropriated	<u>131,999</u>	<u>131,999</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 25,841</u></u>	<u><u>\$ 25,841</u></u>
<u>Building Fund</u>			
Total revenues and other financing sources	\$ 26,000	\$ 26,000	\$ -
Total expenditures and other financing uses	<u>26,000</u>	<u>-</u>	<u>26,000</u>
Net change in fund balance	-	26,000	26,000
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 26,000</u></u>	<u><u>\$ 26,000</u></u>

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

FIDUCIARY FUND DESCRIPTIONS

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust and agency funds. Private purpose trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results

Private Purpose Trust Fund

Scholarship Trust

Section 5705.09, Revised Code

A fund provided to account for monies set aside from endowments for scholarships for students enrolled in the District. The principal and income from such a fund may be expended.

Agency Funds

District Agency

Section 5705.12, Revised Code

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

Student Managed Activity

Section 3313.062, Revised Code

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

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Scholarship</u>			
Total revenues and other financing sources	\$ 5,000	\$ 9	\$ (4,991)
Total expenditures and other financing uses	<u>6,498</u>	<u>1,000</u>	<u>5,498</u>
Net change in fund balance	(1,498)	(991)	507
Fund balance at beginning of year	<u>5,782</u>	<u>5,782</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,284</u>	<u>\$ 4,791</u>	<u>\$ 507</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>District Agency</u>	<u>Beginning Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2015</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 231	\$ 35,244	\$ 35,237	\$ 238
Liabilities:				
Accounts payable	\$ -	\$ 150	\$ -	\$ 150
Intergovernmental payable.	-	58	-	58
Due to students	231	35,036	35,237	30
Total liabilities.	<u>\$ 231</u>	<u>\$ 35,244</u>	<u>\$ 35,237</u>	<u>\$ 238</u>
<u>Student Managed Activities</u>				
Assets:				
Equity in pooled cash and investments.	\$ 127,760	\$ 226,203	\$ 242,339	\$ 111,624
Receivables				
Accounts	-	930	-	930
Total assets	<u>\$ 127,760</u>	<u>\$ 227,133</u>	<u>\$ 242,339</u>	<u>\$ 112,554</u>
Liabilities:				
Accounts payable	\$ 15,208	\$ 258	\$ 15,208	\$ 258
Loans payable.	173	-	173	-
Due to students	112,379	226,875	226,958	112,296
Total liabilities.	<u>\$ 127,760</u>	<u>\$ 227,133</u>	<u>\$ 242,339</u>	<u>\$ 112,554</u>
<u>Total - All Agency Funds</u>				
Assets:				
Equity in pooled cash and investments.	\$ 127,991	\$ 261,447	\$ 277,576	\$ 111,862
Receivables				
Accounts	-	930	-	930
Total assets	<u>\$ 127,991</u>	<u>\$ 262,377</u>	<u>\$ 277,576</u>	<u>\$ 112,792</u>
Liabilities:				
Accounts payable	\$ 15,208	\$ 408	\$ 15,208	\$ 408
Intergovernmental payable.	-	58	-	58
Loans payable.	173	-	173	-
Due to students	112,610	261,911	262,195	112,326
Total liabilities.	<u>\$ 127,991</u>	<u>\$ 262,377</u>	<u>\$ 277,576</u>	<u>\$ 112,792</u>

STATISTICAL SECTION

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

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	104-117
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	118-125
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.	126-129
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.	130-131
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.	132-144

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

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

	<u>2015</u>	<u>2014 (1)</u>	<u>2013</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 14,150,823	\$ 13,694,422	\$ 13,010,519	\$ 13,352,253
Restricted	185,245	217,986	116,936	201,134
Unrestricted (deficit)	<u>(51,922,600)</u>	<u>(56,182,134)</u>	<u>15,369,460</u>	<u>11,864,381</u>
Total governmental activities net position	<u>\$ (37,586,532)</u>	<u>\$ (42,269,726)</u>	<u>\$ 28,496,915</u>	<u>\$ 25,417,768</u>

Source: School District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 68 and 71 which was implemented in 2015.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 13,326,998	\$ 13,043,385	\$ 13,665,567	\$ 14,413,341	\$ 14,594,908	\$ 13,822,667
429,712	1,576,925	1,408,917	977,417	1,261,715	1,071,897
9,166,294	7,177,691	5,290,670	2,790,531	508,072	(1,014,787)
<u>\$ 22,923,004</u>	<u>\$ 21,798,001</u>	<u>\$ 20,365,154</u>	<u>\$ 18,181,289</u>	<u>\$ 16,364,695</u>	<u>\$ 13,879,777</u>

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 27,052,752	\$ 26,142,430	\$ 24,059,541	\$ 24,818,358	\$ 26,866,739
Special	6,956,911	6,275,524	5,059,066	4,578,782	5,529,916
Vocational	1,972,573	1,927,610	1,947,538	1,594,810	1,602,735
Adult/continuing	-	-	-	-	-
Other instructional	223,883	154,966	154,464	795,323	265,404
Support services:					
Pupil	3,872,314	3,333,198	3,236,206	2,924,738	3,048,577
Instructional staff	988,923	562,413	2,685,844	2,099,634	2,366,096
Board of education	522,732	692,639	748,634	554,243	373,274
Administration	3,110,141	3,008,993	3,118,716	3,386,624	3,591,133
Fiscal	962,132	1,288,905	1,323,704	1,472,498	1,304,844
Business	251,158	155,361	66,133	80,341	47,052
Operations and maintenance	5,528,552	5,482,826	5,138,022	5,042,203	5,327,855
Pupil transportation	3,100,765	3,133,486	3,374,244	3,412,539	3,105,971
Central	775,673	625,585	496,342	616,663	632,010
Operation of non-instructional services:					
Food service operations	1,360,657	1,339,638	1,380,094	1,269,711	1,313,065
Other non-instructional services	458,375	252,098	475,514	351,300	338,433
Extracurricular activities	1,388,292	1,337,472	1,235,215	1,201,505	1,240,678
Interest and fiscal charges	103,097	99,211	155,073	120,443	130,192
Total governmental activities expenses	<u>58,628,930</u>	<u>55,812,355</u>	<u>54,654,350</u>	<u>54,319,715</u>	<u>57,083,974</u>

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

- Continued

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Program revenues					
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 2,125,820	\$ 2,034,037	\$ 2,049,382	\$ 1,811,441	\$ 1,926,730
Special	447,777	521,276	338,608	327,324	209,189
Vocational	88,475	55,177	49,864	38,893	44,822
Support services:					
Pupil	171,893	140,218	192,501	190,827	212,279
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	14,531
Fiscal	15,366	14,347	27,210	-	-
Operations and maintenance	19,890	16,320	23,460	41,195	54,068
Pupil transportation	-	-	291	-	-
Central	2,369	2,337	2,991	-	-
Operation of non-instructional services:					
Food service operations	580,683	602,992	633,766	713,955	747,688
Extracurricular activities	537,577	505,519	483,538	494,448	493,060
Operating grants and contributions:					
Instruction:					
Regular	655,642	634,806	664,432	798,440	2,031,721
Special	2,036,522	2,028,441	1,230,223	884,841	1,542,287
Vocational	126,079	117,572	177,447	209,996	174,634
Other	-	-	1,089	446	89
Support services:					
Pupil	194,143	222,823	332,383	358,576	467,883
Instructional staff	17,245	5,422	47,759	34,173	65,660
Board of education	-	-	-	-	47,486
Administration	89,675	83,536	109,908	124,917	226,268
Fiscal	12,473	20,345	-	-	-
Business	-	-	-	-	-
Operations and maintenance	-	-	-	-	15,526
Pupil transportation	148,322	197,444	136,893	134,896	184,639
Central	337	-	-	-	201,954
Operation of non-instructional services:					
Food service operations	610,452	575,798	573,306	568,104	547,844
Other non-instructional services	373,436	346,848	384,954	380,165	380,579
Extracurricular activities	10,402	15,410	13,035	15,843	15,625
Capital grants and contributions:					
Instruction:					
Regular	-	-	-	-	-
Support services:					
Pupil transportation	-	-	-	-	-
Extracurricular activities	-	600,000	-	-	-
Total governmental program revenues	<u>8,264,578</u>	<u>8,740,668</u>	<u>7,473,040</u>	<u>7,128,480</u>	<u>9,604,562</u>
Net (expense)/revenue					
Governmental activities	<u>\$ (50,364,352)</u>	<u>\$ (47,071,687)</u>	<u>\$ (47,181,310)</u>	<u>\$ (47,191,235)</u>	<u>\$ (47,479,412)</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,984,041	\$ 1,365,821	\$ 1,087,083	\$ 839,577	\$ 809,107
117,609	96,972	348,941	20,500	-
44,198	57,737	53,723	22,046	26,770
43,076	189,973	214,314	232,209	189,464
-	1,369	775	9,335	14,068
13,062	27,639	-	-	-
-	-	-	-	-
38,544	33,745	73,830	61,247	5,342
300	-	-	-	-
4,526	-	-	21	-
802,499	858,272	901,262	911,688	985,430
445,534	444,695	334,418	230,786	315,281
1,332,549	625,316	537,366	425,668	447,749
1,698,101	1,344,323	1,222,890	1,675,276	485,548
244,135	220,108	145,909	201,025	1,709
45,721	37,437	-	-	-
460,528	444,033	309,381	345,341	309,623
36,906	69,007	144,486	160,467	103,585
9,099	-	-	8,009	3,294
175,658	200,813	168,013	185,361	177,466
-	-	-	-	-
-	-	-	932	-
-	1,693	-	-	-
144,884	122,077	127,122	163,999	-
207,437	34,040	27,000	27,000	27,000
493,221	393,384	348,810	318,072	330,886
412,923	425,336	528,674	554,006	600,229
16,385	1,776	-	115,792	12,943
-	-	53,339	-	-
-	65,104	86,629	60,033	-
-	-	-	-	-
<u>8,770,936</u>	<u>7,060,670</u>	<u>6,713,965</u>	<u>6,568,390</u>	<u>4,845,494</u>
<u>\$ (46,576,874)</u>	<u>\$ (47,906,678)</u>	<u>\$ (47,254,904)</u>	<u>\$ (47,242,902)</u>	<u>\$ (48,015,381)</u>

- Continued

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General revenues and other changes in net position					
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 36,357,109	\$ 37,316,788	\$ 31,408,886	\$ 30,625,517	\$ 29,094,194
Debt service	-	-	-	-	-
Capital outlay	565,319	583,514	492,005	526,388	593,938
Payments in lieu of taxes	190,233	162,867	212,345	219,623	62,280
Grants and entitlements not restricted to specific programs	17,676,902	17,425,497	17,926,791	18,068,848	18,641,456
Investment earnings	67,469	69,776	12,592	51,581	60,285
Miscellaneous	190,514	228,515	207,838	194,042	152,262
Total governmental activities	<u>55,047,546</u>	<u>55,786,957</u>	<u>50,260,457</u>	<u>49,685,999</u>	<u>48,604,415</u>
Change in net position					
Governmental activities	<u>\$ 4,683,194</u>	<u>\$ 8,715,270</u>	<u>\$ 3,079,147</u>	<u>\$ 2,494,764</u>	<u>\$ 1,125,003</u>

Source: School District financial records.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 28,256,878	\$ 29,435,567	\$ 28,667,429	\$ 29,939,799	\$ 29,113,425
-	153,580	378,895	634,047	1,065,835
575,728	594,342	570,303	346,716	-
19,242	125,406	-	-	-
19,148,037	19,385,420	18,755,169	17,957,172	19,088,996
107,693	261,203	640,953	734,831	489,912
104,937	135,025	58,749	115,255	110,384
<u>48,212,515</u>	<u>50,090,543</u>	<u>49,071,498</u>	<u>49,727,820</u>	<u>49,868,552</u>
<u>\$ 1,635,641</u>	<u>\$ 2,183,865</u>	<u>\$ 1,816,594</u>	<u>\$ 2,484,918</u>	<u>\$ 1,853,171</u>

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund:					
Nonspendable	\$ 54,756	\$ 86,938	\$ 92,255	\$ 105,247	\$ 104,719
Restricted	-	482,900	-	-	248,223
Committed	-	430,555	429,273	442,594	161,805
Assigned	26,802,898	25,076,078	17,444,284	14,432,065	809,688
Unassigned	1,669,036	277,275	93,094	-	10,950,302
Reserved	-	-	-	-	-
Unreserved (deficit)	-	-	-	-	-
Total general fund	<u>\$ 28,526,690</u>	<u>\$ 26,353,746</u>	<u>\$ 18,058,906</u>	<u>\$ 14,979,906</u>	<u>\$ 12,274,737</u>
All other governmental funds:					
Nonspendable	\$ -	\$ 48,501	\$ 22,377	\$ 62,999	\$ 91,344
Restricted	152,524	176,440	117,814	230,302	262,387
Committed	425,003	198,969	145,535	46,426	341,017
Unassigned (deficit)	(182,927)	(427,163)	(509,979)	(133,296)	(128,760)
Reserved	-	-	-	-	-
Unreserved (deficit), reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 394,600</u>	<u>\$ (3,253)</u>	<u>\$ (224,253)</u>	<u>\$ 206,431</u>	<u>\$ 565,988</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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,588,028	3,947,840	2,731,642	3,021,818	1,963,826
<u>7,160,057</u>	<u>5,157,387</u>	<u>3,281,668</u>	<u>1,611,392</u>	<u>307,654</u>
<u>\$ 11,748,085</u>	<u>\$ 9,105,227</u>	<u>\$ 6,013,310</u>	<u>\$ 4,633,210</u>	<u>\$ 2,271,480</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
618,720	473,295	714,893	803,864	846,476
(402,283)	65,836	204,163	355,740	271,861
<u>1,924</u>	<u>166,443</u>	<u>110,968</u>	<u>210,285</u>	<u>92,339</u>
<u>\$ 218,361</u>	<u>\$ 705,574</u>	<u>\$ 1,030,024</u>	<u>\$ 1,369,889</u>	<u>\$ 1,210,676</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues				
From local sources:				
Taxes	\$ 37,056,629	\$ 37,800,237	\$ 31,846,909	\$ 31,298,744
Tuition	2,524,352	2,419,670	2,264,406	2,032,784
Earnings on investments	62,579	71,305	13,180	55,138
Charges for services	580,683	602,992	633,766	713,955
Extracurricular	734,604	693,927	715,168	706,905
Classroom materials and fees	110,176	140,638	130,852	119,302
Other local revenues	434,604	385,932	512,302	468,264
Intergovernmental - intermediate	-	16,878	17,091	14,885
Intergovernmental - state	19,598,249	19,457,943	19,096,490	19,218,584
Intergovernmental - federal	2,407,232	2,220,334	2,156,211	2,230,180
Total revenues	<u>63,509,108</u>	<u>63,809,856</u>	<u>57,386,375</u>	<u>56,858,741</u>
Expenditures				
Current:				
Instruction:				
Regular	27,249,636	25,302,773	23,753,724	24,457,635
Special	7,130,031	6,242,464	5,111,623	4,569,440
Vocational	2,035,101	1,919,066	1,917,230	1,602,463
Adult/continuing	-	-	-	-
Other	225,734	155,476	191,042	768,323
Support services:				
Pupil	3,938,969	3,300,335	3,197,697	2,971,425
Instructional staff	1,100,215	544,525	2,652,464	2,074,556
Board of education	523,220	692,639	748,634	554,243
Administration	3,257,944	3,142,555	3,090,196	3,387,935
Fiscal	1,001,228	1,278,764	1,346,412	1,486,803
Business	222,909	155,361	66,133	80,341
Operations and maintenance	5,530,976	5,262,647	4,856,702	4,835,545
Pupil transportation	3,425,763	3,306,602	3,320,935	3,241,301
Central	766,149	659,912	491,715	629,971
Operation of non-instructional services:				
Food service operations	1,385,371	1,338,727	1,364,083	1,261,373
Other non-instructional services	506,928	262,181	476,630	368,381
Extracurricular activities	1,298,005	1,231,676	1,150,662	1,121,540
Facilities acquisitions and construction	810,950	838,481	629,977	729,454
Capital outlay	-	137,239	-	-
Debt service:				
Principal retirement	451,548	283,711	260,000	250,000
Interest and fiscal charges	111,142	104,302	112,200	122,400
Bond issuance costs	-	-	-	-
Total expenditures	<u>60,971,819</u>	<u>56,159,436</u>	<u>54,738,059</u>	<u>54,513,129</u>
Excess of revenues over (under) expenditures	\$ 2,537,289	\$ 7,650,420	\$ 2,648,316	\$ 2,345,612

2011	2010	2009	2008	2007	2006
\$ 29,460,525	\$ 28,767,164	\$ 30,384,088	\$ 29,317,400	\$ 30,875,950	\$ 30,165,879
1,978,965	1,770,239	1,267,229	1,249,518	685,399	589,338
65,127	131,808	273,193	651,284	716,891	491,407
747,688	802,499	858,272	901,262	911,688	985,430
719,776	645,462	611,584	406,752	425,574	379,140
175,738	174,922	183,904	183,795	172,174	162,876
295,030	213,650	422,966	331,768	386,297	382,040
15,337	20,855	24,748	28,578	-	-
19,774,764	20,415,976	21,159,032	20,654,799	20,049,641	19,692,736
4,997,913	3,890,920	2,020,049	1,747,793	2,005,425	1,837,816
<u>58,230,863</u>	<u>56,833,495</u>	<u>57,205,065</u>	<u>55,472,949</u>	<u>56,229,039</u>	<u>54,686,662</u>
26,353,173	25,165,939	24,432,390	23,988,547	22,768,780	22,883,452
5,609,467	5,057,266	4,776,526	4,463,939	4,384,329	3,996,276
1,594,424	1,624,270	1,635,991	1,705,596	1,467,657	1,538,598
-	-	4,031	14,550	-	-
270,997	332,204	326,512	296,984	900,478	928,589
3,065,045	3,053,140	3,036,197	3,161,162	3,317,294	3,050,080
2,446,433	2,423,157	2,490,848	2,592,951	2,815,881	2,601,998
373,274	232,490	422,215	460,799	310,104	368,110
3,595,432	3,148,750	2,781,284	2,831,147	2,808,089	2,910,525
1,296,056	1,178,996	1,297,887	1,142,634	1,105,427	1,020,454
61,971	162,635	489,492	552,632	548,016	577,389
5,091,881	4,873,243	5,135,214	5,059,450	4,858,766	4,668,455
3,187,402	3,070,792	3,100,653	3,255,461	2,869,203	3,694,489
609,170	658,618	593,674	838,344	759,073	437,537
1,299,824	1,237,292	1,229,437	1,275,691	1,338,914	1,381,034
371,902	500,254	423,566	467,385	622,949	616,974
1,159,404	1,101,773	1,114,396	1,095,834	1,211,090	1,164,548
603,629	488,886	335,075	341,507	1,602,885	382,551
-	-	-	-	-	-
235,000	235,000	650,000	640,000	5,992,000	3,045,000
132,100	141,500	162,210	258,452	196,329	200,324
-	-	-	-	79,507	-
<u>57,356,584</u>	<u>54,686,205</u>	<u>54,437,598</u>	<u>54,443,065</u>	<u>59,956,771</u>	<u>55,466,383</u>
\$ 874,279	\$ 2,147,290	\$ 2,767,467	\$ 1,029,884	\$ (3,727,732)	\$ (779,721)

- 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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Other financing sources (uses)				
Transfers in	\$ 286,874	\$ 195,092	\$ 42,988	\$ 1,298
Transfers (out)	(286,874)	(195,092)	(42,988)	(1,298)
Sale of assets	33,498	-	-	-
Lease purchase transactions	-	865,430	-	-
Issuance of bonds	-	-	-	-
Premium on bonds sold	-	-	-	-
Issuance of notes	-	-	-	-
Total other financing sources (uses)	<u>33,498</u>	<u>865,430</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,570,787</u>	<u>\$ 8,515,850</u>	<u>\$ 2,648,316</u>	<u>\$ 2,345,612</u>
Debt service as a percentage of noncapital expenditures	0.95%	0.71%	0.69%	0.69%

Source: School District financial records.

2011	2010	2009	2008	2007	2006
\$ 3,743	\$ -	\$ 16,575	\$ 52,265	\$ 93,967	\$ 80,096
(3,743)	-	(16,575)	(52,265)	(93,967)	(80,096)
-	8,355	-	10,351	-	9,700
-	-	-	-	-	-
-	-	-	-	3,805,000	-
-	-	-	-	96,675	-
-	-	-	-	2,347,000	2,600,000
-	8,355	-	10,351	6,248,675	2,609,700
<u>\$ 874,279</u>	<u>\$ 2,155,645</u>	<u>\$ 2,767,467</u>	<u>\$ 1,040,235</u>	<u>\$ 2,520,943</u>	<u>\$ 1,829,979</u>
0.65%	0.70%	1.50%	1.68%	10.57%	5.99%

**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
2015	\$ 889,054,420	\$2,540,155,486	\$ -	\$ -	\$ 12,025,570	\$ 34,358,771
2014	897,207,000	2,563,448,571	-	-	12,118,030	34,622,943
2013	895,089,670	2,557,399,057	-	-	11,016,110	31,474,600
2012	900,379,310	2,572,512,314	-	-	10,175,270	29,072,200
2011	980,064,930	2,800,185,514	-	-	9,174,500	26,212,857
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

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
\$ 901,079,990	\$ 2,574,514,257	35.00%	\$ 53.66
909,325,030	2,598,071,514	35.00%	53.47
906,105,780	2,588,873,657	35.00%	53.55
910,554,580	2,601,584,514	35.00%	53.24
989,239,430	2,826,398,371	35.00%	45.05
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

**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
2014/2015	\$ 14.16	\$ 13.62	\$ 9.50	\$ 3.20	\$ 6.62	\$ 11.00	\$ 6.15
2013/2014	14.16	13.62	9.50	7.45	6.59	11.00	6.15
2012/2013	14.16	13.62	9.50	7.53	6.64	11.00	6.15
2011/2012	14.16	13.62	9.50	7.50	6.80	11.00	6.15
2010/2011	14.16	13.62	9.50	7.40	7.22	11.00	6.15
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

Source: Summit County Fiscal Office

Overlapping Rates (continued)				Direct Rates			
Franklin Township	Portage County Health District	Portage County Park District	Stow-Munroe Falls Public Library	Voted		Unvoted	Total
				General	Bond		
\$ 10.27	\$ 0.40	\$ 0.50	\$ 2.00	\$ 48.26	\$ -	\$ 5.40	\$ 53.66
10.27	0.40	-	2.00	48.07	-	5.40	53.47
10.27	0.40	-	2.00	48.15	-	5.40	53.55
10.27	0.40	-	2.00	47.84	-	5.40	53.24
10.27	0.40	-	2.00	39.65	-	5.40	45.05
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

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

**PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2013 AND DECEMBER 31, 2005**

December 31, 2013			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Ohio Edison	\$ 9,211,560	1	1.02%
DDR Ohio Opportunity II LLC	8,048,220	2	0.89%
Wyndham Ridge LTD	7,819,040	3	0.86%
Heron Springs Associates LLC	6,962,660	4	0.77%
JVM Hidden Lake Apartments LLC	4,634,850	5	0.51%
Stow-Glen Properties LLC	4,348,130	6	0.48%
Morgan Adhesive Co.	4,145,900	7	0.46%
SFC Enterprises LTD	3,972,000	8	0.44%
Steels Corners Apartment Co. LTD	3,473,390	9	0.38%
Walmart Real Estate Business Trust	3,409,090	10	0.38%
Total	\$ 56,024,840		6.19%

December 31, 2005			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Heron Springs Associates LLC	\$ 8,450,600	1	0.88%
Wyndham Ridge LTD	8,410,970	2	0.87%
DDR Ohio Opportunity II LLC	8,082,010	3	0.84%
Marcliff Hidden Lake Apartments Limited	4,707,350	4	0.49%
Stow-Glen Properties LLC	4,606,350	5	0.48%
Morgan Adhesive Co.	4,313,840	6	0.45%
Steels Corners Apartment Co. LTD	4,276,430	7	0.44%
Stow Associates	3,741,730	8	0.39%
Stow Falls Retail LP	2,760,630	9	0.29%
Walmart Real Estate Business Trust	2,555,600	10	0.27%
Total	\$ 51,905,510		5.40%

Source: Summit County Fiscal Office

Note: Information on principal property tax payers for December 31, 2014 was unavailable.

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

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

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

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2014/2015	N/A	N/A	N/A	N/A	N/A
2013/2014	\$ 38,715,152	\$ 895,424	\$ 39,610,576	\$ 37,819,728	97.69%
2012/2013	38,548,634	1,511,603	40,060,237	37,037,032	96.08%
2011/2012	32,458,789	1,292,514	33,751,303	31,166,275	96.02%
2010/2011	32,593,674	1,027,241	33,620,915	31,566,433	96.85%
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%

Source: Summit County Fiscal Office

N/A = information not available.

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

	Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
	N/A	N/A	N/A
\$	1,477,855	\$ 39,297,583	99.21%
	1,556,332	38,593,364	96.34%
	780,964	31,947,239	94.65%
	701,626	32,268,059	95.98%
	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%

**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	Lease- Purchase Obligations				
2015	\$ 1,871,586	\$ -	\$ 675,171	\$ 2,546,757	\$ 73	0.234%	\$ 489
2014	2,158,067	-	846,719	3,004,786	86	0.277%	563
2013	2,429,548	-	-	2,429,548	70	0.207%	450
2012	2,696,029	-	-	2,696,029	77	0.253%	491
2011	2,952,510	-	-	2,952,510	85	0.278%	521
2010	3,193,991	-	-	3,193,991	94	0.292%	580
2009	3,435,472	-	-	3,435,472	101	0.265%	623
2008	4,091,953	-	-	4,091,953	118	0.324%	728
2007	4,738,434	-	-	4,738,434	138	0.401%	799
2006	1,885,000	2,600,000	-	4,485,000	130	0.402%	754

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		
2015	\$ 1,871,586	\$ -	\$ 1,871,586	0.21%	\$ 54
2014	2,158,067	-	2,158,067	0.24%	62
2013	2,429,548	-	2,429,548	0.27%	70
2012	2,696,029	-	2,696,029	0.30%	77
2011	2,952,510	-	2,952,510	0.30%	85
2010	3,193,991	-	3,193,991	0.32%	94
2009	3,435,472	-	3,435,472	0.35%	101
2008	4,091,953	236,139	3,855,814	0.40%	112
2007	4,738,434	346,911	4,391,523	0.45%	128
2006	1,885,000	692,278	1,192,722	0.12%	35

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, 2015

<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	\$ 2,546,757	100.00%	\$ 2,546,757
Overlapping debt:			
Summit County	37,505,000	7.89%	2,959,145
Portage County	28,071,471	0.10%	28,071
City of Cuyahoga Falls	9,215,000	0.26%	23,959
City of Hudson	37,943,500	0.30%	113,831
City of Tallmadge	8,115,000	0.02%	1,623
City of Stow	21,135,000	100.00%	21,135,000
City of Munroe Falls	470,000	99.38%	467,086
Total overlapping debt	<u>142,454,971</u>		<u>24,728,715</u>
Total direct and overlapping debt	<u>\$ 145,001,728</u>		<u>\$ 27,275,472</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
2015	\$ 901,080	\$ 81,097,199	\$ 1,830,000	\$ -	\$ 1,830,000	\$ 79,267,199	2.26%
2014	909,325	81,839,253	2,110,000	-	2,110,000	79,729,253	2.58%
2013	906,106	81,549,520	2,375,000	-	2,375,000	79,174,520	2.91%
2012	910,555	81,949,912	2,635,000	-	2,635,000	79,314,912	3.22%
2011	989,239	89,031,549	2,885,000	-	2,885,000	86,146,549	3.24%
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%

Source: Summit County Fiscal Office and District financial records

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

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

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

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (4)</u>	<u>Total Personal Income</u>	<u>Median Age (5)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Summit County</u>	<u>Ohio</u>	<u>United States</u>
2015	34,768	\$ 31,267	\$ 1,087,091,056	39.7	5,207	5.0%	5.2%	5.3%
2014	34,768	31,241	1,086,187,088	39.7	5,336	5.5%	5.5%	6.1%
2013	34,674	33,789	1,171,599,786	39.7	5,402	7.1%	7.2%	7.6%
2012	34,837	30,633	1,067,161,821	39.7	5,486	7.1%	7.2%	8.2%
2011	34,837	30,521	1,063,260,077	39.7	5,666	8.7%	8.8%	9.2%
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%

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, 2014		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	620	1	3.50%
Akron General Health & Wellness Center	250	2	1.41%
City of Stow	227	3	1.28%
National Machine Company	218	4	1.23%
Matco Tools Corporation	190	5	1.07%
J.D. Clunk & Associates	189	6	1.07%
MActac - Morgan Adhesives	160	7	0.90%
Wrayco Industries Inc	158	8	0.89%
Anderson International	130	9	0.73%
Audio Technica	105	10	0.59%
Total	2,247		12.67%
Total City Employment	17,700		

Employer	December 31, 2005		
	Employees	Rank	Percentage of Total City Employment
Stow-Munroe Falls City Schools	700	1	3.74%
MActac - Morgan Adhesives	425	2	2.27%
City of Stow	270	3	1.44%
Matco Tools Corporation	200	4	1.07%
Wrayco Industries Inc	179	5	0.96%
National Machine	151	6	0.81%
Audio Technica	110	7	0.59%
The Chandler Group	98	8	0.52%
Ferry Industries	68	9	0.36%
Bedell-Kraus	65	10	0.35%
Total	2,266		12.11%
Total City Employment	18,700		

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Professional staff:							
Teaching staff:							
Elementary	109	99	99	103	109	116	116
Intermediate	49	47	47	46	47	44	47
Middle	44	42	43	43	52	51	55
High	99	100	99	101	101	101	106
Tutors	18	18	17	17	16	17	12
Librarians	3	3	3	3	4	4	4
Others	6	3	3	3	2	2	2
Administration:							
District	28	27	27	28	28	28	28
Board members	5	5	5	5	5	5	5
Auxiliary positions:							
Counselors	9	9	9	9	9	9	9
Speech	5	5	5	5	5	5	5
Mental health specialists	5	5	5	5	5	5	5
Support staff:							
Secretarial	33	33	33	33	33	36	38
Aides	40	44	45	45	47	33	50
Hall monitor/security	7	7	7	7	7	25	18
Cooks	17	17	17	17	17	15	27
Custodial	36	36	37	37	37	34	37
Maintenance	8	8	8	8	8	8	8
Bus driver	31	32	34	34	34	27	39
Mechanics	4	4	4	4	4	3	5
Extracurricular	265	261	244	244	257	272	268
Total	<u>821</u>	<u>805</u>	<u>791</u>	<u>797</u>	<u>827</u>	<u>840</u>	<u>884</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>
122	120	139
60	48	57
54	55	58
113	100	120
18	17	18
8	4	4
2	1	1
29	30	35
5	5	5
11	10	11
6	5	5
5	5	16
41	41	41
56	57	57
20	18	19
19	18	20
41	37	38
13	14	12
35	36	36
4	4	5
<u>262</u>	<u>287</u>	<u>239</u>
<u>924</u>	<u>912</u>	<u>936</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	2015	2014	2013	2012	2011	2010	2009
Instruction:							
Regular	256	232	231	236	265	265	286
Special	64	41	42	42	53	56	39
Vocational	15	14	15	14	11	12	15
Other	22	22	21	21	21	21	21
Support services:							
Pupil	32	31	31	32	36	36	37
Instructional staff	9	44	43	43	55	60	77
Administration	45	48	49	50	41	41	41
Fiscal	6	7	7	7	7	7	7
Business	2	-	-	-	2	2	2
Operations and maintenance	64	64	63	66	44	44	44
Pupil transportation	41	41	45	42	35	35	49
Extracurricular activities	265	261	244	244	257	261	266
Total governmental activities	<u>821</u>	<u>805</u>	<u>791</u>	<u>797</u>	<u>827</u>	<u>840</u>	<u>884</u>

Source: School District records

<u>2008</u>	<u>2007</u>	<u>2006</u>
317	229	269
42	39	46
16	14	13
24	39	62
40	43	35
76	112	115
42	35	40
7	5	6
3	-	-
48	69	70
40	40	41
<u>269</u>	<u>287</u>	<u>239</u>
<u><u>924</u></u>	<u><u>912</u></u>	<u><u>936</u></u>

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

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

Function	2015	2014	2013	2012	2011	2010
Instruction:						
Regular and special						
Enrollment (students)	5,207	5,336	5,402	5,486	5,666	5,507
Graduates	426	421	447	463	443	465
Support services:						
Board of education						
Regular meetings per year	20	17	20	21	20	17
Special meetings per year	24	8	3	11	12	14
Administration						
Student attendance rate	N/A	95.7%	95.7%	95.8%	95.5%	95.3%
Fiscal						
Nonpayroll checks issued	5,362	5,224	5,314	5,026	5,340	5,145
Operations and maintenance						
Work orders completed	1,354	N/A	2,964	2,353	2,733	3,008
Square footage maintained	760,409	760,409	760,409	760,409	760,409	760,409
Pupil transportation						
Avg. students transported daily	2,855	2,855	2,943	2,769	3,731	2,757
Food service operations:						
Meals served to students	314,380	308,579	328,217	369,316	363,678	341,453
Percentage of students receiving reduced cost or free lunches	22.0%	22.7%	22.0%	22.0%	21.0%	20.0%

Source: District records

N/A = information not available.

2009	2008	2007	2006
5,517 456	5,617 466	5,927 460	5,949 463
20 10	24 29	20 52	20 54
95.4%	95.5%	96.1%	95.3%
5,286	5,443	5,868	6,008
3,005	3,010	3,000	3,100
760,409	760,409	760,409	760,409
4,005	4,005	4,344	4,161
317,884	313,654	320,200	284,036
16.6%	14.5%	12.2%	11.2%

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

**CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:					
Land	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
Land improvements	2,694,538	2,868,465	2,397,681	2,364,857	2,025,621
Buildings and improvements	9,026,515	8,926,870	9,242,466	9,470,610	9,829,990
Furniture, fixtures and equipment	2,371,195	2,074,449	1,806,741	1,946,034	2,061,599
Vehicles	2,041,417	1,782,649	1,601,154	1,652,674	1,798,383
Construction in progress	-	186,064	-	-	-
Total governmental activities capital assets, net	<u>\$ 16,697,580</u>	<u>\$ 16,402,412</u>	<u>\$ 15,611,957</u>	<u>\$ 15,998,090</u>	<u>\$ 16,279,508</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2010	2009	2008	2007	2006
\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915	\$ 563,915
1,823,364	1,121,641	1,113,416	849,451	938,762
10,374,976	12,547,638	13,294,731	12,473,045	13,248,043
1,758,690	623,141	704,982	844,283	992,038
1,716,431	2,244,704	2,326,738	2,304,370	2,564,909
-	-	-	1,381,436	-
<u>\$ 16,237,376</u>	<u>\$ 17,101,039</u>	<u>\$ 18,003,782</u>	<u>\$ 18,416,500</u>	<u>\$ 18,307,667</u>

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</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	295	322	310	323	365	354
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	342	381	362	346	363	356
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	304	314	322	349	348	344
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	310	358	374	347	352	293
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	267	244	274	280	286	280
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	269	270	296	320	324	293
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	782	802	809	870	855	846
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	819	871	871	845	862	862
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	1,819	1,774	1,784	1,806	1,854	1,879
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.

2009	2008	2007	2006
38,285	38,285	38,285	38,285
550	550	550	550
354	364	408	407
32,153	32,153	32,153	32,153
500	500	500	500
357	377	386	389
33,324	33,324	33,324	33,324
500	500	500	500
351	347	358	360
41,600	41,600	41,600	41,600
500	500	500	500
302	292	381	383
23,277	23,277	23,277	23,277
575	575	575	575
273	266	286	290
23,277	23,277	23,277	23,277
525	525	525	525
284	285	322	333
178,882	178,882	178,882	178,882
1,050	1,050	1,050	1,050
841	843	864	867
117,500	117,500	117,500	117,500
1,125	1,125	1,125	1,125
879	904	913	918
254,514	254,514	254,514	254,514
2,050	2,050	2,050	2,050
1,876	1,938	1,999	2,002
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	
2015	\$ 60,409,129	\$ 11,602	\$ 58,525,833	\$ 11,240	5,207
2014	55,771,423	10,452	55,713,144	10,441	5,336
2013	54,365,859	10,064	54,499,277	10,089	5,402
2012	54,140,729	9,869	54,199,272	9,880	5,486
2011	56,989,484	10,058	56,953,782	10,052	5,666
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

Source: District records

(1) Debt service totals have been excluded.

N/A = information not available.

Percent Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
-2.42%	329	15.83	N/A
-1.22%	345	15.47	95.70%
-1.53%	352	15.35	95.70%
-3.18%	352	15.59	95.80%
2.89%	369	15.36	95.50%
-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%

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

TEACHER STATISTICS
JUNE 30, 2015

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	56	17.02%
Master's Degree	271	82.37%
Ph.D.	<u>2</u>	<u>0.61%</u>
	<u><u>329</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	65	19.76%
6 - 10	73	22.19%
11 and over	<u>191</u>	<u>58.05%</u>
	<u><u>329</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
MARCH 29, 2016**