

**CITY OF NORTON, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
City of Norton  
4060 Columbia Woods Drive  
Norton, Ohio 44203

We have reviewed the *Independent Auditor's Report* of the City of Norton, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2006 through December 31, 2006. 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 City of Norton is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 2, 2007

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**CITY OF NORTON, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of City Council  
City of Norton, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of and for the year ended December 31, 2006, which collectively comprise the City of Norton, Ohio's basic financial statements and have issued our report thereon dated August 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Norton, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Norton, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Norton, Ohio's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Norton, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Norton, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the City of Norton, Ohio's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Recommendations to be significant deficiencies in internal control over financial reporting: Item 2006-001 and Item 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Norton, Ohio's internal control.


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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Norton, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Compliance Findings and Responses as Items 2006-003, 2006-004, and 2006-005. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City of Norton, Ohio, in a separate letter dated August 17, 2007.

The City of Norton, Ohio's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. We did not audit the City of Norton, Ohio's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

August 17, 2007

**CITY OF NORTON, OHIO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**DECEMBER 31, 2006**

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**Item 2006-001: Capital Assets**

Condition

During our testing of capital assets, we noted that the City's capital assets reports did not agree with the prior year's reports. We noted that the useful lives had changed and we also noted that there were formula errors in the actual reports.

Cause

The City could not locate the prior year's reports and had to regenerate them.

Effect

The regenerated reports did not reflect the same information as in the original prior year reports, and the formula errors affected the amounts being reported for capital assets.

Recommendation

We recommend that the City acquire software that enables management to track assets by tag number, location, amount, and description. The software should have controls built into it that will ensure there are no formula errors. We also recommend that the City take a physical inventory of all capital assets to ensure proper recording in future periods.

Corrective Action Plan

The City will review its current procedures for reporting capital assets and modify its procedures to ensure accuracy in reporting future capital assets.



**CITY OF NORTON, OHIO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**DECEMBER 31, 2006**  
**(CONTINUED)**

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**Item 2006-002: Compensated Absences Restatements**

Condition

The restatement in compensated absences is due to an error in the fiscal year 2005 compensated absences report. The 2005 report included the compensated absences liability for additional employees that did not meet the requirements set forth by City policy.

Cause

The compensated absences report was not reviewed by the City to ensure the report was properly calculating the compensated absences liability.

Effect

The compensated absences liability was overstated in 2005.

Recommendation

We recommend that the City review the compensated absences report to ensure that criteria meet the City's policies for recording compensated absences liability.

Corrective Action Plan

The City will review all compensated absences reports to ensure that they meet the criteria outlined in City policy regarding the recording of compensated absences.

**CITY OF NORTON, OHIO**  
**SCHEDULE OF COMPLIANCE FINDINGS AND RECOMMENDATIONS**  
**DECEMBER 31, 2006**

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**Item 2006-003: Supplanting Motor Fuel Excise Taxes**

Condition

Ohio Revised Code § 5735.29 states .... “No municipal corporation, county, or township shall expend any revenues received from the tax levied by this section for any purpose other than one of the specific highway-related purposes stated in this section. In addition, each municipal corporation, county, or township shall use at least 90 percent of all revenues received from the tax levied by this section to supplement, rather than supplant, other local funds used for highway-related purposes.”

The City is using motor fuel excise taxes to supplant rather than supplement other local funds for highway-related purposes.

Criteria

The City should use at least 90 percent of all fuel excise taxes to supplement, rather than supplant, other local funds used for highway-related purposes. Local fund disbursements should be higher in the current year as compared to the prior year.

Cause

Management failed to ensure actions were taken to meet the compliance requirement.

Effect

The City is in noncompliance with Ohio Revised Code § 5735.29.

Recommendation

We recommend that the City monitor its use of the motor fuel excise taxes and that the proper amount is used to supplement, rather than supplant, other local funds used for highway-related purposes.

Corrective Action Plan

The City will monitor its local funds for highway-related expenses in order to be in compliance with Ohio Revised Code § 5735.29.

**CITY OF NORTON, OHIO**  
**SCHEDULE OF COMPLIANCE FINDINGS AND RECOMMENDATIONS**  
**DECEMBER 31, 2006**  
**(CONTINUED)**

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**Item 2006-004: Negative Cash Balances**

Condition

Ohio Revised Code § 5705.10 states that monies paid into any fund shall be used only for the purpose for which the fund is established. During our review, we noted that the General Obligation Bond Retirement debt service fund and the Gardner Issue II capital projects fund had negative cash balances as of December 31, 2006, indicating that revenues from other funds were used to pay obligations of those funds.

Criteria

Money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative cash balance indicates that money from one fund was used to cover the expenses of another fund.

Cause

The negative cash balance in the General Obligation Bond Retirement fund was due to a delay in budgeted transfer of funds to cover a debt payment. The ordinance authorizing transfers omitted this transfer and the transfer was added to the subsequent period. The negative cash balance in the Gardner Issue II fund was due to the City paying necessary, but unplanned and thus unbudgeted, expenditures of \$50,640.

Effect

The City was in noncompliance with Ohio Revised Code § 5705.10.

Recommendation

We recommend that the City carefully review cash balances throughout the year and provide adequate funds to eliminate negative cash balances at year end.

Corrective Action Plan

The City makes every effort to avoid budget overruns; however, unforeseen circumstances occur in the administration of a city. The City will continue to exercise due diligence to avoid negative cash balances in its funds and be in compliance with Ohio Revised Code § 5705.10.

**CITY OF NORTON, OHIO**  
**SCHEDULE OF COMPLIANCE FINDINGS AND RECOMMENDATIONS**  
**DECEMBER 31, 2006**  
**(CONTINUED)**

**Item 2006-005: Final Appropriations in Excess of Estimated Revenues and Carryover Balances**

Condition

Ohio Revised Code § 5705.39 prohibits appropriations from each fund from exceeding the total estimated resources. During our review, we noted that the following funds had final appropriations exceeding estimated revenues and carryover balances:

	Estimated Revenue Plus Carryover Balances	Final Appropriations	Excess
<i>Special Revenue Funds</i>			
Special Permissive License Plate Tax	\$ 121,683	\$ 541,294	\$ (491,611)
Community Center	51,468	56,275	(4,807)
Greenwich Road	2,539	8,178	(5,639)
Mayor's Court	33,946	34,957	(1,011)
<i>Debt Service Fund</i>			
General Obligation Bond Retirement	417,882	977,265	(559,383)
<i>Capital Projects Funds</i>			
Land and Land Improvements	570,764	582,293	(11,529)
Gardner Issue II	392,000	705,860	(313,860)

Criteria

The City's funds should not have final appropriations that exceed estimated revenues and carryover balances as of December 31, 2006.

Cause

Management failed to ensure actions were taken to meet the compliance requirement.

Effect

The City was in noncompliance with Ohio Revised Code § 5705.39.

Recommendation

We recommend that the City carefully review appropriations throughout the year and amend the certificate of estimated resources accordingly if there will be additional appropriations. This will ensure compliance with Ohio Revised Code § 5705.39.

Corrective Action Plan

The City will make every effort in the future to be compliant with Ohio Revised Code § 5705.39.

# **City of Norton, Ohio**

## **Comprehensive Annual Financial Report**

*For the Year Ended December 31, 2006*

Issued by:

City of Norton  
Department of Finance

John P. Moss  
Finance Director



**City of Norton, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2006*  
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**Mayor James A. Price**

# **City of Norton**

**4060 Columbia Woods Drive**

***Norton, Ohio 44203***

**Administration (330) 825-7815 \* Finance (330) 825-4511  
FAX (330) 825-3104 \* Website: [www.cityofnorton.org](http://www.cityofnorton.org)**

August 17, 2007

Members of City Council and  
Citizens of Norton

State law requires that every City publish within one-hundred fifty days of the close of each fiscal year a complete set of unaudited basic financial statements. This report is submitted to satisfy that requirement for the year ended December 31, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State statutes require the City to be subjected to an annual examination by the Auditor of State. James G. Zupka, CPA, Inc. rendered an opinion on the City's financial statements as of December 31, 2006, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent accountants' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

In September 1785, the area that became Norton was purchased as Town 1, Range 12 of the historic Connecticut Western Reserve. Early Norton consisted of seven hamlets: Norton Center, Loyal Oak, Western Star, Hametown, Sherman, Johnson's Corners, and New Portage.

The area was sparsely populated until after the War of 1812 when New Englanders relocated into the region followed by German settlers from Pennsylvania. Norton was originally a part of Wolf Township locally organized in 1816 along with what are now Copley, Guilford, Montville, Sharon and Wadsworth Townships.

Independent Norton Township was formed in the spring of 1818 and named after landowner Birdseye Norton. It was incorporated as a village in 1961, became a charter village in 1962 and became a charter city in 1969. Under the Ohio Constitution, the City of Norton may exercise all powers of self-government, and police powers to the extent not in conflict with applicable general laws. The City is subject to some general laws applicable to all cities.

The City is located in the counties of Summit and Wayne in northeastern Ohio, and is 20.54 square miles in size. The City of Norton is approximately 40 miles south of Cleveland, and five miles southwest of Akron. The Highway system includes State Route 21, U.S. 224 and Interstate 76 with access to Interstate 77. The Ohio Turnpike and Interstate 71 are approximately 15 minutes away. The Akron-Canton Airport, 20 miles south, and Cleveland–Hopkins Airport, 35 miles north, both offer commercial, passenger and freight service. Wheeling and Lake Erie provide rail service to the community.

The City of Norton has an excellent public school system which is supplemented by local vocational and technical schools. An array of higher education programs are available at nearby University of Akron (5 miles) as well as Case Western Reserve University, Kent State University and Wooster College, all within a one-hour drive.

As authorized by its charter and codes, the City provides the following broad categories of services to its citizens:

- ◆ The Department of Services includes the division of Streets, Parks and Cemeteries.
- ◆ The Department of Safety and Service include the divisions of Police, Fire, Emergency Medical Services, and Inspection and Licensing.

As previously mentioned, the City of Norton was organized as a City in March of 1961; the City is a home-rule municipal corporation operating under the laws of the State of Ohio. The original charter was adopted on November 6, 1962. The Charter was readopted by the voters in its entirety on November 5, 1991. The Charter was last amended in 1994.

Legislative authority is vested in a seven member Council, four of which are elected from wards and three elected at-large. Council's term of office begins January 1<sup>st</sup> following the election, and runs for four years. Council holds an organizational meeting the second day of January of each year, or if such date is a Saturday or Sunday then on the following Monday. The prior President of Council presides over the meeting until the members of Council elect a President of Council.

Council appoints the Clerk of Council, who serves at the pleasure of the Council. The City Council approves compensation of City officials and employees, and enacts legislation in the form of ordinances and resolutions relative to City services, income taxes, appropriating and borrowing monies, and other municipal purposes.

The Mayor is elected for a four-year term to begin the first day of January following the election. According to the Charter, the Mayor is the executive of the City and is responsible to the electors for enforcement of all laws and ordinances, and for control and proper operation of all administrative departments and divisions. The Mayor appoints an Administrative Officer, Director of Finance, Director of Law, and Director of Community Development, subject to confirmation by a majority vote of Council. The Directors are responsible to the Mayor for the general administration of the affairs of the City.

## **LOCAL ECONOMY**

The City continues to grow both in the areas of commercial and residential development. During 2006, 605 permits were issued for a total of \$61,643.

Several commercial projects were completed in 2006. Strickland's Ice Cream was opened for the summer of 2006 and Petit's Car Wash opened a new car wash facility. Construction was also completed on the new force main sewer serving the City Hall and Community Center.

A large residential project was completed in 2006. Summit Ridge Development Phase I was completed, adding 78 new home sites out of the total 514 sites. Phase II of Stonewyck by Ryan Homes proceeded through engineering.

New commercial projects are proceeding. The Walkly Group is constructing Utopia, a multi-purpose retail facility and a new medical building for a digestive health practice that is relocating to Norton. Also, a new 514 unit mixed use development may break ground in 2007. The City has begun the development of two new baseball fields that should be complete in 2007 and ready for use in the spring of 2008.

In November 2004, the voters of Norton approved a .5 percent increase for City income tax and then in 2005 out-sourced the collection to Income Taxes to CCA, a regional Income Tax Collecting Service in Cleveland. The annual income tax collections (cash basis) have increased from \$2,566,505 in 2004 to \$3,956,398 in 2006 for an increase of 54 percent. Additional revenue growth is expected again in 2007 due to efforts to improve the accuracy and completeness of the taxpayer rolls.

## **LONG-TERM FINANCIAL PLANNING**

Unreserved, undesignated fund balances for funds with annual operating expenditures need a healthy carryover to avoid cash management issues and to cover unbudgeted needs. For planning and budgetary purposes, Norton has targeted 15 to 33 percent carryover balances as a percent of appropriations. This large carryover is needed to cover accrued employee benefits and to be attractive to financing sources should we choose to secure a revenue bond.

At the end of 2006, the General Fund had a 23 percent carryover balance, up from 11 percent at the end of 2005. Of our larger funds, the Street Construction, Maintenance and Repair fund finished the year with 54 percent, considerably over the target. Council is considering using the extra balance as a one time cash outlay towards capital purchases, bringing the carryover back down to 33 percent. Our concerns are in the Fire and EMS funds that finished 2006 with 24 percent and 7 percent. Both of these funds have struggled to maintain carryovers and Council is considering a request for new levy revenue.

Looking forward, the City has begun capital investments in Columbia Woods Park (a main park adjacent to the City Offices and the Community Center) with the addition of two baseball fields. Additional improvements to the pond and playground structures are planned in 2007.

## **RELEVANT FINANCIAL POLICIES**

The City of Norton budgets for the cost of salt needed for an average to above average winter. Over the year 2006 we experienced a below average cost of salt leaving an unspent budget. It was decided late in the year to apply those one time savings to the purchase of a salt storage facility. This will allow the City to stock salt for half a year's use and allow greater flexibility as to when to purchase salt. This will provide purchase and operations savings for subsequent periods. If the situation occurs again, the City would like to have salt storage for a full year's use.

## **MAJOR INITIATIVES**

The Johnson United Methodist Church petitioned the City of Norton to construct, grade, curb and pave a road in the proposed Meadows at Johnson senior living community known as Meadows Lane. The project was postponed another year, but is anticipated to begin in 2007. This would include the construction of sanitary sewers, water lines, hydrants, storm sewers, utilities and all necessary appurtenances for a Senior Living Facility and senior only condominiums. The petition requested lots and lands to be assessed the cost of constructing the improvements in proportion to the benefits. The Meadows at Johnson part of the Johnson United Methodist Church is fully responsible for all related costs

of this project. The Meadows at Johnson senior living community will consist of 104 villas and 37 patio homes. The anticipated completion is five years. Debt service for this project has been allocated at \$4,500 per unit.

The Ohio Public Works Commission (OPWC) has approved grants for the waterline replacement in the Connect Road and Hazelwood Avenue area of the City. The project is estimated at \$177,500 with a 50 percent funding request from OPWC.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norton for its Comprehensive Annual Financial Reports for the year ended December 31, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period. The City of Norton has received a Certificate of Achievement for the last three years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

Your Director of Finance strongly supports full disclosure of the City's finances. We would like to thank the Members of Council, whose leadership made the preparation of this report possible.

The employees of the City of Norton are dedicated to serve its citizens. The preparation of a report of this scope depends upon the dedication of many employees, but especially to the employees in the Department of Finance and to Local Government Services for their assistance and guidance in the preparation of this report.

We would like to take this opportunity to thank the residents, businesses and taxpayers of the City of Norton for entrusting us with the administration of their local government.

Respectfully submitted,

James A. Price  
Mayor

John P. Moss  
Finance Director and Tax Administrator

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norton  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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



President

Executive Director

**City of Norton, Ohio**

***Principal Officials***

Elected Officials

James A. Price *	Mayor
Tom Jones	City Council, Ward 1
Dennis McGlone	City Council, Ward 2
William Mowery	City Council, Ward 3
Ken Braman	City Council, Ward 4
James Price	City Council, At-Large
Scott Pelot	City Council At-Large
Michael Zita	City Council, President, At-Large

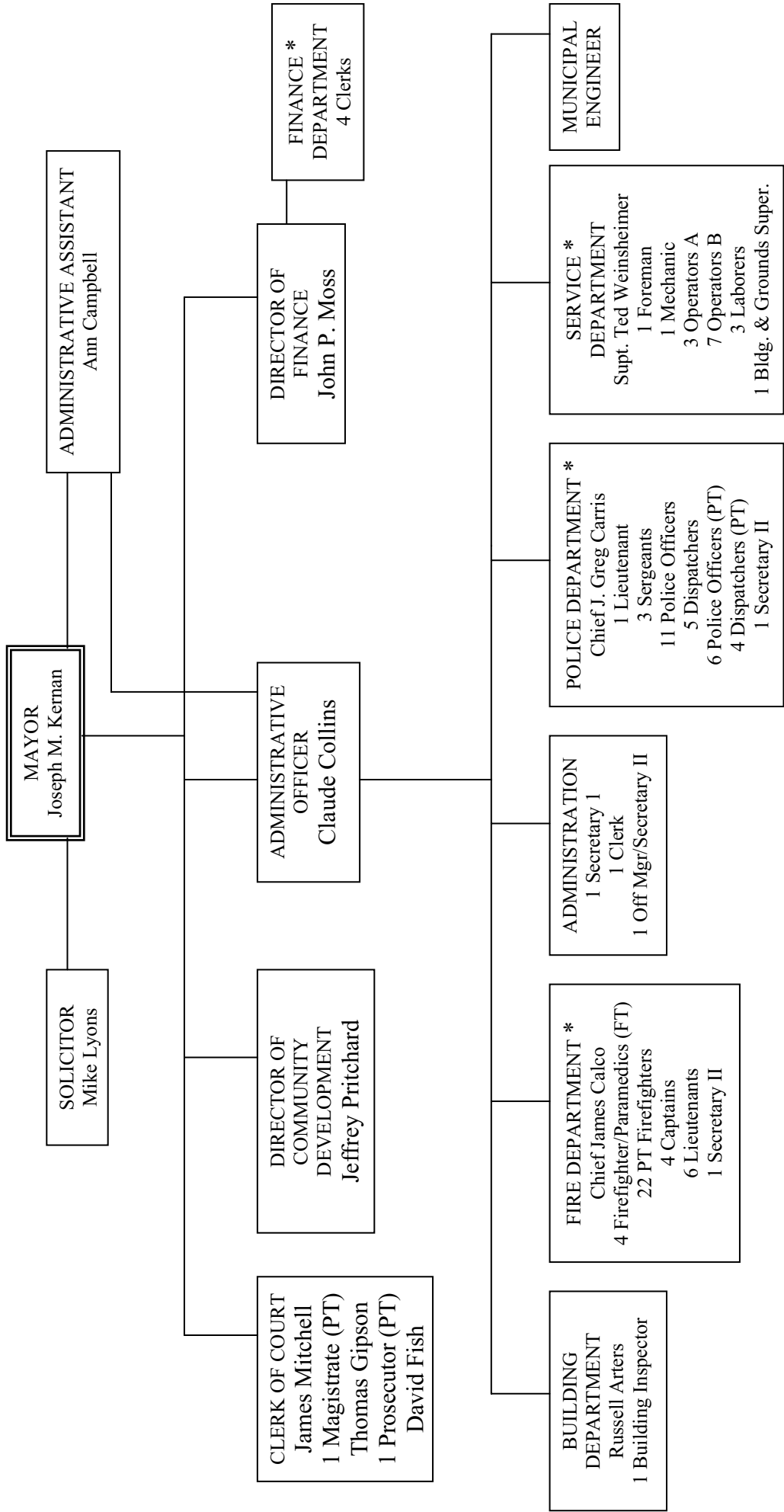
Administrators

Claude Collins	Administrative Officer
John P. Moss	Director of Finance and Tax Administrator
Michael Lyons	Director of Law
Jeffrey Pritchard	Director of Community Development
J. Greg Carris	Chief of Police
James Calco	Chief of Fire/EMS
Russ Arters	Superintendent of Buildings and Zoning Inspector
James Mitchell	Clerk of Mayor's Court
Thomas Gipson	Court Magistrate
Karla Richards	Clerk

\* Mr. James A. Price replaced Joseph M. Kernan as Mayor on March 19, 2007.



# CITY OF NORTON



\* AUTHORIZED STRENGTH

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Members of City Council  
City of Norton, Ohio

The Honorable Mary Taylor  
Auditor of State  
State of Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norton, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of December 31, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2007, on our consideration of the City of Norton, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 -10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norton, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



James G. Zupka, CPA, Inc.  
Certified Public Accountants

August 17, 2007

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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The discussion and analysis for the City of Norton's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2006. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the transmittal letter as well as the basic financial statements.

**Financial Highlights**

Financial Highlights for 2006 are as follows:

- Total net assets increased \$1,709,396, or a 15.78 percent increase over 2005.
- Total assets of governmental activities increased \$1,109,479, which represents a 6.19 percent increase over 2005.
- Total liabilities decreased by \$599,917, which represents an 8.46 percent decrease over 2005.
- Total invested in capital assets, net of debt increased \$1,059,179, an increase of 23.53 percent from 2005.

**Using this Annual Financial Report**

As an introduction to the City of Norton's financial status this annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Norton as a whole or as an entire operating entity. The statements will provide a detailed look at specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2006 and how they affected the City of Norton's operations. Major 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 dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

**Reporting the City of Norton as a Whole**

Statement of Net Assets and the Statement of Activities

This financial view of the City as a whole considers all transactions and answers the question of how the City of Norton performed financially during 2006. The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
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These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. Transactions are booked when they occur and not when actual cash is received for revenues or when invoices are paid.

These two statements report the City's net assets and any changes in those assets, which is an important method to use to inform the reader whether the financial position of the City is improving or deteriorating. To evaluate the overall position of the City, particular items must be taken into consideration. These items include the current economic situation as a whole, the current tax base for the City and the age and condition of City buildings and infrastructure.

The Statement of Net Assets and the Statement of Activities for the City of Norton are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning of Year and Year's End

### **Reporting the City of Norton's Most Significant Funds**

#### **Fund Financial Statements**

The analysis of the City's major funds begins on Page 7. Fund financial reports give detailed information of activities within these funds. The City currently has forty-one funds, which have been established to account for the multitude of services provided to residents, for employee health care and the operation of facilities, as well as for infrastructure and capital purchases. These fund financial statements focus on the City's six major funds: the General Fund, the Street Construction, Maintenance and Repair Fund, the Fire Fund, the Emergency Medical Service Fund, the Special Assessment Bond Retirement Fund, and the Meadows at Johnson Fund.

*Governmental Funds* – The City's major activities are reported in the governmental funds, which focus on cash flows and year-end balances available for future spending. The accounting method used to report this activity is the modified accrual method, which measures cash and all other financial assets that can be converted into cash. Here noted is the level of financial resources for services the City intends to provide in the near future. These services include fire and safety protection, as well as maintaining and improving streets and roads, storm sewers, parks and other facilities. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds is reconciled in the financial statements.

*Proprietary Fund* – The City's only proprietary fund is an internal service fund, which accounts for a self-insurance program for employee medical claims.

**City of Norton, Ohio**  
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*Fiduciary Fund* – The City has only one type of fiduciary fund, agency funds. Agency funds are used to account for resources held for the benefit of parties outside the City. The agency funds are not reflected on the government-wide statements because the resources from those funds are not available to support the City's programs.

**The City of Norton as a Whole**

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2006 as they compare to 2005.

	<b>Table 1</b>		
	<b>Net Assets</b>		
	Governmental Activities		
	2006	2005 - Restated	Change
Assets			
Current and Other Assets	\$9,386,044	\$8,505,911	\$880,133
Capital Assets, Net	9,649,912	9,420,566	229,346
<b>Total Assets</b>	<b>19,035,956</b>	<b>17,926,477</b>	<b>1,109,479</b>
Liabilities			
Current and Other Liabilities	1,837,872	2,206,503	(368,631)
Long-Term Liabilities:			
Due Within One Year	519,620	645,795	(126,175)
Due in More than One Year	4,137,314	4,242,425	(105,111)
<b>Total Liabilities</b>	<b>6,494,806</b>	<b>7,094,723</b>	<b>(599,917)</b>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	5,559,700	4,500,521	1,059,179
Restricted:			
Capital Projects	979,920	2,146,426	(1,166,506)
Debt Service	955,831	861,303	94,528
Other Purposes	2,648,138	1,449,491	1,198,647
Unrestricted	2,397,561	1,874,013	523,548
<b>Total Net Assets</b>	<b>\$12,541,150</b>	<b>\$10,831,754</b>	<b>\$1,709,396</b>

Total assets increased by \$1,109,479 from 2005 to 2006. This increase was primarily the result of an increase in current assets of \$880,133. The current assets increase was due in large part to an increase in income tax receivable.

Total liabilities decreased by \$599,917 for the year. This decrease is due mainly to decreases in current liabilities.

Total net assets increased by \$1,709,396. Some factors partly responsible for this increase included the higher income tax revenue along with an overall reduction in liabilities.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
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Table 2 shows the changes in net assets for the year ended December 31, 2006.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		
	2006	2005	Change
<i>Revenues</i>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$972,994	\$1,181,528	(\$208,534)
Operating Grants and Contributions	1,054,304	806,545	247,759
Capital Grants and Contributions	50,640	134,890	(84,250)
Total Program Revenues	<u>2,077,938</u>	<u>2,122,963</u>	<u>(45,025)</u>
<i>General Revenues:</i>			
Property Taxes	1,173,509	1,154,096	19,413
Municipal Income Tax	4,585,451	3,470,775	1,114,676
Grants and Entitlements	857,119	1,278,637	(421,518)
Interest	276,651	113,769	162,882
Other	65,968	99,565	(33,597)
Total General Revenues	<u>6,958,698</u>	<u>6,116,842</u>	<u>841,856</u>
<i>Total Revenues</i>	<u>9,036,636</u>	<u>8,239,805</u>	<u>796,831</u>
<i>Program Expenses</i>			
General Government	2,258,088	1,657,936	600,152
Security of Persons and Property	3,150,882	2,749,595	401,287
Transportation	1,105,515	1,168,903	(63,388)
Community Environment	310,737	245,311	65,426
Public Health Services	101,908	128,117	(26,209)
Leisure Time Activities	230,960	179,714	51,246
Interest and Fiscal Charges	169,150	166,384	2,766
<i>Total Expenses</i>	<u>7,327,240</u>	<u>6,295,960</u>	<u>1,031,280</u>
<i>Increase in Net Assets</i>	1,709,396	1,943,845	(234,449)
Net Assets Beginning of Year - Restated	<u>10,831,754</u>	<u>8,887,909</u>	<u>1,943,845</u>
Net Assets End of Year	<u>\$12,541,150</u>	<u>\$10,831,754</u>	<u>\$1,709,396</u>

**Governmental Activities**

Several revenue sources fund governmental activities with the City of Norton's municipal income tax being the largest contributor. The income tax rate of 1 percent was created by City Charter adopted November 6, 1962 and re-adopted in its entirety by the voters at a general election held on November 5, 1992. The City allows a 100 percent credit of taxes paid to other municipalities, up to 1 percent of income. The 1 percent tax created by the Charter remained in effect until July 1, 1974, when Norton's electorate increased the income tax rate to 1.50 percent, with a 100



**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
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percent credit of taxes paid to other municipalities up to 1.50 percent of income. The 1.50 percent tax remained in effect until November 4, 2004, when Norton's electorate increased the income tax rate effective January 1, 2005 to 2 percent, with a 100 percent credit of taxes paid to other municipalities up to 2 percent of income. Council adopted a resolution of intent effective January 1, 2005 for the distribution of income tax funds. The allocations of tax funds collected are: first, to defray all tax collection and enforcement expenses. The net income tax collections are distributed to the following funds: general fund, street construction, maintenance and repair special revenue fund, special permissive license tax special revenue fund, special assessment bond retirement debt service fund, general obligation bond retirement debt service fund, equipment capital projects fund, and the buildings capital projects fund.

For an additional source of revenue, Council adopted an ordinance pursuant to Ohio Revised Code Section 4504.172, to levy an annual license tax at a rate of five dollars per motor vehicle, effective January 1, 2006.

The operations of the City's safety forces account for the largest expense in governmental activities, representing 43.00 percent of the total governmental activity expenses. The police service for the City of Norton is a full time, 24-hour per day, 365 days per year operation. The staff consists of a full time chief, one full time lieutenant, three full time sergeants, eleven full time patrol officers, five part time patrol officers, and one full time secretary. The police operations also include dispatch for police, fire and EMS, with four full time dispatchers, and three part time dispatchers.

The fire/paramedic division is a full-time, 24-hour per day, 365-days per year operation utilizing two fire stations. The staff consists of a full time chief, three full time fire/paramedics, 33 part time fire/EMT/paramedics, five of which are Lieutenants and three are Captains, and one full time secretary.

### **The City's Funds**

Information about the City's governmental funds begins on page 14. These funds are accounted for by using the modified accrual method of accounting. All governmental funds had total revenues of \$8,708,036 and expenditures of \$7,637,015. The general fund had revenues of \$5,446,449 and expenditures of \$3,939,206. This surplus of \$1,507,243 is due to an increase in tax and interest revenues. The City realized a one time increase in inheritance taxes of \$275,000, additional income taxes of \$500,000, and an increased investment return of \$125,000. The street construction, maintenance and repair fund had revenues of \$1,290,770 and expenditures of \$898,551, leaving a surplus of \$392,219. This surplus is a result of an increase in property tax revenues and a reduction of expenses. The fire fund had revenues of \$424,215 and expenditures of \$544,805. The emergency medical service fund had revenues of \$466,550 and expenditures of \$554,612. The deficit of \$120,590 for the fire fund and the deficit of \$88,062 for the emergency medical service fund were both the result of increased staffing costs. The Meadows at Johnson fund had expenditures of \$25,037 and had an ending fund balance deficit of \$146,025.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
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**General Fund Budgeting Highlights**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions based on cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is legally required to be prepared for all funds of the City other than agency funds. The Finance Director presents City Council with a detailed line item budget for all departments. Following a Finance Committee budget hearing, which is open to the public, the annual budget is adopted at an object level of control by City Council at a regularly scheduled council meeting. Any budgetary modifications must be made by ordinance of the City Council.

Strong emphasis is placed on fund balances. The Director of Finance reviews fund balances on a regular basis. Monthly reports are submitted to the Mayor and Council showing beginning fund balances for all funds at the beginning of the year, monthly and year-to-date revenues and expenditures, intra-fund transfers, and the current fund balances. Department and division heads are also provided monthly reports to monitor their purchase orders and account balances for additional operational spending.

For the General Fund, final budgeted revenues were \$5,614,140 and actual revenue collections were \$5,328,402. Of this \$285,738 difference, most is due to less actual income tax revenues than anticipated. The General Fund final budgeted expenditures were \$4,462,913 and the actual expenditures were \$4,121,855. This reduction of \$341,058 is due to efforts to control actual expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

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

	Governmental Activities	
	2006	2005
Land	\$330,122	\$330,122
Construction in Progress	603,000	109,071
Building and Improvements	922,421	942,475
Equipment, Furniture and Fixtures	1,123,500	1,185,573
Vehicles	1,320,084	1,443,374
Infrastructure		
Water Lines	1,814,912	1,834,671
Sanitary Sewer Lines	3,535,873	3,575,280
	\$9,649,912	\$9,420,566
<i>Totals</i>		

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

Total Capital Assets for the City of Norton as of December 31, 2006, amounted to \$9,649,912, which was an increase of \$229,346 from 2005. This increase was a result of ongoing infrastructure projects. For more information about the City's capital assets, see Note 9 in the basic financial statements.

**Debt**

As of December 31, 2006, the City of Norton had \$4,075,000 in outstanding debt.

Table 4  
 Outstanding Debt at Year End

	Governmental Activities	
	2006	2005
General Obligation Bonds	\$3,012,414	\$3,192,041
Special Assessment Bonds	842,586	882,959
Notes Payable	220,000	840,800
	\$4,075,000	\$4,915,800

The general obligation bonds outstanding are to finance various projects in the City, including ballfields, a police radio system, police cruisers, and several street projects. The bonds are paid from municipal income tax and monies transferred from the general fund.

The special assessment bonds are to finance two projects and are paid from the collection of special assessments from the benefited property owners.

The notes include tax anticipation notes for the purchase of a fire pumper truck and bond anticipation notes for the purchase of street equipment, and street and waterline projects. The tax anticipation notes will be paid with fire levy funds and the bond anticipation notes will be paid with general fund transfers.

For more information about the City's debt, see Notes 10 and 11 in the basic financial statements.

**Current Financial Related Issues**

Effective January 1, 2005 the electorate of Norton approved a .5 percent City income tax increase. This increase was to provide funds for general municipal operations, new equipment, debt service, purchase of a City Service Garage, and the overall commitment of municipal services. As a result of the rate change income tax revenue increased by about 50 percent over 2005 on a cash basis to \$3,956,398. Since this increased tax rate remains in place the City expects to receive increases based on normal economic growth.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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As the City of Norton continues to grow, meeting the financial challenges to provide services and infrastructure needs in the community is a primary goal, and expanding utilities is secondary. Through the Administration's strong fiscal management and City Council's strict budget supervision, the City has been able to hold general operating expenditures in check while sustaining City services at past levels. Financial planning has included a utilities study to assist decision making relative to the economic delivery of utility services to the community. Equipment purchases as well as facility improvements, acquisitions and other necessary major purchases have been paid for in cash where possible to facilitate the pay-down of debt. Attention to healthy carryover balances and the pay-down of debt will continue in the future. The City has kept the work force size at a financially manageable level and still has met the needs of City residents.

The Administration's commitment to the residents has always been one of full disclosure of the financial position of the City. Also offered for many years is information on the City of Norton's website regarding finances, services and other matters of interest to residents. The Administration continues toward its goal of keeping all residents and other interested parties fully informed of all financial aspects of the City of Norton.

**Contacting the City of Norton's Finance Department**

The intent of this financial report is to provide Norton citizens, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the public funds it receives, spends, and invests. If you have any questions about this report or need additional financial information, contact the Director of Finance, John P. Moss, at the City of Norton, 4060 Columbia Woods Drive, Norton, Ohio 44203, (330)825-7815, or email to [johnm@cityofnorton.org](mailto:johnm@cityofnorton.org), or visit our website at [www.cityofnorton.org](http://www.cityofnorton.org).

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## Basic Financial Statements

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**City of Norton, Ohio**  
*Statement of Net Assets*  
*December 31, 2006*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,607,196
Materials and Supplies Inventory	105,150
Accounts Receivable	173,392
Accrued Interest Receivable	30,914
Intergovernmental Receivable	875,375
Prepaid Items	45,664
Income Taxes Receivable	1,508,051
Property Taxes Receivable	1,197,716
Special Assessments Receivable	842,586
Nondepreciable Capital Assets	933,122
Depreciable Capital Assets, Net	8,716,790
<i>Total Assets</i>	19,035,956
<b>Liabilities</b>	
Accounts Payable	39,668
Accrued Wages and Benefits	132,166
Intergovernmental Payable	310,476
Notes Payable	185,000
Claims Payable	66,698
Deferred Revenue	1,081,102
Accrued Interest Payable	22,762
Long-Term Liabilities:	
Due Within One Year	519,620
Due in More Than One Year	4,137,314
<i>Total Liabilities</i>	6,494,806
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	5,559,700
Restricted for:	
Capital Projects	979,920
Debt Service	955,831
Police	34,637
Fire and EMS	315,989
Transportation	1,593,221
Sewerline/Waterline Maintenance	655,415
Other Purposes	48,876
Unrestricted	2,397,561
<i>Total Net Assets</i>	\$12,541,150

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2006

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
<b>Governmental Activities</b>					Governmental Activities
General Government	\$2,258,088	\$252,100	\$48,886	\$0	(\$1,957,102)
Security of Persons and Property	3,150,882	460,447	89,332	0	(2,601,103)
Transportation	1,105,515	12,295	908,733	0	(184,487)
Community Environment	310,737	32,387	0	0	(278,350)
Public Health Services	101,908	214,416	0	50,640	163,148
Leisure Time Activities	230,960	1,349	7,353	0	(222,258)
Interest and Fiscal Charges	169,150	0	0	0	(169,150)
<i>Totals</i>	<u>\$7,327,240</u>	<u>\$972,994</u>	<u>\$1,054,304</u>	<u>\$50,640</u>	<u>(5,249,302)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	420,666
Fire	368,796
EMS	306,426
Police Pension	77,621
Income Taxes Levied for:	
General Purposes	3,383,613
Debt Service	337,550
Capital Projects	79,365
Street Repair and Maintenance	784,923
Grants and Entitlements not Restricted to Specific Programs	857,119
Interest	276,651
Other	65,968
<i>Total General Revenues</i>	<u>6,958,698</u>
Change in Net Assets	1,709,396
<i>Net Assets Beginning of Year - Restated (See Note 4)</i>	<u>10,831,754</u>
<i>Net Assets End of Year</i>	<u>\$12,541,150</u>

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2006*

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement	The Meadows at Johnson
<b>Assets</b>						
Equity in Pooled Cash and						
Cash Equivalents	\$910,396	\$536,205	\$125,958	\$82,420	\$10,957	\$395,580
Materials and Supplies Inventory	2,583	102,567	0	0	0	0
Accounts Receivable	34,531	2,397	0	125,793	0	0
Accrued Interest Receivable	30,914	0	0	0	0	0
Intergovernmental Receivable	454,150	304,239	20,008	15,889	0	0
Prepaid Items	37,028	2,753	2,965	2,423	0	0
Income Taxes Receivable	1,097,531	261,401	0	0	36,836	0
Property Tax Receivable	428,563	0	384,091	304,707	0	0
Special Assessments Receivable	0	0	0	0	842,586	0
Interfund Receivable	777,692	0	0	0	0	0
<i>Total Assets</i>	<u>\$3,773,388</u>	<u>\$1,209,562</u>	<u>\$533,022</u>	<u>\$531,232</u>	<u>\$890,379</u>	<u>\$395,580</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$24,785	\$3,027	\$2,340	\$3,623	\$0	\$0
Accrued Wages and Benefits	84,778	15,164	16,112	16,112	0	0
Intergovernmental Payable	244,771	24,858	20,332	18,915	0	0
Notes Payable	0	0	0	0	0	0
Interfund Payable	0	0	0	0	0	535,800
Accrued Interest Payable	0	0	0	0	0	5,805
Deferred Revenue	1,470,344	380,375	404,099	446,389	867,064	0
<i>Total Liabilities</i>	<u>1,824,678</u>	<u>423,424</u>	<u>442,883</u>	<u>485,039</u>	<u>867,064</u>	<u>541,605</u>
<b>Fund Balances</b>						
Reserved for Encumbrances	153,661	78,653	0	3,838	0	0
Unreserved, Undesignated, Reported in:						
General Fund	1,795,049	0	0	0	0	0
Special Revenue Funds	0	707,485	90,139	42,355	0	0
Debt Service Funds	0	0	0	0	23,315	0
Capital Projects Funds (Deficit)	0	0	0	0	0	(146,025)
<i>Total Fund Balances (Deficit)</i>	<u>1,948,710</u>	<u>786,138</u>	<u>90,139</u>	<u>46,193</u>	<u>23,315</u>	<u>(146,025)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,773,388</u>	<u>\$1,209,562</u>	<u>\$533,022</u>	<u>\$531,232</u>	<u>\$890,379</u>	<u>\$395,580</u>

See accompanying notes to the basic financial statements



**City of Norton, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2006*

Other Governmental Funds	Total Governmental Funds	Total Governmental Fund Balances	\$4,632,914
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
		Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,649,912
		Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
		Delinquent Property Taxes	97,907
		Income Tax	1,002,115
		Special Assessments	842,586
		Grants	622,070
		Charges for Services	149,641
		Total	2,714,319
		In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
		Accrued Interest Payable	(7,175)
		An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of activities.	208,114
		Long-term liabilities, including notes and bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
		General Obligation Bonds	(3,012,414)
		Special Assessment Bonds	(842,586)
		Capital Leases	(15,212)
		Notes	(35,000)
		Compensated Absences	(541,722)
		Claims and Judgment Payable	(210,000)
		Total	(4,656,934)
\$2,555,761	\$9,888,924	<i>Net Assets of Governmental Activities</i>	<u>\$12,541,150</u>

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement
<b>Revenues</b>					
Property and Other Taxes	\$415,752	\$0	\$379,518	\$300,284	\$0
Municipal Income Tax	2,934,509	585,962	0	0	95,358
Charges for Services	90,107	13,722	0	130,542	0
Special Assessments	0	0	0	0	40,373
Licenses, Permits and Fees	99,401	0	0	0	0
Fines and Forfeitures	192,572	0	0	0	0
Intergovernmental	1,452,870	676,037	44,072	34,972	0
Interest	233,977	0	0	0	42,674
Other	27,261	15,049	625	752	0
<i>Total Revenues</i>	<u>5,446,449</u>	<u>1,290,770</u>	<u>424,215</u>	<u>466,550</u>	<u>178,405</u>
<b>Expenditures</b>					
Current:					
General Government	1,710,545	0	0	0	3,415
Security of Persons and Property:					
Police	1,887,392	0	0	0	0
Fire/EMS	0	0	506,830	554,612	0
Transportation	0	894,469	0	0	0
Community Environment	310,102	0	0	0	0
Public Health Services	0	0	0	0	0
Leisure Time Activities	12,941	0	0	0	0
Capital Outlay	16,000	0	0	0	0
Debt Service:					
Principal Retirement	1,151	3,882	35,000	0	100,000
Interest and Fiscal Charges	1,075	200	2,975	0	76,620
<i>Total Expenditures</i>	<u>3,939,206</u>	<u>898,551</u>	<u>544,805</u>	<u>554,612</u>	<u>180,035</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,507,243</u>	<u>392,219</u>	<u>(120,590)</u>	<u>(88,062)</u>	<u>(1,630)</u>
<b>Other Financing Sources (Uses)</b>					
Inception of Capital Lease	16,000	0	0	0	0
Current Refunding	0	0	0	0	0
Transfers In	0	39,590	0	0	15,000
Transfers Out	(554,290)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(538,290)</u>	<u>39,590</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
<i>Net Change in Fund Balances</i>	968,953	431,809	(120,590)	(88,062)	13,370
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>979,757</u>	<u>354,329</u>	<u>210,729</u>	<u>134,255</u>	<u>9,945</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,948,710</u>	<u>\$786,138</u>	<u>\$90,139</u>	<u>\$46,193</u>	<u>\$23,315</u>

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2006*

The Meadows at Johnson	Other Governmental Funds	Total Governmental Funds
\$0	\$76,700	\$1,172,254
0	333,428	3,949,257
0	262,838	497,209
0	0	40,373
0	0	99,401
0	35,598	228,170
0	170,802	2,378,753
0	0	276,651
0	22,281	65,968
0	901,647	8,708,036
0	114,157	1,828,117
0	10,727	1,898,119
0	0	1,061,442
0	109,272	1,003,741
0	0	310,102
0	42,742	42,742
0	38,155	51,096
0	990,410	1,006,410
0	120,000	260,033
25,037	69,306	175,213
25,037	1,494,769	7,637,015
(25,037)	(593,122)	1,071,021
0	0	16,000
0	(185,000)	(185,000)
23,498	604,636	682,724
0	(128,434)	(682,724)
23,498	291,202	(169,000)
(1,539)	(301,920)	902,021
(144,486)	2,186,364	3,730,893
(\$146,025)	\$1,884,444	\$4,632,914

**Net Change in Fund Balances -Total Governmental Funds** \$902,021

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

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

Capital Asset Additions	664,464
Current Year Depreciation	<u>(394,849)</u>
<b>Total</b>	<b>269,615</b>

Government Funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (40,269)

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

Delinquent Property Taxes	1,255
Income Tax	636,194
Special Assessments	(40,373)
Grants	(416,690)
Charges for Services	124,366
Fines and Forfeitures	<u>23,848</u>
<b>Total</b>	<b>328,600</b>

Repayment of bond, lease and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 445,033

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 6,063

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

Compensated Absences	12,253
Claims and Judgment Payable	<u>(210,000)</u>
<b>Total</b>	<b>(197,747)</b>

Inception of a capital lease is an other financing source in the governmental funds, but increases liabilities in governmental activities. (16,000)

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year. 12,080

**Change in Net Assets of Governmental Activities** \$1,709,396

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$330,595	\$361,779	\$409,112	\$47,333
Municipal Income Tax	3,197,084	3,498,652	2,936,135	(562,517)
Charges for Services	72,814	79,682	90,107	10,425
Licenses, Permits and Fees	94,839	103,784	117,363	13,579
Fines and Forfeitures	155,613	170,292	192,572	22,280
Intergovernmental	1,082,243	1,184,327	1,339,278	154,951
Interest	184,652	202,069	228,507	26,438
Other	12,386	13,555	15,328	1,773
<i>Total Revenues</i>	<u>5,130,226</u>	<u>5,614,140</u>	<u>5,328,402</u>	<u>(285,738)</u>
<b>Expenditures</b>				
Current:				
General Government	1,859,152	2,047,484	1,914,179	133,305
Security of Persons and Property	1,863,999	2,052,823	1,887,519	165,304
Community Environment	320,249	352,691	310,417	42,274
Leisure Time Activities	9,003	9,915	9,740	175
<i>Total Expenditures</i>	<u>4,052,403</u>	<u>4,462,913</u>	<u>4,121,855</u>	<u>341,058</u>
<i>Excess of Revenues Over Expenditures</i>	1,077,823	1,151,227	1,206,547	55,320
<b>Other Financing Uses</b>				
Transfers Out	(1,454,826)	(1,602,200)	(554,290)	1,047,910
<i>Net Change in Fund Balance</i>	(377,003)	(450,973)	652,257	1,103,230
<i>Fund Balance Beginning of Year</i>	595,716	595,716	595,716	0
Prior Year Encumbrances Appropriated	188,067	188,067	188,067	0
<i>Fund Balance End of Year</i>	<u>\$406,780</u>	<u>\$332,810</u>	<u>\$1,436,040</u>	<u>\$1,103,230</u>

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Construction, Maintenance and Repair Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Tax	\$0	\$0	\$589,000	\$589,000
Charges for Services	11,368	11,965	13,722	1,757
Intergovernmental	516,085	543,181	622,956	79,775
Other	10,481	11,032	12,652	1,620
<i>Total Revenues</i>	537,934	566,178	1,238,330	672,152
<b>Expenditures</b>				
Current:				
Transportation	1,217,237	1,242,237	1,055,066	187,171
<i>Excess of Revenues Over (Under) Expenditures</i>	(679,303)	(676,059)	183,264	859,323
<b>Other Financing Sources</b>				
Transfers In	628,590	628,590	39,590	(589,000)
<i>Net Change in Fund Balance</i>	(50,713)	(47,469)	222,854	270,323
<i>Fund Balance Beginning of Year</i>	195,163	195,163	195,163	0
Prior Year Encumbrances Appropriated	39,535	39,535	39,535	0
<i>Fund Balance End of Year</i>	<u>\$183,985</u>	<u>\$187,229</u>	<u>\$457,552</u>	<u>\$270,323</u>

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$381,756	\$388,161	\$379,518	(\$8,643)
Intergovernmental	44,332	45,076	44,072	(1,004)
Other	629	639	625	(14)
<i>Total Revenues</i>	<u>426,717</u>	<u>433,876</u>	<u>424,215</u>	<u>(9,661)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	532,646	540,902	485,954	54,948
Debt Service:				
Principal Retirement	37,400	37,975	35,000	2,975
Interest and Fiscal Charges	21	21	2,975	(2,954)
<i>Total Debt Service</i>	<u>37,421</u>	<u>37,996</u>	<u>37,975</u>	<u>21</u>
<i>Total Expenditures</i>	<u>570,067</u>	<u>578,898</u>	<u>523,929</u>	<u>54,969</u>
<i>Net Change in Fund Balance</i>	(143,350)	(145,022)	(99,714)	45,308
<i>Fund Balance Beginning of Year</i>	223,508	223,508	223,508	0
Prior Year Encumbrances Appropriated	2,163	2,163	2,163	0
<i>Fund Balance End of Year</i>	<u>\$82,321</u>	<u>\$80,649</u>	<u>\$125,957</u>	<u>\$45,308</u>

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Emergency Medical Service Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$316,433	\$319,583	\$300,284	(\$19,299)
Charges for Services	210,544	212,640	199,799	(\$12,841)
Intergovernmental	36,853	37,220	34,972	(\$2,248)
Other	792	800	752	(48)
<i>Total Revenues</i>	564,622	570,243	535,807	(34,436)
<b>Expenditures</b>				
Current:				
Security of Persons and Property	598,350	627,770	560,583	67,187
<i>Net Change in Fund Balance</i>	(33,728)	(57,527)	(24,776)	32,751
<i>Fund Balance Beginning of Year</i>	99,959	99,959	99,959	0
Prior Year Encumbrances Appropriated	3,399	3,399	3,399	0
<i>Fund Balance End of Year</i>	<u>\$69,630</u>	<u>\$45,831</u>	<u>\$78,582</u>	<u>\$32,751</u>

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Fund Net Assets*  
*Internal Service Fund*  
*For the Year Ended December 31, 2006*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	\$274,812
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**Liabilities**

Claims Payable	<u>66,698</u>
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**Net Assets**

Unrestricted	<u><u>\$208,114</u></u>
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See accompanying notes to the basic financial statements



**City of Norton, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Year Ended December 31, 2006*

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<b>Operating Revenues</b>	
Charges for Services	\$603,936
Other	1,637
	<hr/>
<i>Total Operating Revenues</i>	<i>605,573</i>
	<hr/>
<b>Operating Expenses</b>	
Purchased Services	190,288
Claims	403,205
	<hr/>
<i>Total Operating Expenses</i>	<i>593,493</i>
	<hr/>
<i>Operating Income</i>	<i>12,080</i>
	<hr/>
<i>Net Assets Beginning of Year</i>	<i>196,034</i>
	<hr/>
<i>Net Assets End of Year</i>	<i>\$208,114</i>
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See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Cash Flows*  
*Internal Service Fund*  
*For the Year Ended December 31, 2006*

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***Increase (Decrease) in Cash and Cash Equivalents***

**Cash Flows from Operating Activities**

Cash Received from Transactions with Other Funds	\$603,936
Cash Received from Other	1,637
Cash Payments for Goods and Services	(190,288)
Cash Payments for Claims	(381,283)
	<hr/>

*Net Increase in Cash and Cash Equivalents* 34,002

*Cash and Cash Equivalents Beginning of Year* 

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240,810

*Cash and Cash Equivalents End of Year* 

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\$274,812

***Reconciliation of Operating Income to  
Net Cash Provided by Operating Activities***

*Operating Income* \$12,080

**Adjustments to Reconcile Operating Income to  
Net Cash Provided by Operating Activities**

Increase in Liabilities:

    Claims Payable 

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21,922

*Net Cash Provided by Operating Activities* 

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\$34,002

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2006*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	<u>\$43,542</u>
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**Liabilities**

Undistributed Assets	<u>\$43,542</u>
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See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 1 - Description of the City and Reporting Entity**

The City of Norton (the "City") is a chartered municipal corporation, incorporated under the laws of the State of Ohio. Norton became a City in March of 1961. The City operates under a council/mayor form of government. Legislative power is vested in a seven-member council, including the President, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. The Administrator is appointed by the Mayor with Council approval and handles the operational activities of the City's departments. All other City officials are also appointed by the Mayor with Council approval.

***Reporting Entity***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Norton, this includes the departments that provide the following services: police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services.

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

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the City that are governmental and those that are considered business-type; the City, however, has no business-type activities.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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

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

**B. Fund Accounting**

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

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

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

**Street Construction, Maintenance and Repair Special Revenue Fund** The street construction, maintenance and repair fund accounts for State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City as required by the Ohio Revised Code.

**Fire Special Revenue Fund** The fire fund accounts for revenues received from real and personal property taxes which may only be used for fire department operations and fire pension.

**Emergency Medical Service Special Revenue Fund** The emergency medical service fund accounts for revenues received from real and personal property taxes and EMS billings which may only be used for EMS operations and EMS pension.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***Special Assessment Bond Retirement Debt Service Fund*** The special assessment bond retirement fund accounts for the collection of special assessments levied against benefited properties for the payment of special assessment bonds and the related interest.

***The Meadows at Johnson Capital Projects Fund*** The Meadows at Johnson capital projects fund accounts revenues and expenditures designated for the construction of roads in the Meadows at Johnson area.

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

***Proprietary Funds*** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no enterprise funds.

***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's only internal service fund accounts for a self-insurance program for employee medical claims.

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

### ***C. Measurement Focus***

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

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

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***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; proprietary and fiduciary funds also use the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

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

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized when they are incurred.

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***E. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by City Council at the object level within each department for all funds. Budgetary modifications may only be made by ordinance of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts on the budgetary statements reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

***F. Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During 2006, investments were limited to a repurchase agreement which is presented at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue is distributed to the general fund, certain special revenue funds, debt service funds and certain capital projects funds. Interest revenue credited to the general fund during 2006 amounted to \$233,977, which includes \$128,014 assigned from other City funds.

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

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.



**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**H. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

**I. Capital Assets**

All capital assets of the City are classified as general capital assets. They generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are valued at their fair market values as of the date received. The City maintains a capitalization threshold of two hundred and fifty dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	75 years
Equipment, Furniture and Fixtures	5 - 30 years
Vehicles	2 - 50 years
Infrastructure	100 years

The City's infrastructure consists of water lines and sanitary sewer lines and includes lines acquired prior to December 31, 1980. Since 2003, the City has been tracking infrastructure expenditures, none of which have been capitalized. The City plans to phase in the prior year amounts in future years.

**J. Interfund Balances**

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". These amounts are eliminated in the governmental and activities column of the statement of net assets.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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***K. Compensated Absences***

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 City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for employees after ten years of service with the City.

***L. 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 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 capital leases are recognized as a liability on the governmental fund financial statements when due.

***M. Fund Balance Reserves***

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

***N. Operating Revenues and Expenses***

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

***O. Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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 financial statements.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***P. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$5,299,689 of restricted net assets, none of which is restricted by enabling legislation.

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

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

***R. Estimates***

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

**Note 3 – Accountability and Compliance**

***A. Accountability***

The Meadows at Johnson capital projects fund, the Waterlines capital projects fund, and the Gardner Phase II capital projects fund had deficit fund balances of \$146,025, \$88,332, and \$50,640, respectively. The deficit fund balances in the capital projects funds are a result of the issuance of short-term notes. The deficit will be eliminated once bonds are issued and the notes are paid.

***B. Compliance***

Contrary to Section 5705.39, Ohio Revised Code, the following funds had final appropriations in excess of estimated revenues and carryover balances:

**City of Norton, Ohio**  
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	Estimated Revenue Plus Carryover Balances	Final Appropriations	Excess
<i>Special Revenue Funds:</i>			
Special Permissive License Plate Tax	\$121,683	\$541,294	(\$419,611)
Community Center	51,468	56,275	(4,807)
Greenwich Road	2,539	8,178	(5,639)
Mayor's Court	33,946	34,957	(1,011)
<i>Debt Service Fund:</i>			
General Obligation Bond Retirement	417,882	977,265	(559,383)
<i>Capital Projects Funds:</i>			
Land and Land Improvements	570,764	582,293	(11,529)
Gardner Phase II	392,000	705,860	(313,860)

Management has indicated that appropriations will be closely monitored to ensure no further violations.

Contrary to Section 5705.41, Ohio Revised Code, the following accounts had actual expenditures plus encumbrances in excess of final appropriations:

	Final Appropriations	Actual Expenditures Plus Encumbrances	Excess
<i>General Fund:</i>			
General Government			
Other	\$105,003	\$105,135	(\$132)
<i>Debt Service Fund:</i>			
Special Assessment			
General Government			
Other	3,040	3,415	(375)
<i>Capital Projects Funds:</i>			
Sanitary Sewer			
Capital Outlay			
Other	120	499	(379)
Gardner Issue I			
Capital Outlay			
Other	0	105	(105)

The following funds had negative cash balances as of December 31, 2006 indicating that revenues from other sources were used to pay obligations of this fund, contrary to Ohio Revised Code Section 5705.10.

Fund	Amounts
<b>Governmental Funds</b>	
General Obligation Bond Retirement	\$11,252
Gardner Issue II	50,640

**City of Norton, Ohio**  
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The General Obligation Bond Retirement fund cash was negative \$11,252, due to a delay in a budgeted transfer of funds to cover a debt payment. In addition to the budget, transfers require an authorizing ordinance, from which this transfer was omitted. The transfer was added to the subsequent period, which brought the fund back into balance. The Gardner Issue II fund had a necessary, but unplanned, and thus unbudgeted expenditures of \$50,640. Consequently, the budgeting process followed the expenditures where it should have occurred beforehand. This was resolved in the next budget process by providing funds available from other City funds.

**Note 4 – Change in Accounting Principles & Restatement of Prior Year Balance/Net Assets**

***A. Change in Accounting Principles***

For fiscal year 2006, the City has implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section” and GASB Statement No. 47, “Accounting for Termination Benefits.”

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section. GASB Statement No. 47 established standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

***B. Restatement of Prior Year Net Assets***

During 2006, it was determined that special assessments receivable were understated and compensated absences were overstated at December 31, 2005.

The following table summarizes the restatement adjustments:

	<u>Governmental Activities</u>
Net Assets at December 31, 2005	\$10,590,250
Adjustment for Special Assessments Receivable	64,502
Adjustment for Compensated Absences	<u>177,002</u>
Restated Net Assets at December 31, 2005	<u><u>\$10,831,754</u></u>

**Note 5 - Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General and major special revenue funds 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 as follows:

**City of Norton, Ohio**  
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1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

Net Change in Fund Balances

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service
GAAP Basis	\$968,953	\$431,809	(\$120,590)	(\$88,062)
Net Adjustment for Revenue Accruals	(134,047)	(52,440)	0	69,257
Net Adjustment for Expenditure Accruals	6,603	(77,862)	20,876	(2,133)
Adjustments for Encumbrances	(189,252)	(78,653)	0	(3,838)
Budget Basis	<u>\$652,257</u>	<u>\$222,854</u>	<u>(\$99,714)</u>	<u>(\$24,776)</u>

**Note 6 - Deposits and Investments**

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

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

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

Interim deposits are deposits 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 held by the City can 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 payment of principal and interest by the United States;

**City of Norton, Ohio**  
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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$4,080,738 and the bank balance was \$4,234,721. Of the

**City of Norton, Ohio**  
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bank balance \$284,721 was covered by federal depository insurance and \$3,950,000 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

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

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1
Repurchase Agreement:		
Federal Home Loan Bank Securities	\$570,000	\$570,000

**Interest Rate Risk.** The City has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**Credit Risk.** The repurchase agreements were backed by Federal Home Loan Bank Securities which carry a rating of Aaa by Moody's.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute which states that the securities must be delivered into the custody of the Finance Director or the Finance Director's agent.

**Concentration of Credit Risk.** With the exception of U.S. Treasury securities, federal government agency securities, and authorized pools, no more than 50 percent of the City's total investment portfolio will be invested in a single security type or with a single financial institution. The following is the City's allocation as of December 31, 2006:



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Investment Issuer	Percentage of Investments
Repurchase Agreement:	
Federal Home Loan Bank Securities	100.00 %

**Note 7 - Receivables**

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, and interest.

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

Special assessments expected to be collected in one year amount to \$42,235, with the remaining \$800,351 expected to be collected in more than one year.

**A. Property Taxes**

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

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

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

Public utility real and tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005 on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may be annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable September 20.

The full tax rate for all City operations for the year ended December 31, 2006, was \$6.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

**City of Norton, Ohio**  
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	Assessed Value
Real Estate	\$252,333,400
Public Utility Property	6,507,780
Tangible Personal	12,197,400
Total Assessed Value	\$271,038,580

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

***B. Income Tax***

The City levies a municipal income tax of two percent on salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. Residents of the City are granted a credit of one hundred percent for taxes paid to other municipalities up to two percent of income.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Beginning in 2006, income tax proceeds, after income tax department expenditures, are credited to the following funds: general fund, street construction, maintenance and repair special revenue fund, special permissive license tax special revenue fund, special assessment bond retirement debt service fund, general obligation bond retirement debt service fund, equipment capital projects fund, and the buildings capital projects fund.

***C. Intergovernmental Receivables***

A summary of the governmental activities principal items of intergovernmental receivables follows:

	Amounts
Inheritance Tax	\$26,490
Local Government	397,030
Gasoline Tax	260,074
Homestead and Rollback	57,023
Motor Vehicle License Registration	54,057
Permissive Motor Vehicle License Tax	14,775
Public Utilities	9,178
Grants	56,748
Total	\$875,375

**City of Norton, Ohio**  
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**Note 8 - Contingencies**

**A. Grants**

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 adverse effect on the overall financial position of the City at December 31, 2006.

**B. Litigation**

Several claims and lawsuits are pending against the City. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2006.

**Note 9 - Capital Assets**

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

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$330,122	\$0	\$0	\$330,122
Construction in Progress	109,071	493,929	0	603,000
<i>Total Capital Assets, not being depreciated</i>	<u>439,193</u>	<u>493,929</u>	<u>0</u>	<u>933,122</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	1,549,803	610	0	1,550,413
Equipment, Furniture and Fixtures	2,253,084	48,803	0	2,301,887
Vehicles	2,342,948	121,122	(60,524)	2,403,546
Infrastructure				
Water Lines	2,155,935	0	0	2,155,935
Sanitary Sewer Lines	3,760,653	0	0	3,760,653
<i>Total Capital Assets, being depreciated</i>	<u>12,062,423</u>	<u>170,535</u>	<u>(60,524)</u>	<u>12,172,434</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(607,328)	(20,664)	0	(627,992)
Equipment, Furniture and Fixtures	(1,067,511)	(172,507)	0	(1,240,018)
Vehicles	(899,574)	(142,512)	20,255	(1,021,831)
Infrastructure				
Water Lines	(321,264)	(21,559)	0	(342,823)
Sanitary Sewer Lines	(185,373)	(37,607)	0	(222,980)
Total Accumulation Depreciation	<u>(3,081,050)</u>	<u>(394,849) *</u>	<u>20,255</u>	<u>(3,455,644)</u>
Total Capital Assets being depreciated, net	<u>8,981,373</u>	<u>(224,314)</u>	<u>(40,269)</u>	<u>8,716,790</u>
Governmental Activities Capital Assets, Net	<u>\$9,420,566</u>	<u>\$269,615</u>	<u>(\$40,269)</u>	<u>\$9,649,912</u>

**City of Norton, Ohio**  
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\* Depreciation expense was charged to governmental functions as follows:

General Government	\$74,961
Security of Persons and Property	155,354
Transportation	95,109
Community Environment	821
Public Health Services	59,166
Leisure Time Activities	9,438
Total Depreciation Expense	\$394,849

**Note 10 – Notes Payable**

A summary of the note transactions for the year ended December 31, 2006, follows:

	Outstanding 12/31/2005	Issued	Retired	Outstanding 12/31/2006
The Meadows at Johnson Notes	\$535,800	\$0	\$535,800	\$0
Johnson Waterline Notes	25,000	85,000	25,000	85,000
Service Equipment Notes	25,000	100,000	25,000	100,000
Total	\$585,800	\$185,000	\$585,800	\$185,000

All of the notes are bond anticipation notes which are backed by the full faith and credit of the City. The Johnson Waterline and Service Equipment notes mature February 20, 2007. The note liability is reflected in the fund which received the proceeds and will repay the debt.

**Note 11 - Long-Term Obligations**

The original issue date, interest rate, original issuance and maturity dates for each of the City's bonds and long-term notes follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds</i>				
Street Improvement	2003	2.00 %	\$570,000	December 1, 2018
Police Cruisers	2003	2.00	55,000	December 1, 2008
Police Radio System	2003	2.00	415,000	December 1, 2018
Road Program	2003	2.00	520,000	December 1, 2018
Ballfields	2003	2.00	260,000	December 1, 2023
Gardner Engineering	2003	2.00	215,000	December 1, 2023
Barber Road Sanitary Sewer	2003	2.00	1,496,940	December 1, 2023

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2006

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
Special Assessment Bonds				
1996 Special Assessments	1996	6.60	\$122,000	December 1, 2016
Barber Road Special Assessments	2003	2.00	888,060	December 1, 2023
Long-Term Notes				
Fire Pumper	2006	4.28	175,000	October 31, 2007

A schedule of changes in bonds and other long-term obligations of the City during 2006 follows:

	Restated Amounts Outstanding 12/31/05	Additions	Reductions	Amounts Outstanding 12/31/06	Amounts Due in One Year
<i>General Obligation Bonds:</i>					
Street Improvement	\$505,000	\$0	(\$35,000)	\$470,000	\$35,000
Police Cruisers	35,000	0	(10,000)	25,000	10,000
Police Radio System	365,000	0	(25,000)	340,000	25,000
Road Program	460,000	0	(30,000)	430,000	30,000
Ballfields	240,000	0	(10,000)	230,000	10,000
Gardner Engineering	195,000	0	(10,000)	185,000	10,000
Barber Road Sanitary Sewer	1,392,041	0	(59,627)	1,332,414	62,765
<i>Total General Obligation Bonds</i>	3,192,041	0	(179,627)	3,012,414	182,765
<i>Long-Term Notes:</i>					
Fire Pumper	70,000	0	(35,000)	35,000	35,000
Johnson Waterline	85,000	0	(85,000)	0	0
Service Equipment	100,000	0	(100,000)	0	0
<i>Total Long-Term Notes</i>	255,000	0	(220,000)	35,000	35,000
<i>Special Assessment Bonds with Governmental Commitment:</i>					
1996 Special Assessment	75,000	0	(5,000)	70,000	5,000
Barber Road Special Assessment	807,959	0	(35,373)	772,586	37,235
<i>Total Special Assessment Bonds</i>	882,959	0	(40,373)	842,586	42,235
Capital Leases	4,245	16,000	(5,033)	15,212	2,917
Claims and Judgment Payable	0	210,000	0	210,000	70,000
Compensated Absences	553,975	189,660	(201,913)	541,722	186,703
<i>Total Governmental Long-Term Liabilities</i>	\$4,888,220	\$415,660	(\$646,946)	\$4,656,934	\$519,620

General obligation bonds will be paid from taxes receipted in the debt service funds. The fire pumper long-term note will be paid from taxes receipted in the fire fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The capital leases will be paid from the general fund and the street construction, maintenance and repair fund.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2006

Compensated absences will be paid from the general fund and the street construction, repair and maintenance, fire and EMS special revenue funds, which are the funds from which the employees' salaries are paid.

On February 22, 2007, the City of Norton and the City of Barberton reached an agreement concerning the City of Barberton's attempt to recover payment of income tax revenues due pursuant to a Joint Economic Development District agreement entered into between the City of Norton and the City of Barberton in 1997. The City shall pay the City of Barberton \$210,000 in consecutive annual payments of \$70,000. This is reported in the government-wide statements and will be paid out of the General Fund.

The City's overall debt margin was \$25,243,525 and the unvoted legal debt margin was \$11,691,596 at December 31, 2006.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006, are as follows:

	General Obligation Bonds		Special Assessment Bonds		Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$182,765	\$94,647	\$42,235	\$30,393	\$35,000	\$1,498
2008	187,765	90,247	42,235	30,063	0	0
2009	177,174	86,337	42,826	29,143	0	0
2010	180,903	82,232	44,097	27,542	0	0
2011	180,313	77,323	44,687	26,622	0	0
2012-2016	1,024,813	304,899	265,187	104,426	0	0
2017-2021	798,263	135,117	261,737	53,308	0	0
2022-2024	280,418	15,952	99,582	7,048	0	0
<b>Total</b>	<b>\$3,012,414</b>	<b>\$886,754</b>	<b>\$842,586</b>	<b>\$308,545</b>	<b>\$35,000</b>	<b>\$1,498</b>

**Note 12 – Capital Lease**

The City entered into capital leases for an airlift jack, a tire changer, and a copier. The City's lease obligations meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases." Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized and depreciated as follows as of December 31, 2006:

**Governmental Activities**

**Capital Assets, being depreciated:**

Equipment, Furniture and Fixtures	\$34,728
Less Accumulated Depreciation:	
Equipment, Furniture and Fixtures	(8,818)
<b>Capital Assets, Net</b>	<b>\$25,910</b>

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2006.

Year Ending December 30, 2006	Governmental Activities
2007	\$4,818
2008	4,452
2009	4,452
2010	4,452
2011	2,226
Total	20,400
Less: Amounts Representing Interest	(5,188)
Present Value of Minimum Lease Payments	\$15,212

**Note 13 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the City contracted with Selective Insurance Company for various types of insurance. The coverage and deductibles are as follows:

Company	Type of Coverage	Deductible	Coverage
Selective Insurance	Bond - Public Employees	\$0	25,000
	Bond - Finance Director	0	100,000
	Bond - Mayor	0	50,000
	Bond - Administrator	0	50,000
	Bond - Clerk of Mayor's Court	0	75,000
	Public Officials Liability	25,000	1,000,000
	Law Enforcement Liability	25,000	1,000,000
	Commercial Property	1,000	5,000,000
	Personal Property	1,000	1,000,000
	Inland Marine	1,000	1,000,000
	General Liability	1,000	1,000,000
	Commercial Crime	500	1,000,000
	Ambulance and EMT Liability	0	1,000,000
	Firemen's Errors and Omissions	0	1,000,000
	Automobile Liability	0	1,000,000
	Automobile Comprehensive	500	1,000,000
	Automobile Collision	500	1,000,000
	Umbrella Liability	0	4,000,000

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

The City manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health coverage through Benefit Service Claims, the third party administrators of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$20,000 per employee, per year. The premium was \$932 per employee per month.

The claims liability of \$66,698 reported in the self-insurance fund at December 31, 2006, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the internal services funds' claims liability amounts in the last two years follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2005	\$68,542	\$276,156	\$299,922	\$44,776
2006	44,776	403,205	381,283	66,698

**Note 14 - Defined Benefit Pension Plans**

***A. Ohio Public Employees Retirement System (OPERS)***

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law



**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$147,076, \$156,609 and \$156,729, respectively; 97.28 percent has been contributed for 2006 and 100 percent for 2005 and 2004. There were no contributions made to the member-directed plan for 2006.

***B. Ohio Police and Fire Pension Fund***

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$118,595 and \$38,834 for the year ended December 31, 2006, \$117,104 and \$36,620 for the year ended December 31, 2005 and \$116,653 and \$36,114 for the year ended December 31, 2004 equal to the required contributions for each year. The full amount has been contributed for 2005 and 2004. 94.41 percent and 90.62 percent, respectively, have been contributed for 2006.

**Note 15 - Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 to 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$63,946. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

***B. Ohio Police and Fire Pension Fund***

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

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$78,222 for police and \$18,521 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

**Note 16 – Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending upon length of service. All accumulated unused vacation time is paid upon termination of employment.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

Employees earn sick leave at the rate of 10 hours per month of service. Sick leave accumulation is unlimited, but upon retirement or death, an employee with ten years of service or more can be paid twenty-five percent of accumulated, unused sick leave up to a maximum of 120 days.

**Note 17 - Interfund Transfers and Balances**

**A. Transfers**

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

	<b>Transfer From</b>		
<b>Transfer To</b>	General	Nonmajor	Totals
<i>Governmental Activities</i>			
Street Construction,			
Maintenance and Repair	\$39,590	\$0	\$39,590
Special Assessment Bond Retirement	15,000	0	15,000
The Meadows at Johnson	0	23,498	23,498
Nonmajor Funds	499,700	104,936	604,636
	<b>Total</b>		
	\$554,290	\$128,434	\$682,724

Transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations; and to segregate money for anticipated capital projects.

**B. Balances**

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

	Interfund Receivable	Interfund Payable
General Fund	\$777,692	\$0
Debt Service Fund:		
General Obligation Bond Retirement	0	11,252
Capital Projects Funds:		
Meadows at Johnson	0	535,800
Land and Land Improvements	0	180,000
Gardner Issue II	0	50,640
<i>Total Capital Projects Funds</i>	0	766,440
Total All Funds	\$777,692	\$777,692

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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The \$535,800 interfund transaction between the general fund and Meadows at Johnson fund and the \$180,000 interfund transaction between the general fund and the Land and Land Improvements fund are for manuscript notes. The payable in the bond retirement debt service fund is for debt payments. The payable in the Gardner Issue II capital projects fund is for the purchase of fire hydrants for the Gardner Issue II waterline replacement project.

**Note 18 – Joint Economic Development Zones**

In an effort to promote regional growth and economic development, the City has entered into a contract with the City of Barberton to create Joint Economic Development Zones (JEDZ). The JEDZs are all located within Norton City limits. The agreement became effective on April 30, 1996. Per the agreement, the City pays Barberton 40 percent of 1.5 percent of the 2.0 percent of income tax withholdings collected from the businesses located within the JEDZ. In exchange, the City of Barberton provides water and sanitary sewer service to the businesses in the JEDZ.

**Note 19 – Subsequent Events**

In February 2007, the Johnson Waterline and Service Equipment notes in the amounts of \$85,000 and \$100,000, respectively, were paid in full by the City.

On February 22, 2007, the City of Norton and the City of Barberton reached an agreement concerning the City of Barberton's attempt to recover payment of income tax revenues due pursuant to a Joint Economic Development District agreement entered into between the City of Norton and the City of Barberton in 1997. The City shall pay the City of Barberton \$210,000 in consecutive annual payments of \$70,000. This is reported in the government-wide statements and will be paid out of the General Fund.

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## Combining Statements and Individual Fund Schedules

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### *Fund Descriptions – Nonmajor Governmental Funds*

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#### *Nonmajor Special Revenue Funds*

To account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

***State Highway Improvement Fund*** To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated streets.

***Special Permissive License Plate Tax Fund*** To account for revenues received from license plates. Expenditures may only be used for street construction, maintenance and repair.

***DARE Program Fund*** To account for revenues received from DARE activities. Expenditures may only be used for DARE activities.

***Drug Law Enforcement Fund*** To account for proceeds received from mandatory drug fines disbursed for law enforcement purposes.

***Law Enforcement Fund*** To account for proceeds received from the sale of property confiscated/forfeited during criminal related arrests. Expenditures are to be solely for law enforcement purposes.

***DWI Enforcement and Education Fund*** To account for financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

***Community Center Fund*** To account for revenue from rental fees which provides for the furnishings and upkeep of the Community Center building supplemented by the General Fund.

***Greenwich Road Fund*** To provide for the collection of rent and future payments for repairs and expenses for the rental of the property supplemented by the General Fund.

***Cemetery Fund*** To provide for the deposit of funds received from the sale of cemetery lots and the disbursement of said funds thereon for the perpetual care of the cemetery.

***Special Event Fund*** To account for various revenue to be used to pay the cost of presenting fireworks at the annual cider festival.

***Recycling Fund*** To provide for the recycling of solid waste within the City.

***Scrap Tire Fund*** To provide for a scrap tire management and recovery program.

***Police and Fire Disability and Pension Fund*** To accumulate property taxes levied for the partial payment of the current and accrued liability for police and fire disability and pension. Amounts collected for the police and fire disability and pension are periodically remitted to the State operated Police and Fire Disability and Pension Fund.

(continued)

*Fund Descriptions – Nonmajor Governmental Funds (continued)*

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*Nonmajor Special Revenue Funds (continued)*

**Mayor's Court Fund** To provide funds to computerize the Court and the Clerk of Court and to make computerized legal research available to the Court.

**Water System Fund** To account for water line maintenance fees.

**Sanitary Sewer Fund** To account for sewer line maintenance fees.

**Brentwood Water Fund** To account for water line maintenance fees for water lines in the Brentwood area.

*Nonmajor Debt Service Fund*

The debt service fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

**General Obligation Bond Retirement Fund** To accumulate monies for the payment of interest and principal on general obligation bonds.

*Nonmajor Capital Projects Funds*

Capital projects funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary funds.

**Land and Land Improvements Fund** To account for revenues and expenditures designated for the acquisition of land and major land improvements.

**Buildings Fund** To account for revenues and expenditures designated for constructing new operations and storage areas.

**Equipment Fund** To account for revenues and expenditures designated for major capital improvements in all departments.

**Streets, Highways and Bridges Fund** To account for revenues and expenditures designated for the maintaining of City streets and highways within City limits.

**Storm Sewers Fund** To account for revenues and expenditures designated for the construction and acquisition of capital storm sewer projects.

**Waterline Fund** To account for revenues and expenditures designated for the construction and maintenance of waterlines.

(continued)

***Fund Descriptions – Nonmajor Governmental Funds (continued)***

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***Nonmajor Capital Projects Funds (continued)***

***Sanitary Sewers Fund*** To account for revenues and expenditures designated for the construction and acquisition of capital sanitary sewer projects.

***Gardner Issue I Fund*** To account for note proceeds and expenses for water line construction.

***Gardner Issue II Fund*** To account for note proceeds and expenses for water line construction.

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,215,851	\$0	\$1,055,017	\$2,270,868
Accounts Receivable	10,671	0	0	10,671
Intergovernmental Receivable	30,449	0	50,640	81,089
Prepaid Items	495	0	0	495
Income Taxes Receivable	0	83,879	28,404	112,283
Property Taxes Receivable	80,355	0	0	80,355
<i>Total Assets</i>	<u>\$1,337,821</u>	<u>\$83,879</u>	<u>\$1,134,061</u>	<u>\$2,555,761</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$5,442	\$0	\$451	\$5,893
Intergovernmental Payable	0	0	1,600	1,600
Notes Payable	0	0	185,000	185,000
Interfund Payable	0	11,252	230,640	241,892
Accrued Interest Payable	0	0	9,782	9,782
Deferred Revenue	101,896	55,739	69,515	227,150
<i>Total Liabilities</i>	<u>107,338</u>	<u>66,991</u>	<u>496,988</u>	<u>671,317</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	28,980	0	157,666	186,646
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,201,503	0	0	1,201,503
Debt Service Fund	0	16,888	0	16,888
Capital Projects Funds	0	0	479,407	479,407
<i>Total Fund Balances</i>	<u>1,230,483</u>	<u>16,888</u>	<u>637,073</u>	<u>1,884,444</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,337,821</u>	<u>\$83,879</u>	<u>\$1,134,061</u>	<u>\$2,555,761</u>



**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property and Other Taxes	\$76,700	\$0	\$0	\$76,700
Municipal Income Tax	95,263	174,674	63,491	333,428
Charges for Services	211,177	0	51,661	262,838
Fines and Forfeitures	35,598	0	0	35,598
Intergovernmental	170,802	0	0	170,802
Other	20,266	0	2,015	22,281
<i>Total Revenues</i>	<u>609,806</u>	<u>174,674</u>	<u>117,167</u>	<u>901,647</u>
<b>Expenditures</b>				
Current:				
General Government	114,157	0	0	114,157
Security of Persons and Property:				
Police	10,727	0	0	10,727
Transportation	109,272	0	0	109,272
Public Health Services	42,742	0	0	42,742
Leisure Time Activities	38,155	0	0	38,155
Capital Outlay	0	0	990,410	990,410
Debt Service:				
Principal Retirement	0	120,000	0	120,000
Interest and Fiscal Charges	0	53,050	16,256	69,306
<i>Total Expenditures</i>	<u>315,053</u>	<u>173,050</u>	<u>1,006,666</u>	<u>1,494,769</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>294,753</u>	<u>1,624</u>	<u>(889,499)</u>	<u>(593,122)</u>
<b>Other Financing Sources (Uses)</b>				
Current Refunding	0	0	(185,000)	(185,000)
Transfers In	361,700	50,000	192,936	604,636
Transfers Out	(47,000)	(81,434)	0	(128,434)
<b>Total Other Financing Sources (Uses)</b>	<u>314,700</u>	<u>(31,434)</u>	<u>7,936</u>	<u>291,202</u>
<i>Net Change in Fund Balances</i>	609,453	(29,810)	(881,563)	(301,920)
<i>Fund Balances Beginning of Year</i>	<u>621,030</u>	<u>46,698</u>	<u>1,518,636</u>	<u>2,186,364</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,230,483</u></u>	<u><u>\$16,888</u></u>	<u><u>\$637,073</u></u>	<u><u>\$1,884,444</u></u>

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2006*

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$17,098	\$478,794	\$2,516	\$927
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	24,666	0	0	0
Prepaid Items	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$41,764</u>	<u>\$478,794</u>	<u>\$2,516</u>	<u>\$927</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Deferred Revenue	16,756	0	0	0
<i>Total Liabilities</i>	<u>16,756</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated	25,008	478,794	2,516	927
<i>Total Fund Balances</i>	<u>25,008</u>	<u>478,794</u>	<u>2,516</u>	<u>927</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$41,764</u>	<u>\$478,794</u>	<u>\$2,516</u>	<u>\$927</u>

Law Enforcement	DWI Enforcement and Education	Community Center	Greenwich Road	Cemetery
\$8,735	\$21,461	\$12,186	\$389	\$3,682
0	0	0	0	0
205	793	0	0	0
0	0	429	66	0
0	0	0	0	0
<u>\$8,940</u>	<u>\$22,254</u>	<u>\$12,615</u>	<u>\$455</u>	<u>\$3,682</u>
\$0	\$0	\$122	\$5	\$0
0	0	0	0	0
0	0	122	5	0
0	0	0	0	0
<u>8,940</u>	<u>22,254</u>	<u>12,493</u>	<u>450</u>	<u>3,682</u>
<u>8,940</u>	<u>22,254</u>	<u>12,493</u>	<u>450</u>	<u>3,682</u>
<u>\$8,940</u>	<u>\$22,254</u>	<u>\$12,615</u>	<u>\$455</u>	<u>\$3,682</u>

(continued)

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (Continued)*  
*December 31, 2006*

	Special Event	Recycling	Scrap Tire	Police and Fire Disability and Pension
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$766	\$3,895	\$1,084	\$6,348
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	4,785
Prepaid Items	0	0	0	0
Property Taxes Receivable	0	0	0	80,355
<i>Total Assets</i>	<u>\$766</u>	<u>\$3,895</u>	<u>\$1,084</u>	<u>\$91,488</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Deferred Revenue	0	0	0	85,140
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,140</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated	766	3,895	1,084	6,348
<i>Total Fund Balances</i>	<u>766</u>	<u>3,895</u>	<u>1,084</u>	<u>6,348</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$766</u>	<u>\$3,895</u>	<u>\$1,084</u>	<u>\$91,488</u>

Mayor's Court	Water System	Sanitary Sewer	Brentwood Water	Total Nonmajor Special Revenue Funds
\$9,948	\$150,909	\$465,462	\$31,651	\$1,215,851
0	4,865	5,806	0	10,671
0	0	0	0	30,449
0	0	0	0	495
0	0	0	0	80,355
<u>\$9,948</u>	<u>\$155,774</u>	<u>\$471,268</u>	<u>\$31,651</u>	<u>\$1,337,821</u>
\$2,037	\$0	\$3,140	\$138	\$5,442
0	0	0	0	101,896
<u>2,037</u>	<u>0</u>	<u>3,140</u>	<u>138</u>	<u>107,338</u>
0	28,980	0	0	28,980
7,911	126,794	468,128	31,513	1,201,503
<u>7,911</u>	<u>155,774</u>	<u>468,128</u>	<u>31,513</u>	<u>1,230,483</u>
<u>\$9,948</u>	<u>\$155,774</u>	<u>\$471,268</u>	<u>\$31,651</u>	<u>\$1,337,821</u>

**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2006*

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
<b>Revenues</b>				
Property and Other Taxes	\$0	\$0	\$0	\$0
Municipal Income Tax	0	95,263	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	54,473	106,955	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>54,473</u>	<u>202,218</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Security of Persons and Property:				
Police	0	0	333	0
Transportation	49,165	60,107	0	0
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>49,165</u>	<u>60,107</u>	<u>333</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,308</u>	<u>142,111</u>	<u>(333)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	275,000	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>275,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	5,308	417,111	(333)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>19,700</u>	<u>61,683</u>	<u>2,849</u>	<u>927</u>
<i>Fund Balances End of Year</i>	<u><u>\$25,008</u></u>	<u><u>\$478,794</u></u>	<u><u>\$2,516</u></u>	<u><u>\$927</u></u>

<u>Law Enforcement</u>	<u>DWI Enforcement and Education</u>	<u>Community Center</u>	<u>Greenwich Road</u>	<u>Cemetery</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	166
1,380	5,989	0	0	0
0	0	0	0	0
0	0	9,449	2,011	0
<u>1,380</u>	<u>5,989</u>	<u>9,449</u>	<u>2,011</u>	<u>166</u>
0	0	0	0	0
5,000	5,394	0	0	0
0	0	0	0	0
0	0	0	0	150
0	0	34,656	3,499	0
<u>5,000</u>	<u>5,394</u>	<u>34,656</u>	<u>3,499</u>	<u>150</u>
<u>(3,620)</u>	<u>595</u>	<u>(25,207)</u>	<u>(1,488)</u>	<u>16</u>
0	0	38,300	1,400	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>38,300</u>	<u>1,400</u>	<u>0</u>
(3,620)	595	13,093	(88)	16
<u>12,560</u>	<u>21,659</u>	<u>(600)</u>	<u>538</u>	<u>3,666</u>
<u>\$8,940</u>	<u>\$22,254</u>	<u>\$12,493</u>	<u>\$450</u>	<u>\$3,682</u>

(continued)

**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (Continued)*  
*For the Year Ended December 31, 2006*

	Special Event	Recycling	Scrap Tire	Police and Fire Disability and Pension
<b>Revenues</b>				
Property and Other Taxes	\$0	\$0	\$0	\$76,700
Municipal Income Tax	0	0	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	0	0	9,374
Other	6,495	0	0	0
<i>Total Revenues</i>	<u>6,495</u>	<u>0</u>	<u>0</u>	<u>86,074</u>
<b>Expenditures</b>				
Current:				
General Government	5,997	0	0	80,829
Security of Persons and Property:				
Police	0	0	0	0
Transportation	0	0	0	0
Public Health Services	0	0	202	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>5,997</u>	<u>0</u>	<u>202</u>	<u>80,829</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>498</u>	<u>0</u>	<u>(202)</u>	<u>5,245</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	498	0	(202)	5,245
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>268</u>	<u>3,895</u>	<u>1,286</u>	<u>1,103</u>
<i>Fund Balances End of Year</i>	<u><u>\$766</u></u>	<u><u>\$3,895</u></u>	<u><u>\$1,084</u></u>	<u><u>\$6,348</u></u>



Mayor's Court	Water System	Sanitary Sewer	Brentwood Water	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$76,700
0	0	0	0	95,263
0	62,637	146,431	1,943	211,177
28,229	0	0	0	35,598
0	0	0	0	170,802
0	2,216	0	95	20,266
<u>28,229</u>	<u>64,853</u>	<u>146,431</u>	<u>2,038</u>	<u>609,806</u>
27,331	0	0	0	114,157
0	0	0	0	10,727
0	0	0	0	109,272
0	6,122	18,619	17,649	42,742
0	0	0	0	38,155
<u>27,331</u>	<u>6,122</u>	<u>18,619</u>	<u>17,649</u>	<u>315,053</u>
<u>898</u>	<u>58,731</u>	<u>127,812</u>	<u>(15,611)</u>	<u>294,753</u>
0	0	0	47,000	361,700
0	(47,000)	0	0	(47,000)
<u>0</u>	<u>(47,000)</u>	<u>0</u>	<u>47,000</u>	<u>314,700</u>
898	11,731	127,812	31,389	609,453
<u>7,013</u>	<u>144,043</u>	<u>340,316</u>	<u>124</u>	<u>621,030</u>
<u>\$7,911</u>	<u>\$155,774</u>	<u>\$468,128</u>	<u>\$31,513</u>	<u>\$1,230,483</u>

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2006*

	Land and Land Improvements	Buildings	Equipment	Streets, Highways and Bridges
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$222,549	\$174,200	\$134,929	\$429,132
Intergovernmental Receivable	0	0	0	0
Income Taxes Receivable	0	10,918	17,486	0
<i>Total Assets</i>	<u>\$222,549</u>	<u>\$185,118</u>	<u>\$152,415</u>	<u>\$429,132</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$451	\$0	\$0	\$0
Intergovernmental Payable	0	0	0	0
Notes Payable	0	0	0	100,000
Interfund Payable	180,000	0	0	0
Accrued Interest Payable	2,530	0	0	3,920
Deferred Revenue	0	7,255	11,620	0
<i>Total Liabilities</i>	<u>182,981</u>	<u>7,255</u>	<u>11,620</u>	<u>103,920</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	146,200	0	0	0
Unreserved, Undesignated (Deficit)	(106,632)	177,863	140,795	325,212
<i>Total Fund Balances (Deficit)</i>	<u>39,568</u>	<u>177,863</u>	<u>140,795</u>	<u>325,212</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$222,549</u>	<u>\$185,118</u>	<u>\$152,415</u>	<u>\$429,132</u>

Storm Sewers	Waterlines	Sanitary Sewers	Gardner Issue I	Gardner Issue II	Total Nonmajor Capital Projects Funds
\$13,864	\$0	\$9,203	\$71,140	\$0	\$1,055,017
0	0	0	0	50,640	50,640
0	0	0	0	0	28,404
<u>\$13,864</u>	<u>\$0</u>	<u>\$9,203</u>	<u>\$71,140</u>	<u>\$50,640</u>	<u>\$1,134,061</u>
\$0	\$0	\$0	\$0	\$0	\$451
1,600	0	0	0	0	1,600
0	85,000	0	0	0	185,000
0	0	0	0	50,640	230,640
0	3,332	0	0	0	9,782
0	0	0	0	50,640	69,515
<u>1,600</u>	<u>88,332</u>	<u>0</u>	<u>0</u>	<u>101,280</u>	<u>496,988</u>
11,290	0	0	176	0	157,666
974	(88,332)	9,203	70,964	(50,640)	479,407
<u>12,264</u>	<u>(88,332)</u>	<u>9,203</u>	<u>71,140</u>	<u>(50,640)</u>	<u>637,073</u>
<u>\$13,864</u>	<u>\$0</u>	<u>\$9,203</u>	<u>\$71,140</u>	<u>\$50,640</u>	<u>\$1,134,061</u>

**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2006*

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Streets, Highways and Bridges</u>
<b>Revenues</b>				
Municipal Income Tax	\$0	\$24,402	\$39,089	\$0
Charges for Services	48,422	0	0	0
Other	0	0	400	0
<i>Total Revenues</i>	<u>48,422</u>	<u>24,402</u>	<u>39,489</u>	<u>0</u>
<b>Expenditures</b>				
Capital Outlay	362,719	0	537,517	0
Debt Service:				
Interest and Fiscal Charges	2,530	0	0	7,410
<i>Total Expenditures</i>	<u>365,249</u>	<u>0</u>	<u>537,517</u>	<u>7,410</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(316,827)</u>	<u>24,402</u>	<u>(498,028)</u>	<u>(7,410)</u>
<b>Other Financing Sources (Uses)</b>				
Current Refunding	0	0	0	(100,000)
Transfers In	0	125,000	10,000	29,221
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>125,000</u>	<u>10,000</u>	<u>(70,779)</u>
<i>Net Change in Fund Balances</i>	(316,827)	149,402	(488,028)	(78,189)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>356,395</u>	<u>28,461</u>	<u>628,823</u>	<u>403,401</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$39,568</u>	<u>\$177,863</u>	<u>\$140,795</u>	<u>\$325,212</u>

<u>Storm Sewers</u>	<u>Waterlines</u>	<u>Sanitary Sewers</u>	<u>Gardner Issue I</u>	<u>Gardner Issue II</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$0	\$0	\$0	\$0	\$0	\$63,491
0	0	3,239	0	0	51,661
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,615</u>	<u>0</u>	<u>2,015</u>
<u>0</u>	<u>0</u>	<u>3,239</u>	<u>1,615</u>	<u>0</u>	<u>117,167</u>
12,481	0	499	26,554	50,640	990,410
<u>0</u>	<u>6,316</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,256</u>
<u>12,481</u>	<u>6,316</u>	<u>499</u>	<u>26,554</u>	<u>50,640</u>	<u>1,006,666</u>
<u>(12,481)</u>	<u>(6,316)</u>	<u>2,740</u>	<u>(24,939)</u>	<u>(50,640)</u>	<u>(889,499)</u>
0	(85,000)	0	0	0	(185,000)
<u>0</u>	<u>28,715</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>192,936</u>
<u>0</u>	<u>(56,285)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,936</u>
<u>(12,481)</u>	<u>(62,601)</u>	<u>2,740</u>	<u>(24,939)</u>	<u>(50,640)</u>	<u>(881,563)</u>
<u>24,745</u>	<u>(25,731)</u>	<u>6,463</u>	<u>96,079</u>	<u>0</u>	<u>1,518,636</u>
<u>\$12,264</u>	<u>(\$88,332)</u>	<u>\$9,203</u>	<u>\$71,140</u>	<u>(\$50,640)</u>	<u>\$637,073</u>

## Fund Descriptions - Fiduciary Funds

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

### Agency Funds

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These funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

***General Agency Fund*** To hold funds received from a contractor, developer or individual to insure compliance with the ordinances of the City.

***Building Standards Fund*** To account for building deposits and reimbursements for those deposits when projects are complete.

**City of Norton, Ohio**  
*Combining Statement of Assets and Liabilities*  
*Agency Funds*  
*December 31, 2006*

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	<u>General Agency</u>	<u>Building Standards</u>	<u>Totals</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$43,480</u>	<u>\$62</u>	<u>\$43,542</u>
<b>Liabilities</b>			
Undistributed Assets	<u>\$43,480</u>	<u>\$62</u>	<u>\$43,542</u>

**City of Norton, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2006*

	Beginning Balance 12/31/05	Additions	Deductions	Ending Balance 12/31/06
<b>General Agency</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$90,881	\$103,352	\$150,753	\$43,480
<b>Liabilities</b>				
Undistributed Assets	\$90,881	\$103,352	\$150,753	\$43,480
<b>Building Standards</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$25	\$583	\$546	\$62
<b>Liabilities</b>				
Undistributed Assets	\$25	\$583	\$546	\$62
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$90,906	\$103,935	\$151,299	\$43,542
<b>Liabilities</b>				
Undistributed Assets	\$90,906	\$103,935	\$151,299	\$43,542



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**Individual Fund Schedules of Revenues, Expenditures/Expenses  
and Changes in Fund Balances/Equity -  
Budget (Non-GAAP Basis) and Actual**

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**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$330,595	\$361,779	\$409,112	\$47,333
Municipal Income Tax	3,197,084	3,498,652	2,936,135	(562,517)
Charges for Services	72,814	79,682	90,107	10,425
Licenses, Permits and Fees	94,839	103,784	117,363	13,579
Fines and Forfeitures	155,613	170,292	192,572	22,280
Intergovernmental	1,082,243	1,184,327	1,339,278	154,951
Interest	184,652	202,069	228,507	26,438
Other	12,386	13,555	15,328	1,773
<i>Total Revenues</i>	5,130,226	5,614,140	5,328,402	(285,738)
<b>Expenditures</b>				
Current:				
General Government:				
Unclaimed Funds:				
Other	3,632	4,000	10	3,990
Mayor:				
Salaries and Wages	22,994	25,323	25,316	7
Fringe Benefits	3,575	3,937	3,931	6
Purchased Services	2,592	2,855	2,394	461
Materials and Supplies	124	137	137	0
Capital Outlay	182	200	200	0
Other	262	288	188	100
Total Mayor	29,729	32,740	32,166	574
City Council:				
Salaries and Wages	80,830	89,018	88,656	362
Fringe Benefits	23,144	25,489	25,460	29
Purchased Services	4,902	5,399	4,519	880
Materials and Supplies	726	800	764	36
Capital Outlay	1,634	1,800	1,800	0
Other	647	713	695	18
Total City Council	111,883	123,219	121,894	1,325
Mayor's Court:				
Salaries and Wages	58,611	64,548	46,843	17,705
Fringe Benefits	13,193	14,529	14,529	0
Purchased Services	336	370	370	0
Materials and Supplies	318	350	305	45
Other	331	364	364	0
Total Mayor's Court	\$72,789	\$80,161	\$62,411	\$17,750

(continued)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Finance Office:</b>				
Salaries and Wages	\$143,975	\$158,560	\$157,980	\$580
Fringe Benefits	63,588	70,030	69,473	557
Purchased Services	8,601	9,472	9,317	155
Materials and Supplies	974	1,073	1,073	0
Capital Outlay	2,680	2,952	2,511	441
Other	817	900	841	59
<b>Total Finance Office</b>	<b>220,635</b>	<b>242,987</b>	<b>241,195</b>	<b>1,792</b>
<b>Income Tax:</b>				
Salaries and Wages	33,011	36,355	35,823	532
Fringe Benefits	15,600	17,180	16,745	435
Purchased Services	312,904	344,600	338,669	5,931
Materials and Supplies	91	100	100	0
Other	1,362	1,500	1,480	20
<b>Total Income Tax</b>	<b>362,968</b>	<b>399,735</b>	<b>392,817</b>	<b>6,918</b>
<b>Law Director:</b>				
Salaries and Wages	40,334	44,421	44,421	0
Fringe Benefits	7,063	7,779	7,275	504
Purchased Services	7,383	8,130	7,230	900
<b>Total Law Director</b>	<b>54,780</b>	<b>60,330</b>	<b>58,926</b>	<b>1,404</b>
<b>Engineer:</b>				
Salaries and Wages	4,810	5,297	5,213	84
Fringe Benefits	764	841	779	62
Purchased Services	153,422	168,964	135,728	33,236
Materials and Supplies	91	100	32	68
Other	45	50	10	40
<b>Total Engineer</b>	<b>159,132</b>	<b>175,252</b>	<b>141,762</b>	<b>33,490</b>
<b>Administrative Officer:</b>				
Salaries and Wages	82,374	90,718	90,028	690
Fringe Benefits	49,747	54,786	54,139	647
Purchased Services	21,313	23,472	21,928	1,544
Materials and Supplies	1,653	1,820	636	1,184
Capital Outlay	908	1,000	5	995
Other	1,039	1,144	844	300
<b>Total Administrative Officer</b>	<b>\$157,034</b>	<b>\$172,940</b>	<b>\$167,580</b>	<b>\$5,360</b>

(continued)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Planning Commission:				
Salaries and Wages	\$8,612	\$9,484	\$8,553	\$931
Fringe Benefits	979	1,078	1,046	32
Purchased Services	272	300	296	4
Materials and Supplies	54	60	60	0
Other	263	290	269	21
<b>Total Planning Commission</b>	<b>10,180</b>	<b>11,212</b>	<b>10,224</b>	<b>988</b>
General Government				
Salaries and Wages	38,523	42,425	41,125	1,300
Fringe Benefits	27,029	29,767	29,693	74
Purchased Services	272,441	300,038	290,831	9,207
Materials and Supplies	16,432	18,097	17,945	152
Capital Outlay	78,692	86,664	66,904	19,760
Other	95,345	105,003	105,135	(132)
<b>Total General Government</b>	<b>528,462</b>	<b>581,994</b>	<b>551,633</b>	<b>30,361</b>
Parks and Recreation Board:				
Salaries and Wages	68,060	74,954	67,430	7,524
Fringe Benefits	25,852	28,471	25,700	2,771
Purchased Services	20,879	22,994	13,841	9,153
Materials and Supplies	17,706	19,500	12,376	7,124
<b>Total Parks and Recreation Board</b>	<b>132,497</b>	<b>145,919</b>	<b>119,347</b>	<b>26,572</b>
Building and Zoning Board:				
Salaries and Wages	7,208	7,938	7,893	45
Fringe Benefits	924	1,018	1,018	0
Purchased Services	200	220	211	9
Materials and Supplies	18	20	20	0
Other	314	346	346	0
<b>Total Building and Zoning Board</b>	<b>8,664</b>	<b>9,542</b>	<b>9,488</b>	<b>54</b>
Health Advisory Board:				
Salaries and Wages	1,634	1,800	810	990
Materials and Supplies	23	25	0	25
Other	\$36	\$40	\$28	12
<b>Total Health Advisory Board</b>	<b>\$1,693</b>	<b>\$1,865</b>	<b>\$838</b>	<b>\$1,027</b>

(continued)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service Commission:				
Salaries and Wages	\$3,095	\$3,409	\$1,709	\$1,700
Fringe Benefits	244	269	269	0
Purchased Services	1,721	1,895	1,895	0
Other	14	15	15	0
Total Civil Service Commission	5,074	5,588	3,888	1,700
Total General Government	1,859,152	2,047,484	1,914,179	133,305
Security of Persons and Property:				
Police:				
Salaries and Wages	1,204,382	1,326,386	1,230,209	96,177
Fringe Benefits	402,749	443,548	431,538	12,010
Purchased Services	128,772	141,817	128,427	13,390
Materials and Supplies	87,644	96,522	70,551	25,971
Capital Outlay	39,862	43,900	26,428	17,472
Other	590	650	366	284
Total Security of Persons and Property	1,863,999	2,052,823	1,887,519	165,304
Community Environment:				
Community Development:				
Salaries and Wages	53,640	59,074	59,059	15
Fringe Benefits	19,050	20,980	20,980	0
Purchased Services	74,957	82,550	81,492	1,058
Materials and Supplies	272	300	258	42
Total Community Development	147,919	162,904	161,789	1,115
Building:				
Salaries and Wages	88,450	97,410	78,981	18,429
Fringe Benefits	38,615	42,527	42,257	270
Purchased Services	39,590	43,600	23,805	19,795
Materials and Supplies	4,131	4,550	2,585	1,965
Other	1,544	1,700	1,000	700
Total Building	172,330	189,787	148,628	41,159
Total Community Environment	\$320,249	\$352,691	\$310,417	\$42,274

(continued)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities:				
Recreation Center:				
Salaries and Wages	\$7,508	\$8,269	\$8,163	\$106
Fringe Benefits	968	1,066	1,034	32
Purchased Services	456	502	502	0
Other	71	78	41	37
Total Leisure Time Activities	9,003	9,915	9,740	175
<i>Total Expenditures</i>	4,052,403	4,462,913	4,121,855	341,058
<i>Excess of Revenues Over Expenditures</i>	1,077,823	1,151,227	1,206,547	55,320
<b>Other Financing Uses</b>				
Transfers Out	(1,454,826)	(1,602,200)	(554,290)	1,047,910
<i>Net Change in Fund Balance</i>	(377,003)	(450,973)	652,257	1,103,230
<i>Fund Balance Beginning of Year</i>	595,716	595,716	595,716	0
Prior Year Encumbrances Appropriated	188,067	188,067	188,067	0
<i>Fund Balance End of Year</i>	\$406,780	\$332,810	\$1,436,040	\$1,103,230

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Construction, Maintenance and Repair Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Tax	\$0	\$0	\$589,000	\$589,000
Charges for Services	11,368	11,965	13,722	1,757
Intergovernmental	516,085	543,181	622,956	79,775
Other	10,481	11,032	12,652	1,620
<i>Total Revenues</i>	<u>537,934</u>	<u>566,178</u>	<u>1,238,330</u>	<u>672,152</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Street Department:				
Salaries and Wages	457,629	467,028	446,270	20,758
Fringe Benefits	196,283	200,314	195,774	4,540
Purchased Services	162,576	165,915	117,784	48,131
Materials and Supplies	266,134	271,600	191,714	79,886
Capital Outlay	114,714	117,070	92,022	25,048
Other	19,901	20,310	11,502	8,808
<i>Total Expenditures</i>	<u>1,217,237</u>	<u>1,242,237</u>	<u>1,055,066</u>	<u>187,171</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(679,303)	(676,059)	183,264	859,323
<b>Other Financing Sources</b>				
Transfers In	628,590	628,590	39,590	(589,000)
<i>Net Change in Fund Balance</i>	(50,713)	(47,469)	222,854	270,323
<i>Fund Balance Beginning of Year</i>	195,163	195,163	195,163	0
Prior Year Encumbrances Appropriated	39,535	39,535	39,535	0
<i>Fund Balance End of Year</i>	<u>\$183,985</u>	<u>\$187,229</u>	<u>\$457,552</u>	<u>\$270,323</u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$381,756	\$388,161	\$379,518	(\$8,643)
Intergovernmental	44,332	45,076	44,072	(1,004)
Other	629	639	625	(14)
<i>Total Revenues</i>	<u>426,717</u>	<u>433,876</u>	<u>424,215</u>	<u>(9,661)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire Department:				
Salaries and Wages	337,431	342,684	331,494	11,190
Fringe Benefits	80,283	81,518	81,231	287
Purchased Services	74,041	75,180	47,055	28,125
Materials and Supplies	20,315	20,628	9,229	11,399
Capital Outlay	13,981	14,196	10,378	3,818
Other	6,595	6,696	6,567	129
Total Security of Persons and Property	<u>532,646</u>	<u>540,902</u>	<u>485,954</u>	<u>54,948</u>
Debt Service:				
Principal Retirement	37,400	37,975	35,000	2,975
Interest and Fiscal Charges	21	21	2,975	(2,954)
Total Debt Service	<u>37,421</u>	<u>37,996</u>	<u>37,975</u>	<u>21</u>
<i>Total Expenditures</i>	<u>570,067</u>	<u>578,898</u>	<u>523,929</u>	<u>54,969</u>
<i>Net Change in Fund Balance</i>	<u>(143,350)</u>	<u>(145,022)</u>	<u>(99,714)</u>	<u>45,308</u>
<i>Fund Balance Beginning of Year</i>	223,508	223,508	223,508	0
Prior Year Encumbrances Appropriated	<u>2,163</u>	<u>2,163</u>	<u>2,163</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$82,321</u>	<u>\$80,649</u>	<u>\$125,957</u>	<u>\$45,308</u>



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Emergency Medical Service Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$316,433	\$319,583	\$300,284	(\$19,299)
Charges for Services	210,544	212,640	199,799	(12,841)
Intergovernmental	36,853	37,220	34,972	(2,248)
Other	792	800	752	(48)
<i>Total Revenues</i>	564,622	570,243	535,807	(34,436)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Emergency Medical Services:				
Salaries and Wages	350,467	368,094	356,330	11,764
Fringe Benefits	102,213	107,060	100,739	6,321
Purchased Services	88,603	92,804	73,682	19,122
Materials and Supplies	18,484	19,361	14,503	4,858
Capital Outlay	33,893	35,500	10,378	25,122
Other	4,690	4,951	4,951	0
<i>Total Expenditures</i>	598,350	627,770	560,583	67,187
<i>Net Change in Fund Balance</i>	(33,728)	(57,527)	(24,776)	32,751
<i>Fund Balance Beginning of Year</i>	99,959	99,959	99,959	0
Prior Year Encumbrances Appropriated	3,399	3,399	3,399	0
<i>Fund Balance End of Year</i>	\$69,630	\$45,831	\$78,582	\$32,751

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Assessment Bond Retirement Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Special Assessments	\$35,695	\$40,373	\$4,678
Municipal Income Tax	0	83,000	83,000
Interest	37,729	42,674	4,945
<i>Total Revenues</i>	<u>73,424</u>	<u>166,047</u>	<u>92,623</u>
<b>Expenditures</b>			
Current:			
General Government:			
Other	3,040	3,415	(375)
Debt Service:			
Principal Retirement:			
1996 Special Assessment	5,000	5,000	0
Barber Road Special Assessment	95,000	95,000	0
Total Principal Retirement	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Interest and Fiscal Charges:			
1996 Special Assessment	4,950	4,950	0
Barber Road Special Assessment	71,670	71,670	0
Total Interest and Fiscal Charges	<u>76,620</u>	<u>76,620</u>	<u>0</u>
Total Debt Service	<u>176,620</u>	<u>176,620</u>	<u>0</u>
<i>Total Expenditures</i>	<u>179,660</u>	<u>180,035</u>	<u>(375)</u>
<i>Excess of Revenues</i>			
<i>  Under Expenditures</i>	(106,236)	(13,988)	92,248
<b>Other Financing Sources</b>			
Transfers In	103,720	15,000	(88,720)
<i>Net Change in Fund Balance</i>	(2,516)	1,012	3,528
<i>Fund Balance Beginning of Year</i>	9,945	9,945	0
<i>Fund Balance End of Year</i>	<u>\$7,429</u>	<u>\$10,957</u>	<u>\$3,528</u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*The Meadows at Johnson Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	395,580	0	395,580
<i>Net Change in Fund Balance</i>	(395,580)	0	395,580
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	395,580	395,580	0
<i>Fund Balance End of Year</i>	\$0	\$395,580	\$395,580

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Improvement Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$56,635	\$50,170	(\$6,465)
<b>Expenditures</b>			
Current:			
Transportation:			
State Highway:			
Materials and Supplies	50,000	49,165	835
<i>Net Change in Fund Balance</i>	6,635	1,005	(5,630)
<i>Fund Balance Beginning of Year</i>	16,093	16,093	0
<i>Fund Balance End of Year</i>	\$22,728	\$17,098	(\$5,630)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Permissive License Plate Tax Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Municipal Income Tax	\$0	\$95,263	\$95,263
Intergovernmental	60,000	106,955	46,955
<i>Total Revenues</i>	60,000	202,218	142,218
<b>Expenditures</b>			
Current:			
Transportation:			
Special Permissive License Plate Tax:			
Purchased Services	66,294	52,726	13,568
Capital Outlay	475,000	7,381	467,619
<i>Total Expenditures</i>	541,294	60,107	481,187
<i>Excess of Revenues Over (Under) Expenditures</i>	(481,294)	142,111	623,405
<b>Other Financing Sources</b>			
Transfers In	0	275,000	275,000
<i>Net Change in Fund Balance</i>	(481,294)	417,111	898,405
<i>Fund Balance Beginning of Year</i>	59,389	59,389	0
Prior Year Encumbrances Appropriated	2,294	2,294	0
<i>Fund Balance (Deficit) End of Year</i>	(\$419,611)	\$478,794	\$898,405

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*DARE Program Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$500	\$0	(\$500)
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Drug Abuse Resistance Education:			
Materials and Supplies	1,000	333	667
<i>Net Change in Fund Balance</i>	(500)	(333)	167
<i>Fund Balance Beginning of Year</i>	2,849	2,849	0
<i>Fund Balance End of Year</i>	\$2,349	\$2,516	\$167

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Drug Law Enforcement Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$500	\$0	(\$500)
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Drug Law Enforcement:			
Purchased Services	1,000	0	1,000
<i>Net Change in Fund Balance</i>	(500)	0	500
<i>Fund Balance Beginning of Year</i>	927	927	0
<i>Fund Balance End of Year</i>	\$427	\$927	\$500

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$1,500	\$1,175	(\$325)
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	10,000	5,000	5,000
<i>Net Change in Fund Balance</i>	(8,500)	(3,825)	4,675
<i>Fund Balance Beginning of Year</i>	12,560	12,560	0
<i>Fund Balance End of Year</i>	\$4,060	\$8,735	\$4,675



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*DWI Enforcement and Education Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$5,000	\$5,196	\$196
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	9,000	5,394	3,606
<i>Net Change in Fund Balance</i>	(4,000)	(198)	3,802
<i>Fund Balance Beginning of Year</i>	21,659	21,659	0
<i>Fund Balance End of Year</i>	\$17,659	\$21,461	\$3,802

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Community Center Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Other	\$13,100	\$9,449	(\$3,651)
<b>Expenditures</b>			
Current:			
Leisure Time Activities:			
Community Recreation:			
Salaries and Wages	11,000	4,374	6,626
Purchased Services	26,075	19,504	6,571
Materials and Supplies	19,200	11,753	7,447
<i>Total Expenditures</i>	56,275	35,631	20,644
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(43,175)	(26,182)	16,993
<b>Other Financing Sources</b>			
Transfers In	38,300	38,300	0
<i>Net Change in Fund Balance</i>	(4,875)	12,118	16,993
<i>Fund Balance Beginning of Year</i>	68	68	0
<i>Fund Balance (Deficit) End of Year</i>	(\$4,807)	\$12,186	\$16,993

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Greenwich Road Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Other	\$601	\$2,011	\$1,410
<b>Expenditures</b>			
Current:			
Leisure Time Activities:			
Historical Greenwich Road:			
Purchased Services	2,178	1,610	568
Capital Outlay	6,000	1,950	4,050
<i>Total Expenditures</i>	8,178	3,560	4,618
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(7,577)	(1,549)	6,028
<b>Other Financing Sources</b>			
Transfers In	1,400	1,400	0
<i>Net Change in Fund Balance</i>	(6,177)	(149)	6,028
<i>Fund Balance Beginning of Year</i>	35	35	0
Prior Year Encumbrances Appropriated	503	503	0
<i>Fund Balance (Deficit) End of Year</i>	(\$5,639)	\$389	\$6,028

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Cemetery Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$1,000	\$166	(\$834)
<b>Expenditures</b>			
Current:			
Public Health:			
Cemetery:			
Purchased Services	1,080	150	930
<i>Net Change in Fund Balance</i>	(80)	16	96
<i>Fund Balance Beginning of Year</i>	3,666	3,666	0
<i>Fund Balance End of Year</i>	\$3,586	\$3,682	\$96

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Event Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Other	\$7,000	\$6,495	(\$505)
<b>Expenditures</b>			
Current:			
General Government:			
Special Events:			
Purchased Services	5,500	5,500	0
Other	500	497	3
<i>Total Expenditures</i>	6,000	5,997	3
<i>Net Change in Fund Balance</i>	1,000	498	(502)
<i>Fund Balance Beginning of Year</i>	268	268	0
<i>Fund Balance End of Year</i>	\$1,268	\$766	(\$502)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recycling Fund*  
*For the Year Ended December 31, 2006*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Community Environment:			
Recycling:			
Purchased Services	<u>2,895</u>	<u>0</u>	<u>2,895</u>
<i>Net Change in Fund Balance</i>	(2,895)	0	2,895
<i>Fund Balance Beginning of Year</i>	1,361	1,361	0
Prior Year Encumbrances Appropriated	<u>2,534</u>	<u>2,534</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,000</u></u>	<u><u>\$3,895</u></u>	<u><u>\$2,895</u></u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Scrap Tire Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Public Health Services:			
Scrap Tires:			
Purchased Services	600	202	398
<i>Net Change in Fund Balance</i>	(600)	(202)	398
<i>Fund Balance Beginning of Year</i>	1,286	1,286	0
<i>Fund Balance End of Year</i>	\$686	\$1,084	\$398

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police and Fire Disability and Pension Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property and Other Taxes	\$76,684	\$76,700	\$16
Intergovernmental	9,372	9,374	2
<i>Total Revenues</i>	<u>86,056</u>	<u>86,074</u>	<u>18</u>
<b>Expenditures</b>			
Current:			
General Government:			
Police and Fire Disability and Pension:			
Fringe Benefits	79,851	79,680	171
Purchased Services	1,149	1,149	0
<i>Total Expenditures</i>	<u>81,000</u>	<u>80,829</u>	<u>171</u>
<i>Net Change in Fund Balance</i>	5,056	5,245	189
<i>Fund Balance Beginning of Year</i>	<u>1,103</u>	<u>1,103</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,159</u></u>	<u><u>\$6,348</u></u>	<u><u>\$189</u></u>



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Mayor's Court Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$27,000	\$31,082	\$4,082
<b>Expenditures</b>			
Current:			
General Government:			
Mayor's Court:			
Salaries and Wages	20,806	18,312	2,494
Fringe Benefits	9,111	7,179	1,932
Purchased Services	4,154	2,329	1,825
Materials and Supplies	686	260	426
Other	200	0	200
<i>Total Expenditures</i>	34,957	28,080	6,877
<i>Net Change in Fund Balance</i>	(7,957)	3,002	10,959
<i>Fund Balance Beginning of Year</i>	6,946	6,946	0
<i>Fund Balance (Deficit) End of Year</i>	(\$1,011)	\$9,948	\$10,959

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Water System Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$88,874	\$89,122	\$248
Other	0	1,126	1,126
<i>Total Revenues</i>	88,874	90,248	1,374
<b>Expenditures</b>			
Current:			
Public Health Services:			
Waterline Improvement:			
Purchased Services	36,150	35,102	1,048
<i>Excess of Revenues</i>			
<i>Over Expenditures</i>	52,724	55,146	2,422
<b>Other Financing Sources (Uses)</b>			
Notes Issued	1,126	0	(1,126)
Transfers Out	(47,000)	(47,000)	0
<i>Total Other Financing Uses</i>	(45,874)	(47,000)	(1,126)
<i>Net Change in Fund Balance</i>	6,850	8,146	1,296
<i>Fund Balance Beginning of Year</i>	113,783	113,783	0
<i>Fund Balance End of Year</i>	\$120,633	\$121,929	\$1,296

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Sanitary Sewer Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$150,000	\$165,870	\$15,870
<b>Expenditures</b>			
Current:			
Public Health Services:			
Sewerline Improvement:			
Purchased Services	1,200	479	721
Other	15,000	15,000	0
<i>Total Expenditures</i>	16,200	15,479	721
<i>Net Change in Fund Balance</i>	133,800	150,391	16,591
<i>Fund Balance Beginning of Year</i>	315,071	315,071	0
<i>Fund Balance End of Year</i>	\$448,871	\$465,462	\$16,591

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Brentwood Water Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$245,974	\$1,943	(\$244,031)
Other	12,026	95	(11,931)
<i>Total Revenues</i>	<u>258,000</u>	<u>2,038</u>	<u>(255,962)</u>
<b>Expenditures</b>			
Current:			
Public Health Services:			
Brentwood Waterlines:			
Purchased Services	27,250	7,742	19,508
Capital Outlay	20,000	9,769	10,231
<i>Total Expenditures</i>	<u>47,250</u>	<u>17,511</u>	<u>29,739</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	210,750	(15,473)	(226,223)
<b>Other Financing Sources</b>			
Transfers In	47,000	47,000	0
<i>Net Change in Fund Balance</i>	257,750	31,527	(226,223)
<i>Fund Balance Beginning of Year</i>	<u>124</u>	<u>124</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$257,874</u></u>	<u><u>\$31,651</u></u>	<u><u>(\$226,223)</u></u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Obligation Bond Retirement Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Municipal Income Tax	\$0	\$189,000	\$189,000
<b>Expenditures</b>			
Current:			
Debt Service:			
Principal Retirement:			
Street Improvement	35,000	35,000	0
Police Cruisers	10,000	10,000	0
Police Radio System	25,000	25,000	0
Road Program	30,000	30,000	0
Ballfields	10,000	10,000	0
Gardner Engineering	10,000	10,000	0
Total Principal Retirement	120,000	120,000	0
Principal Retirement - Current Refunding:			
Johnson Waterline	25,000	25,000	0
Service Equipment	25,000	25,000	0
Total Principal Retirement - Current Refunding	50,000	50,000	0
Interest and Fiscal Charges:			
Street Improvement	13,220	13,220	0
Police Cruisers	700	700	0
Police Radio System	10,495	10,495	0
Road Program	14,507	14,507	0
Ballfields	7,863	7,863	0
Gardner Engineering	6,265	6,265	0
Johnson Waterline	3,715	3,715	0
Service Equipment	4,222	4,221	1
The Meadows at Johnson	25,478	23,498	1,980
Total Interest and Fiscal Charges	86,465	84,484	1,981
<i>Total Expenditures</i>	256,465	254,484	1,981
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(256,465)	(65,484)	190,981
<b>Other Financing Sources (Uses)</b>			
Transfers In	103,003	50,000	(53,003)
Refunding Notes Issued	310,647	720,800	410,153
Current Refunding	(720,800)	(720,800)	0
<i>Total Other Financing Sources (Uses)</i>	(307,150)	50,000	357,150
<i>Net Change in Fund Balance</i>	(563,615)	(15,484)	548,131
<i>Fund Balance Beginning of Year</i>	4,232	4,232	0
<i>Fund Balance (Deficit) End of Year</i>	(\$559,383)	(\$11,252)	\$548,131

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Land and Land Improvements Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$50,000	\$64,052	\$14,052
<b>Expenditures</b>			
Capital Outlay:			
Purchased Services	675	675	0
Capital Outlay	563,755	507,793	55,962
<i>Total Expenditures</i>	564,430	508,468	55,962
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(514,430)	(444,416)	70,014
<b>Other Financing Sources (Uses)</b>			
Notes Issued	180,000	180,000	0
Transfers Out	(17,863)	0	17,863
<i>Total Other Financing Sources</i>	162,137	180,000	17,863
<i>Net Change in Fund Balance</i>	(352,293)	(264,416)	87,877
<i>Fund Balance Beginning of Year</i>	105,025	105,025	0
Prior Year Encumbrances Appropriated	235,739	235,739	0
<i>Fund Balance (Deficit) End of Year</i>	(\$11,529)	\$76,348	\$87,877

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Buildings Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Municipal Income Tax	\$0	\$24,600	\$24,600
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	125,000	0	125,000
<i>Excess of Revenues Over (Under) Expenditures</i>	(125,000)	24,600	149,600
<b>Other Financing Sources</b>			
Transfers In	149,600	125,000	(24,600)
<i>Net Change in Fund Balance</i>	24,600	149,600	125,000
<i>Fund Balance Beginning of Year</i>	24,600	24,600	0
<i>Fund Balance End of Year</i>	\$49,200	\$174,200	\$125,000

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Equipment Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Municipal Income Tax	\$0	\$39,400	\$39,400
Other	0	400	400
<i>Total Revenues</i>	0	39,800	39,800
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	571,000	537,517	33,483
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(571,000)	(497,717)	73,283
<b>Other Financing Sources</b>			
Transfers In	77,400	10,000	(67,400)
<i>Net Change in Fund Balance</i>	(493,600)	(487,717)	5,883
<i>Fund Balance Beginning of Year</i>	186,646	186,646	0
Prior Year Encumbrances Appropriated	435,999	435,999	0
<i>Fund Balance End of Year</i>	<u>\$129,045</u>	<u>\$134,928</u>	<u>\$5,883</u>



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Streets, Highways and Bridges Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	429,132	429,132	0
<i>Fund Balance End of Year</i>	\$429,132	\$429,132	\$0

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Storm Sewers Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	21,441	20,941	500
Purchased Services	1,250	1,230	20
Other	<u>1,600</u>	<u>1,600</u>	<u>0</u>
<i>Total Expenditures</i>	<u>24,291</u>	<u>23,771</u>	<u>520</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(24,291)	(23,771)	520
<b>Other Financing Sources</b>			
Transfers In	<u>20,000</u>	<u>0</u>	<u>(20,000)</u>
<i>Net Change in Fund Balance</i>	(4,291)	(23,771)	(19,480)
<i>Fund Balance Beginning of Year</i>	8,904	8,904	0
Prior Year Encumbrances Appropriated	<u>17,442</u>	<u>17,442</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$22,055</u></u>	<u><u>\$2,575</u></u>	<u><u>(\$19,480)</u></u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Sanitary Sewers Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$8,790	\$3,239	(\$5,551)
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	120	499	(379)
<i>Excess of Revenues Over Expenditures</i>	8,670	2,740	(5,930)
<b>Other Financing Uses</b>			
Transfers Out	(11,050)	0	11,050
<i>Net Change in Fund Balance</i>	(2,380)	2,740	5,120
<i>Fund Balance Beginning of Year</i>	6,463	6,463	0
<i>Fund Balance End of Year</i>	<u>\$4,083</u>	<u>\$9,203</u>	<u>\$5,120</u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Gardner Issue I*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Other	\$0	\$1,615	\$1,615
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	44,156	25,491	18,665
Purchased Services	1,134	1,134	0
Other	0	105	(105)
<i>Total Expenditures</i>	45,290	26,730	18,560
<i>Net Change in Fund Balance</i>	(45,290)	(25,115)	20,175
<i>Fund Balance Beginning of Year</i>	90,589	90,589	0
Prior Year Encumbrances Appropriated	5,490	5,490	0
<i>Fund Balance End of Year</i>	\$50,789	\$70,964	\$20,175

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Gardner Issue II*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$196,000	\$0	(\$196,000)
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	348,955	0	348,955
Purchased Services	356,905	50,640	306,265
<i>Total Expenditures</i>	705,860	50,640	655,220
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(509,860)	(50,640)	459,220
<b>Other Financing Sources</b>			
Notes Issued	196,000	0	(196,000)
<i>Net Change in Fund Balance</i>	(313,860)	(50,640)	263,220
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	(\$313,860)	(\$50,640)	\$263,220

**City of Norton, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Year Ended December 31, 2006*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$500,000	\$603,936	\$103,936
Other	0	1,637	1,637
<i>Total Revenues</i>	<u>500,000</u>	<u>605,573</u>	<u>105,573</u>
<b>Expenses</b>			
Purchased Services	190,288	190,288	0
Claims	509,712	381,283	128,429
<i>Total Expenses</i>	<u>700,000</u>	<u>571,571</u>	<u>128,429</u>
<i>Net Change in Fund Equity</i>	(200,000)	34,002	234,002
<i>Fund Equity Beginning of Year</i>	<u>240,810</u>	<u>240,810</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$40,810</u></u>	<u><u>\$274,812</u></u>	<u><u>\$234,002</u></u>

# Statistical Section

This part of the City of Norton, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>S3-S9</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the municipal income tax.	<b>S10-S18</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>S19-S24</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>S25-S27</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>S28-S32</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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**City of Norton, Ohio**  
*Net Assets By Component*  
*Last Three Years*  
*(Accrual Basis of Accounting)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities			
Invested in Capital Assets,			
Net of Related Debt	\$5,559,700	\$4,500,521	\$4,225,497
Restricted:			
Capital Projects	979,920	2,146,426	1,877,579
Debt Service	955,831	861,303	915,517
Police	34,637	46,168	58,012
Fire/Paramedic Services	315,989	340,123	198,162
Transportation	1,593,221	557,757	463,227
Utility Services	655,415	484,483	238,163
Other Purposes	48,876	20,960	33,510
Unrestricted	<u>2,397,561</u>	<u>1,874,013</u>	<u>878,242</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>\$12,541,150</u></u>	<u><u>\$10,831,754</u></u>	<u><u>\$8,887,909</u></u>

**City of Norton, Ohio**  
*Changes in Net Assets*  
*Last Three Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services:			
General Government	\$252,100	\$369,512	\$193,091
Security of Persons and Property	460,447	427,016	384,907
Transportation	12,295	19,795	40,639
Public Health and Welfare	214,416	317,382	229,228
Community Environment	32,387	0	0
Leisure Time Activities	1,349	47,823	58,631
Subtotal - Charges for Services	<u>972,994</u>	<u>1,181,528</u>	<u>906,496</u>
Operating Grants and Contributions:			
General Government	48,886	29,435	13,221
Security of Persons and Property	89,332	139,065	35,910
Transportation	908,733	635,167	635,810
Community Environment	0	2,878	0
Leisure Time Activities	7,353	0	0
Subtotal - Operating Grants and Contributions	<u>1,054,304</u>	<u>806,545</u>	<u>684,941</u>
Capital Grants and Contributions:			
Transportation	0	134,890	61,654
Public Health and Welfare	50,640	0	0
Subtotal - Capital Grants and Contributions	<u>50,640</u>	<u>134,890</u>	<u>61,654</u>
<i>Total Governmental Activities Program Revenues</i>	<u>\$2,077,938</u>	<u>\$2,122,963</u>	<u>\$1,653,091</u>

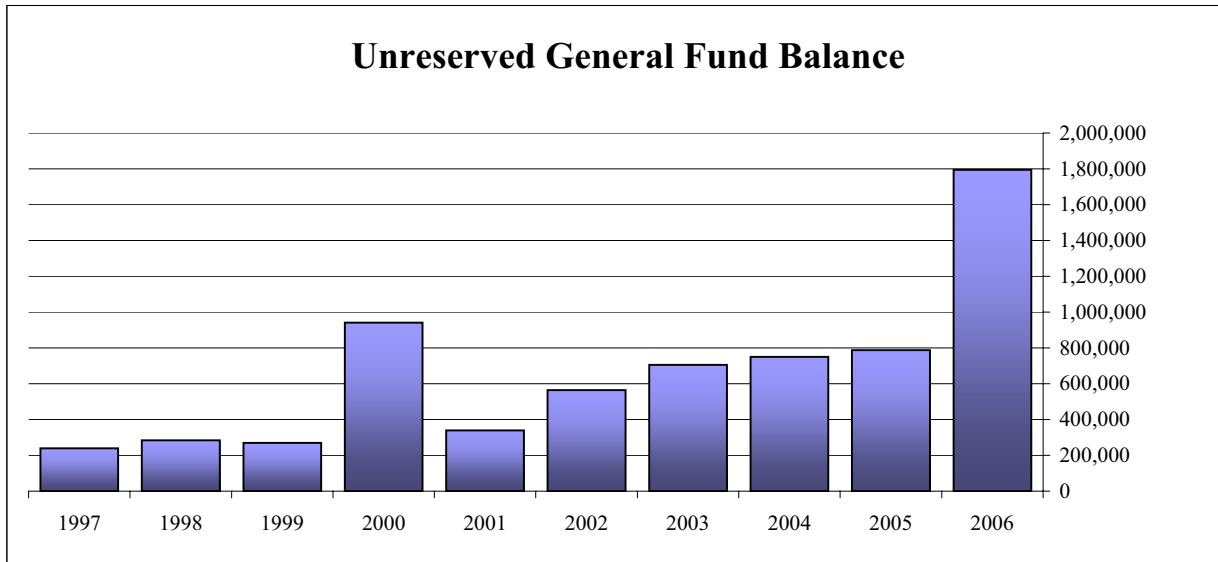
(continued)

**City of Norton, Ohio**  
*Changes in Net Assets (continued)*  
*Last Three Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004
<b>Expenses</b>			
Governmental Activities:			
General Government	\$2,258,088	\$1,657,936	\$1,496,946
Security of Persons and Property:	3,150,882	2,749,595	2,907,755
Transportation	1,105,515	1,168,903	1,306,330
Community Environment	310,737	245,311	251,646
Public Health and Welfare	101,908	128,117	86,907
Leisure Time Activities	230,960	179,714	149,725
Interest and Fiscal Charges	169,150	166,384	167,244
<i>Total Governmental Activities Expenses</i>	<u>7,327,240</u>	<u>6,295,960</u>	<u>6,366,553</u>
<b>Net (Expense)/Revenue</b>			
Governmental Activities	<u>(5,249,302)</u>	<u>(4,172,997)</u>	<u>(4,713,462)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities			
Taxes:			
Property and Other Local Taxes Levied For:			
General Purposes	420,666	391,304	364,278
Fire	368,796	387,997	358,948
EMS	306,426	301,426	289,622
Police Pension	77,621	73,369	68,302
Municipal Income Taxes levied for:			
General Purposes	3,383,613	2,548,525	2,483,503
Debt Service	337,550	259,260	67,904
Capital Projects	79,365	60,989	16,050
Street Repair and Maintenance	784,923	602,001	147,741
Grants and Entitlements not Restricted to			
Specific Programs	857,119	1,278,637	1,096,348
Interest	276,651	113,769	55,784
Gain on Sale of Capital Assets	0	0	26,184
Other	65,968	99,565	112,326
<i>Total Governmental Activities</i>	<u>6,958,698</u>	<u>6,116,842</u>	<u>5,086,990</u>
<b>Change in Net Assets</b>			
Governmental Activities	<u>\$1,709,396</u>	<u>\$1,943,845</u>	<u>\$373,528</u>

**City of Norton, Ohio**  
*Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

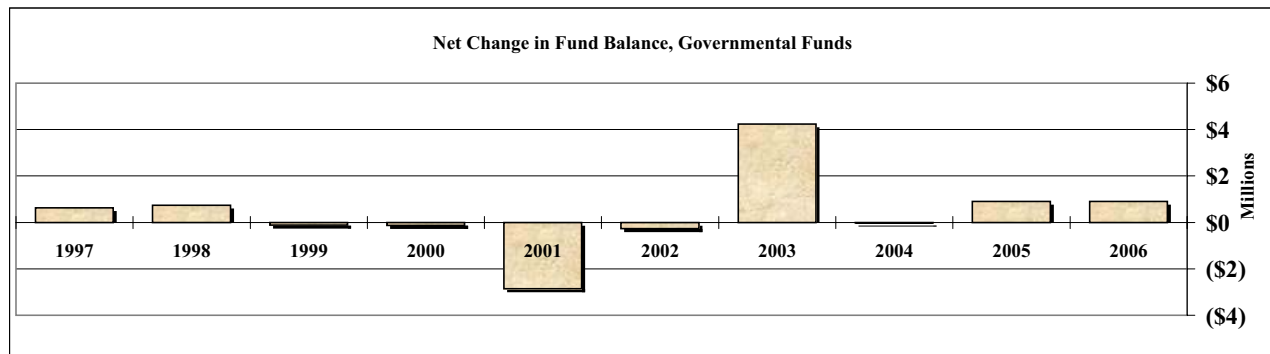
	2006	2005	2004	2003	2002
<b>General Fund</b>					
Reserved	\$153,661	\$192,524	\$44,672	\$42,751	\$34,892
Unreserved	1,795,049	787,233	750,252	706,069	563,433
<b>Total General Fund</b>	<u>1,948,710</u>	<u>979,757</u>	<u>794,924</u>	<u>748,820</u>	<u>598,325</u>
<b>All Other Governmental Funds</b>					
Reserved	269,137	1,140,679	1,158,506	132,269	1,055,321
Unreserved, Undesignated, Reported in:					
Special Revenue funds	2,041,482	1,269,915	859,357	681,639	472,305
Debt Service funds	40,203	56,643	65,404	(194)	0
Capital Projects funds	333,382	283,899	(45,352)	1,293,887	(3,501,653)
<b>Total All Other Governmental Funds</b>	<u>2,684,204</u>	<u>2,751,136</u>	<u>2,037,915</u>	<u>2,107,601</u>	<u>(1,974,027)</u>
<b>Total Governmental Funds</b>	<u>\$4,632,914</u>	<u>\$3,730,893</u>	<u>\$2,832,839</u>	<u>\$2,856,421</u>	<u>(\$1,375,702)</u>



2001	2000	1999	1998	1997
\$25,589	\$24,912	\$23,164	\$15,779	\$15,460
339,076	941,843	269,043	284,726	238,852
364,665	966,755	292,207	300,505	254,312
1,554,681	4,143,247	606,121	83,514	203,248
698,784	843,872	1,084,333	1,069,106	880,585
0	0	0	0	0
(3,728,327)	(4,209,197)	(109,295)	542,490	(82,142)
(1,474,862)	777,922	1,581,159	1,695,110	1,001,691
(\$1,110,197)	\$1,744,677	\$1,873,366	\$1,995,615	\$1,256,003

**City of Norton, Ohio**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003	2002	2001
<b>Revenues</b>						
Property and Other Taxes	\$1,172,254	\$1,102,775	\$1,088,710	\$1,222,603	\$1,069,968	\$1,237,773
Municipal Income Taxes	3,949,257	3,365,754	2,641,551	2,625,238	2,515,133	2,497,599
Charges for Services	497,209	768,912	560,027	419,741	267,185	116,729
Special Assessments	40,373	100,833	55,660	12,756	11,348	8,107
Licenses, Permits and Fees	99,401	125,671	66,295	101,487	93,250	89,412
Fines and Forfeitures	228,170	160,972	256,268	224,804	206,558	198,056
Intergovernmental	2,378,753	1,667,640	1,761,685	1,336,911	1,704,117	1,711,539
Interest	276,651	113,769	55,784	18,544	28,259	87,903
Other	65,968	99,565	112,326	290,026	143,678	463,231
<b>Total Revenues</b>	<b>8,708,036</b>	<b>7,505,891</b>	<b>6,598,306</b>	<b>6,252,110</b>	<b>6,039,496</b>	<b>6,410,349</b>
<b>Expenditures</b>						
Current:						
General Government	1,828,117	1,543,564	1,449,123	1,532,231	998,765	1,680,515
Security of Persons and Property	2,959,561	2,780,456	2,779,708	2,639,560	2,318,526	2,297,744
Transportation	1,003,741	1,174,789	1,102,624	902,554	983,519	741,305
Community Environment	310,102	254,385	287,058	290,668	228,436	196,305
Public Health and Welfare	42,742	35,125	59,445	6,281	40	601
Leisure Time Activities	51,096	165,894	137,530	197,901	123,360	106,894
Basic Utility	0	0	0	0	873	6,726
Other	0	0	0	30,172	141,665	11,141
Capital Outlay	1,006,410	181,315	324,995	536,282	1,648,845	3,990,369
Debt Service:						
Principal Retirement	260,033	260,311	577,835	5,000	5,000	5,000
Principal Retirement - Current Refunding	0	50,000	0	0	0	0
Interest and Fiscal Charges	175,213	161,998	170,754	299,338	134,424	229,592
<b>Total Expenditures</b>	<b>7,637,015</b>	<b>6,607,837</b>	<b>6,889,072</b>	<b>6,439,987</b>	<b>6,583,453</b>	<b>9,266,192</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<b>1,071,021</b>	<b>898,054</b>	<b>(290,766)</b>	<b>(187,877)</b>	<b>(543,957)</b>	<b>(2,855,843)</b>
<b>Other Financing Sources (Uses)</b>						
Current Refunding	(185,000)	(185,000)	0	0	0	0
Sale of Capital Assets	0	0	26,184	0	278,452	969
Notes Issued	0	185,000	235,000	4,420,000	0	0
Inception of Capital Lease	16,000	0	6,000	0	0	0
Transfers In	682,724	460,251	1,433,843	725,160	1,435,173	2,041,492
Transfers Out	(682,724)	(460,251)	(1,433,843)	(725,160)	(1,435,173)	(2,041,492)
Other Sources	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(169,000)</b>	<b>0</b>	<b>267,184</b>	<b>4,420,000</b>	<b>278,452</b>	<b>969</b>
<b>Net Change in Fund Balances</b>	<b>\$902,021</b>	<b>\$898,054</b>	<b>(\$23,582)</b>	<b>\$4,232,123</b>	<b>(\$265,505)</b>	<b>(\$2,854,874)</b>
Debt Service as a Percentage of Noncapital Expenditures	6.6%	7.3%	11.4%	5.2%	2.8%	4.4%



2000	1999	1998	1997
\$988,758	\$950,100	\$896,354	\$813,125
2,645,267	2,424,771	2,287,602	2,075,194
5,771	8,428	21,253	19,261
12,342	13,590	11,416	11,650
101,183	95,082	100,337	85,728
224,131	210,617	222,257	189,896
1,704,422	1,404,086	1,639,286	1,727,409
248,739	114,503	94,897	86,216
384,227	15,624	22,178	25,813
<u>6,314,840</u>	<u>5,236,801</u>	<u>5,295,580</u>	<u>5,034,292</u>
1,180,714	1,010,178	1,008,998	962,918
2,133,845	2,045,851	1,754,044	1,571,480
743,479	703,847	551,879	583,356
123,429	72,224	93,951	85,063
2,075	4,543	308,086	246,791
112,545	77,157	81,587	70,628
14,119	1,393	31,169	623
0	0	0	0
2,079,144	1,246,057	882,233	965,014
5,000	5,000	5,000	7,000
0	0	0	0
49,179	12,981	25,141	52,606
<u>6,443,529</u>	<u>5,179,231</u>	<u>4,742,088</u>	<u>4,545,479</u>
<u>(128,689)</u>	<u>57,570</u>	<u>553,492</u>	<u>488,813</u>
0	0	0	0
0	0	3,006	2,521
0	0	0	0
0	0	0	0
3,659,103	3,407,467	3,061,349	3,077,432
(3,659,103)	(3,407,467)	(3,060,759)	(3,077,432)
0	186,554	567,563	353,066
0	(366,373)	(385,039)	(210,789)
<u>0</u>	<u>(179,819)</u>	<u>186,120</u>	<u>144,798</u>
<u>(\$128,689)</u>	<u>(\$122,249)</u>	<u>\$739,612</u>	<u>\$633,611</u>
1.2%	0.5%	0.8%	1.7%

**City of Norton, Ohio**  
*Assessed Valuation and Estimated Actual Values of Taxable Property*  
*Last Ten Years*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2006	\$212,333,270	\$40,000,130	\$720,952,571	\$6,507,780	\$7,395,205
2005	191,812,190	38,656,010	658,480,571	6,562,270	7,457,125
2004	187,630,300	37,741,080	643,918,229	6,977,590	7,929,080
2003	183,280,910	38,181,150	632,748,743	6,754,770	7,675,875
2002	156,998,370	31,637,430	538,959,429	6,621,500	7,524,432
2001	154,375,550	31,052,780	529,795,229	10,111,350	11,490,170
2000	151,962,310	27,812,480	513,642,257	10,855,910	12,336,261
1999	130,438,720	26,509,620	448,423,829	10,490,480	11,921,000
1998	127,660,408	25,944,962	438,872,486	10,181,020	11,569,341
1997	125,807,942	25,568,478	432,504,057	10,137,420	11,519,795

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

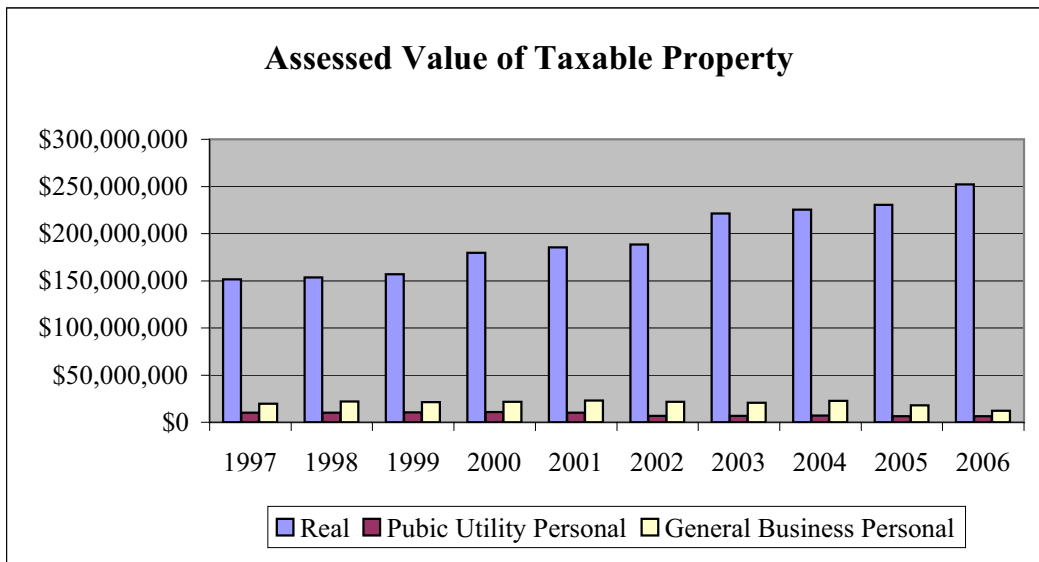
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Summit County, Fiscal Officer



**Tangible Personal Property**

General Business		Total			Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$12,197,400	\$65,052,800	\$271,038,580	\$793,400,576	34.16%	\$4.42
17,925,833	71,703,332	254,956,303	737,641,028	34.56	4.66
22,835,501	91,342,004	255,184,471	743,189,312	34.34	4.71
20,700,235	82,800,940	248,917,065	723,225,558	34.42	4.69
21,588,797	86,355,188	216,846,097	632,839,048	34.27	5.06
23,142,207	92,568,828	218,681,887	633,854,227	34.50	5.10
21,836,416	87,345,664	212,467,116	613,324,183	34.64	5.10
21,404,032	85,616,128	188,842,852	545,960,957	34.59	5.45
21,897,389	87,589,556	185,683,779	538,031,383	34.51	5.47
19,752,706	79,010,824	181,266,546	523,034,677	34.66	5.47



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

	2006	2005	2004	2003
<b>Unvoted Millage</b>				
Operating	\$1.6000	\$1.6000	\$1.6000	\$1.6000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	<u>1.9000</u>	<u>1.9000</u>	<u>1.9000</u>	<u>1.9000</u>
<b>Voted Millage by Levy</b>				
1988 Ambulance and EMS				
Residential/Agricultural Real	0.4203	0.4590	0.4627	0.4639
Commerical/Industrial and Public Utility Real	0.5741	0.5884	0.5825	0.5627
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1988 Fire				
Residential/Agricultural Real	0.6724	0.7344	0.7403	0.7422
Commerical/Industrial and Public Utility Real	0.9186	0.9415	0.9320	0.9003
General Business and Public Utility Personal	1.6000	1.6000	1.6000	1.6000
1996 Ambulance and EMS				
Residential/Agricultural Real	0.5740	0.6269	0.6320	0.6336
Commerical/Industrial and Public Utility Real	0.7728	0.7921	0.7841	0.7575
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1996 Fire				
Residential/Agricultural Real	0.5740	0.6269	0.6320	0.6336
Commerical/Industrial and Public Utility Real	0.7728	0.7921	0.7841	0.7575
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
<b>Total Voted Millage by type of property</b>				
Residential/Agricultural Real	2.2407	2.4472	2.4670	2.4733
Commerical/Industrial and Public Utility Real	3.0383	3.1141	3.0827	2.9780
General Business and Public Utility Personal	<u>4.6000</u>	<u>4.6000</u>	<u>4.6000</u>	<u>4.6000</u>
<b>Total Millage by type of property</b>				
Residential/Agricultural Real	4.1407	4.3472	4.3670	4.3733
Commerical/Industrial and Public Utility Real	4.9383	5.0141	4.9827	4.8780
General Business and Public Utility Personal	<u>6.5000</u>	<u>6.5000</u>	<u>6.5000</u>	<u>6.5000</u>
<b>Overlapping Rates by Taxing District</b>				
Norton City School District				
Residential/Agricultural Real	\$28.9406	\$31.1576	\$26.4282	\$26.5082
Commerical/Industrial and Public Utility Real	37.8347	38.6235	33.4429	32.5120
General Business and Public Utility Personal	59.9000	59.9000	55.0000	55.0000
Summit County				
Residential/Agricultural Real	9.0633	9.6107	9.6343	9.6215
Commerical/Industrial and Public Utility Real	10.0247	10.3113	10.2999	10.2128
General Business and Public Utility Personal	12.2200	12.2200	12.2200	12.2200
Akron/Summit Library				
Residential/Agricultural Real	0.6400	2.1358	0.7800	1.2633
Commerical/Industrial and Public Utility Real	0.6400	2.1400	0.7800	1.4346
General Business and Public Utility Personal	0.6400	2.1400	0.7800	1.5900
Metropolitan Park District				
Residential/Agricultural Real	0.6959	0.7517	0.7540	0.7526
Commerical/Industrial and Public Utility Real	0.7470	0.7743	0.7730	0.7652
General Business and Public Utility Personal	0.8500	0.8500	0.8500	0.8500

Source: Summit County Fiscal Officer

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes.

Overlapping rates are those of local and county governments that apply to property owners within the City.

2002	2001	2000	1999	1998	1997
\$1.6000	\$1.6000	\$1.6000	\$1.6000	\$1.6000	\$1.6000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
1.9000	1.9000	1.9000	1.9000	1.9000	1.9000
0.5322	0.5340	0.5324	0.6113	0.6168	0.6178
0.6537	0.6586	0.6634	0.6986	0.7016	0.6980
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.8516	0.8544	0.8518	0.9780	0.9869	0.9885
1.0460	1.0538	1.0615	1.1177	1.1226	1.1168
1.6000	1.6000	1.6000	1.6000	1.6000	1.6000
0.7270	0.7294	0.7271	0.8349	0.8425	0.8439
0.8800	0.8866	0.8931	0.9404	0.9445	0.9396
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.7270	0.7294	0.7271	0.8349	0.8425	0.8439
0.8800	0.8866	0.8931	0.9404	0.9445	0.9396
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
2.8378	2.8472	2.8384	3.2591	3.2887	3.2941
3.4597	3.4856	3.5111	3.6971	3.7132	3.6940
4.6000	4.6000	4.6000	4.6000	4.6000	4.6000
4.7378	4.7472	4.7384	5.1591	5.1887	5.1941
5.3597	5.3856	5.4111	5.5971	5.6132	5.5940
6.5000	6.5000	6.5000	6.5000	6.5000	6.5000
\$29.3761	\$29.4434	\$29.3675	\$32.8272	\$33.0268	\$31.8255
37.1708	37.1425	37.3722	38.9490	39.0387	37.4581
55.0000	55.0000	55.0000	55.0000	55.0000	55.0000
10.5666	10.5864	8.8947	9.5646	8.1938	7.8592
11.0662	11.1466	10.0509	10.4906	9.7293	9.3332
12.2200	12.2200	11.4200	11.4200	10.8000	10.5400
1.0993	1.1411	1.1431	1.6120	1.6950	0.7168
1.2739	1.3232	1.3222	1.7679	1.8512	0.8558
1.3500	1.3900	1.3900	1.7900	1.8700	0.8900
0.7671	0.7688	0.7705	0.8471	0.6866	0.6871
0.7944	0.8022	0.8004	0.8457	0.8274	0.8131
0.8500	0.8500	0.8500	0.8500	0.8500	0.8500

**City of Norton, Ohio**  
*Property Tax Levies And Collections*  
*Last Ten Years*

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2006	\$817,228	\$765,456	93.66%	\$17,182	\$782,638
2005	1,073,413	1,026,171	95.60	31,942	1,058,113
2004	1,098,882	1,017,803	92.62	35,748	1,053,551
2003	1,034,972	989,267	95.58	33,414	1,022,681
2002	1,022,167	929,322	90.92	38,641	967,963
2001	1,019,359	930,385	91.27	26,814	957,199
2000	991,364	908,580	91.65	30,713	939,293
1999	941,164	860,522	91.43	30,789	891,311
1998	927,552	848,718	91.50	24,159	872,877
1997	904,223	831,664	91.98	19,850	851,514

Source: Summit County Fiscal Officer

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
95.77%	\$34,588	4.23%
98.57	60,368	5.62
95.87	45,331	4.13
98.81	52,891	5.11
94.70	54,205	5.30
93.90	62,160	6.10
94.75	52,651	5.31
94.70	49,853	5.30
94.11	54,674	5.89
94.17	52,709	5.83

**City of Norton, Ohio**  
*Income Tax Revenue Base and Collections (1)*  
*Last Six Years (2)*

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes from Individual Payments	Percentage of Taxes from Individual Payments	Taxes from Withholding	Percentage of Taxes from Withholding
2006	2.00 %	\$3,958,650	\$677,192	17.11 %	\$2,816,173	71.14 %
2005	2.00	3,794,343	508,573	13.40	2,866,905	75.56
2004	1.50	2,657,039	411,098	15.47	1,899,297	71.48
2003	1.50	2,600,731	432,067	16.61	1,880,010	72.29
2002	1.50	2,613,781	407,094	15.57	1,885,769	72.15
2001	1.50	2,608,366	425,685	16.32	1,843,016	70.66

(1) Cash Basis

(2) Information prior to 2001 is not available

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<u>Taxes from Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>
\$465,285	11.75 %
418,865	11.04
346,644	13.05
288,654	11.10
320,918	12.28
339,665	13.02

**City of Norton, Ohio**  
*Principal Real Estate Property Taxpayers*  
*2006 and 2003(1)*

Taxpayer	2006	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Columbia Woods Apartments, LLC	\$2,800,020	1.11 %
Albrecht, Inc.	2,273,092	0.90
Seal Mack W.	2,221,660	0.88
B&C Corporation	2,197,210	0.87
Falkenstein, Albert J. & Margaret C.	973,800	0.39
Pittsburgh Plate Glass Company	940,450	0.37
Newpark Drive Limited Partnership	846,270	0.34
Brookside Land Company	760,550	0.30
Strachen, Wyman Et al	723,890	0.29
Grace Brethren Church of Norton, Inc.	648,300	0.26
<b>Total</b>	<b>\$14,385,242</b>	<b>5.70 %</b>
<b>Total Real Assessed Valuation</b>	<b>\$252,333,400</b>	

Taxpayer	2003	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Columbia Woods Apartments, LLC	\$3,458,640	1.53 %
B&C Corporation	2,527,730	1.12
Albrecht, Inc.	2,176,540	0.97
Seal Mack W.	1,959,100	0.87
Pittsburgh Plate Glass Company	1,260,100	0.56
Falkenstein, Albert J. & Margaret C.	973,800	0.43
Newpark Drive Limited Partnership	846,300	0.38
Brookside Land Company	756,260	0.34
Strachan, Wyman Et al	723,860	0.32
Norton Energy Storage, LLC	648,260	0.29
<b>Total</b>	<b>\$15,330,590</b>	<b>6.80 %</b>
<b>Total Assessed Valuation</b>	<b>\$225,429,780</b>	

Source: Summit County Fiscal Officer

(1) Information prior to 2003 was not available.



**City of Norton, Ohio**  
*Ratio of General Obligation Bonded Debt to Estimated Actual  
 Value and Bonded Debt Per Capita  
 Last Ten Years*

Year	Population (1)		Estimated Actual Value of Taxable Property (2)	Bonded Debt (3)	Ratio of General Obligation Bonded Debt to Estimated Actual Value of Taxable Property	General Obligation Bonded Debt Per Capita
2006	11,596	b	\$805,934,290	\$3,012,414	0.37 %	\$259.78
2005	11,745	b	800,113,028	3,192,041	0.40	271.78
2004	11,726	b	757,916,855	3,371,668	0.44	287.54
2003	11,523	b	734,561,901	4,420,000	0.60	383.58
2002	11,523	b	632,839,048	0	0.00	0.00
2001	11,523	b	633,612,456	0	0.00	0.00
2000	11,523	a	613,518,954	0	0.00	0.00
1999	11,523	a	545,960,957	0	0.00	0.00
1998	11,523	a	538,031,383	0	0.00	0.00
1997	11,523	a	523,034,677	0	0.00	0.00

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 1990 Federal Census

(b) 2000 Federal Census

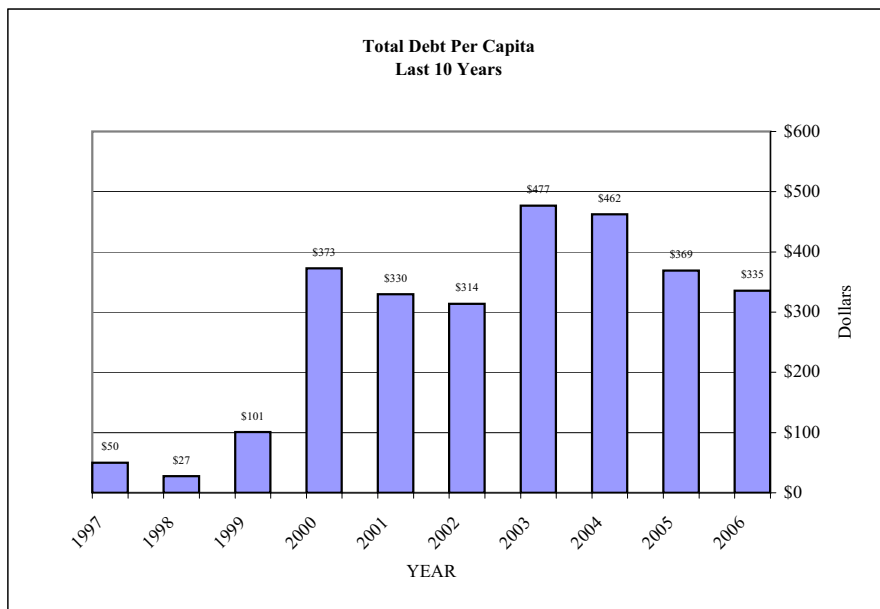
(2) Summit County Fiscal Officer

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

**City of Norton, Ohio**  
*Ratio of Outstanding Debt to  
 Total Personal Income and Debt Per Capita  
 Last Ten Years*

Year	Governmental Activities			
	General Obligation Bonds	Long-Term Notes	Special Assessment Bonds	Capital Leases
2006	\$3,012,414	\$35,000	\$842,586	\$363
2005	3,192,041	255,000	882,959	4,245
2004	3,371,668	1,116,000	923,332	9,556
2003	4,420,000	978,000	85,000	8,391
2002	0	3,525,000	90,000	0
2001	0	3,705,000	95,000	0
2000	0	4,195,000	100,000	0
1999	0	1,055,000	105,000	0
1998	0	206,000	110,000	0
1997	0	461,000	115,000	0

Note: Population and Personal Income data are presented on page S24.



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<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$3,890,363	1.47%	\$335
4,334,245	1.62	369
5,420,556	2.06	462
5,491,391	2.15	477
3,615,000	1.44	314
3,800,000	1.54	330
4,295,000	1.77	373
1,160,000	0.49	101
316,000	0.14	27
576,000	0.25	50

**City of Norton, Ohio**  
*Legal Debt Margin*  
*Last Ten Years*

	2006	2005	2004	2003	2002
Total Assessed Property Value	<u>\$271,038,580</u>	<u>\$254,956,303</u>	<u>\$255,184,471</u>	<u>\$248,917,065</u>	<u>\$216,846,097</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$28,459,051</u>	<u>\$26,770,412</u>	<u>\$26,794,369</u>	<u>\$26,136,292</u>	<u>\$22,768,840</u>
Debt Outstanding:					
General Obligation Bonds	3,012,414	3,192,041	3,371,668	4,420,000	0
Special Assessment Bonds	842,586	882,959	923,332	85,000	90,000
Notes	<u>220,000</u>	<u>840,800</u>	<u>1,116,000</u>	<u>978,000</u>	<u>3,525,000</u>
Total Gross Indebtedness	4,075,000	4,915,800	5,411,000	5,483,000	3,615,000
Less:					
Special Assessment Bonds	(842,586)	(882,959)	(923,332)	(85,000)	(90,000)
Amount Available in Debt Service	<u>(16,888)</u>	<u>(46,698)</u>	<u>(56,402)</u>	<u>(10,768)</u>	<u>(11,270)</u>
Total Net Debt Applicable to Debt Limit	<u>3,215,526</u>	<u>3,986,143</u>	<u>4,431,266</u>	<u>5,387,232</u>	<u>3,513,730</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$25,243,525</u>	<u>\$22,784,269</u>	<u>\$22,363,103</u>	<u>\$20,749,060</u>	<u>\$19,255,110</u>
Legal Debt Margin as a Percentage of the Debt Limit	88.70%	85.11%	83.46%	79.39%	84.57%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$14,907,122</u>	<u>\$14,022,597</u>	<u>\$14,035,146</u>	<u>\$13,690,439</u>	<u>\$11,926,535</u>
Total Gross Indebtedness	4,075,000	4,915,800	5,411,000	5,483,000	3,615,000
Less:					
Special Assessment Bonds	(842,586)	(882,959)	(923,332)	(85,000)	(90,000)
Amount Available in Debt Service	<u>(16,888)</u>	<u>(46,698)</u>	<u>(56,402)</u>	<u>(10,768)</u>	<u>(11,270)</u>
Net Debt Within 5 ½ % Limitations	<u>3,215,526</u>	<u>3,986,143</u>	<u>4,431,266</u>	<u>5,387,232</u>	<u>3,513,730</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$11,691,596</u>	<u>\$10,036,454</u>	<u>\$9,603,880</u>	<u>\$8,303,207</u>	<u>\$8,412,805</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	78.43%	71.57%	68.43%	60.65%	70.54%

Source: City Financial Records

2001	2000	1999	1998	1997
<u>\$218,681,887</u>	<u>\$212,467,116</u>	<u>\$188,842,852</u>	<u>\$185,683,779</u>	<u>\$181,266,546</u>
<u>\$22,961,598</u>	<u>\$22,309,047</u>	<u>\$19,828,499</u>	<u>\$19,496,797</u>	<u>\$19,032,987</u>
0	0	0	0	0
95,000	100,000	105,000	110,000	115,000
<u>3,705,000</u>	<u>4,195,000</u>	<u>1,055,000</u>	<u>206,000</u>	<u>461,000</u>
3,800,000	4,295,000	1,160,000	316,000	576,000
(95,000)	(100,000)	(105,000)	(110,000)	(115,000)
<u>(10,962)</u>	<u>(144,051)</u>	<u>(19,855)</u>	<u>(16,233)</u>	<u>(15,181)</u>
<u>3,694,038</u>	<u>4,050,949</u>	<u>1,035,145</u>	<u>189,767</u>	<u>445,819</u>
<u>\$19,267,560</u>	<u>\$18,258,098</u>	<u>\$18,793,354</u>	<u>\$19,307,030</u>	<u>\$18,587,168</u>
83.91%	81.84%	94.78%	99.03%	97.66%
<u>\$12,027,504</u>	<u>\$11,685,691</u>	<u>\$10,386,357</u>	<u>\$10,212,608</u>	<u>\$9,969,660</u>
3,800,000	4,295,000	1,160,000	316,000	576,000
(95,000)	(100,000)	(105,000)	(110,000)	(115,000)
<u>(10,962)</u>	<u>(144,051)</u>	<u>(19,855)</u>	<u>(16,233)</u>	<u>(15,181)</u>
<u>3,694,038</u>	<u>4,050,949</u>	<u>1,035,145</u>	<u>189,767</u>	<u>445,819</u>
<u>\$8,333,466</u>	<u>\$7,634,742</u>	<u>\$9,351,212</u>	<u>\$10,022,841</u>	<u>\$9,523,841</u>
69.29%	65.33%	90.03%	98.14%	95.53%

**City of Norton, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2006*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct - City of</b>			
General Obligation Bonds	\$3,012,414	100%	\$3,012,414
Special Assessment Bonds	842,586	100	842,586
Capital Leases	15,212	100	15,212
General Obligation Notes	220,000	100	220,000
<i>Total Direct Debt</i>	<u>4,090,212</u>		<u>4,090,212</u>
<b>Overlapping</b>			
Barberton City School District			
General Obligation Bonds	23,504,952	2.12	498,305
Summit County			
General Obligation Bonds	63,040,000	2.15	1,355,360
Akron-Summit County Library System			
General Obligation Bonds	56,845,000	3.06	1,739,457
Regional			
Transit Authority	1,005,000	2.15	21,608
<i>Total Overlapping Debt</i>	<u>144,394,952</u>		<u>3,614,729</u>
<b>Total</b>	<u><u>\$148,485,164</u></u>		<u><u>\$7,704,941</u></u>

Source: Summit County Fiscal Officer

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

**City of Norton**  
Principal Employers  
2006 and 2002

<b>2006</b>		
Employer	Employees	Percentage of Total City Employment
B&C Corporation	1,587	28.43%
Norton City School District	415	7.43
SA Comunale	261	4.68
Fred Martin Motor Company	261	4.68
Fred W. Albrecht Grocery Company	212	3.80
Ganley Ford	131	2.35
Albert Screenprint	177	3.17
City of Norton	105	1.88
PPG Industries	81	1.45
FOMO Products	60	1.07
<b>TOTAL</b>	<b>3,290</b>	<b>58.94%</b>
Total Employment within the City	5,582	

<b>2002</b>	
Employer	Employees
JR Wheel	375
Norton City School District	312
SA Comunale Company	177
Alberyt Screen Print	150
The City of Norton	104
Adjusta Post Manufacturing Company	100
FOMO Products	56
<b>TOTAL</b>	<b>1,274</b>
Total Employment within the City	N/A

Source: Number of employees obtained from the W2's  
from the City Tax Filings

**City of Norton, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2006	11,596	\$264,875,832	\$22,842	\$47,085	40
2005	11,745	268,279,290	22,842	47,085	40
2004	11,726	263,582,891	22,479	47,085	40
2003	11,523	254,831,145	22,115	47,085	40
2002	11,523	250,642,535	21,752	47,085	40
2001	11,523	246,453,924	21,388	47,085	40
2000	11,523	242,265,314	21,025	47,085	40
1999	11,523	238,076,703	20,661	N/A	N/A
1998	11,523	233,888,093	20,298	N/A	N/A
1997	11,523	229,699,482	19,934	N/A	N/A

(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

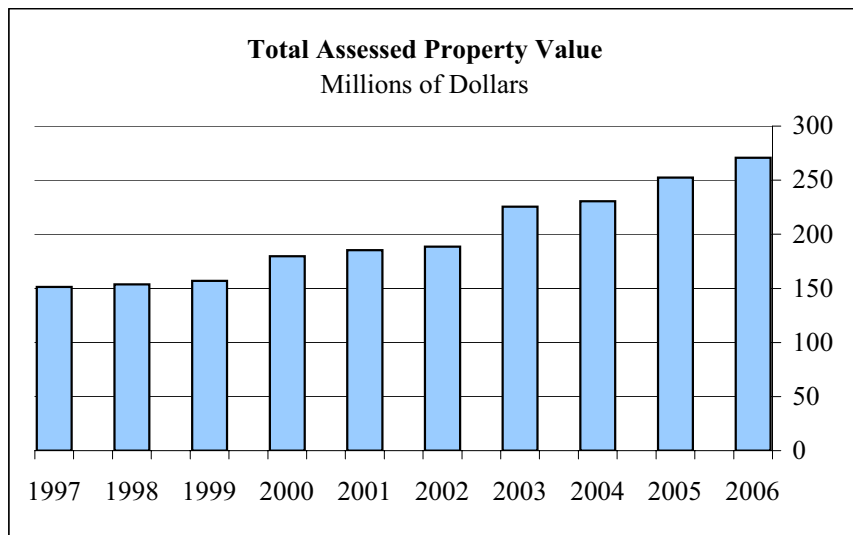
(b) Years 1997 through 1999 - 1990 Federal Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(3) Source: Summit County Planning Commission

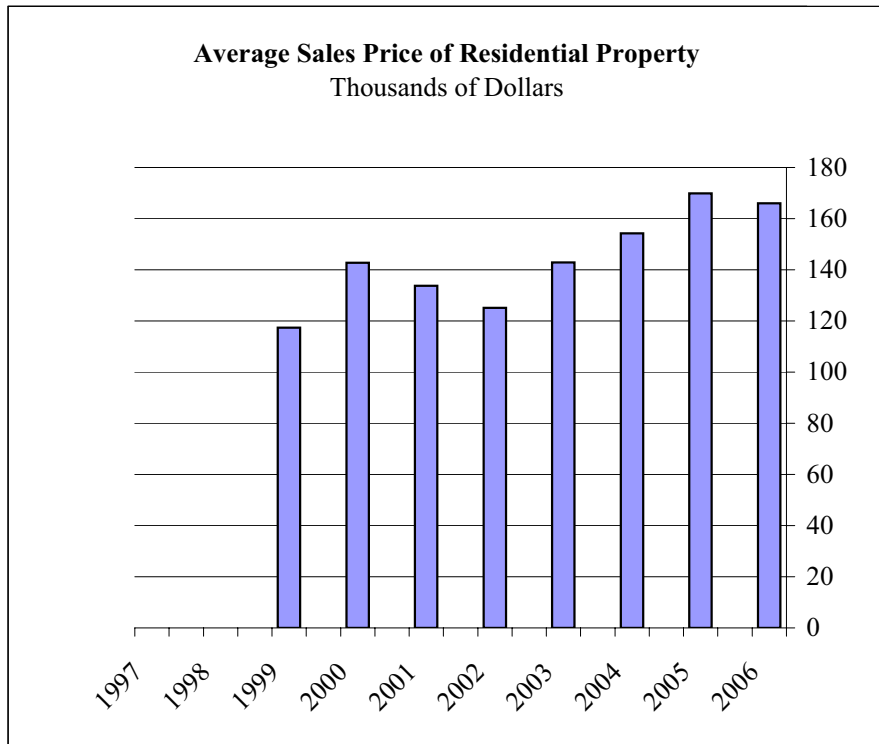
(4) Source: Summit County Fiscal Officer

(5) Computation of per capita personal income multiplied by population





Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Summit County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
11.71 %	2,502	6.10 %	\$165,941	\$271,038,580
11.56	2,446	6.10	169,926	254,956,303
11.58	2,470	5.50	154,269	255,184,471
11.79	2,558	5.70	142,868	248,917,065
11.79	2,597	4.30	125,151	216,846,097
11.79	2,554	4.30	133,766	218,681,887
11.79	2,563	4.00	142,788	212,467,116
N/A	N/A	4.00	117,327	188,842,852
N/A	N/A	4.00	N/A	185,683,779
N/A	N/A	4.40	N/A	181,266,546



0

**City of Norton, Ohio**  
*Operating Indicators by Function/Program*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b>General Government</b>					
<i><b>Council and Clerk</b></i>					
Number of Ordinances	74	72	85	99	64
Number of Resolutions	29	32	53	20	19
Number of Planning Commission docket items	21	23	40	41	28
Zoning Board of Appeals docket items	23	26	27	30	40
<i><b>Finance Department</b></i>					
Number of checks/ vouchers issued	1927	1896	1769	1930	1692
General Fund Interest earnings for fiscal year (cash basis)	\$228,507	\$92,392	\$30,597	\$18,544	\$24,274
Agency Ratings - Fitch	A	A	A	A	None
Health Insurance Costs (cash basis in thousands)	\$571	\$498	\$608	N/A	N/A
Health Insurance Costs vs General Fund Expenditures %	13.9%	10.3%	14.1%	N/A	N/A
General Fund Receipts (cash basis in thousands)	\$5,328	\$5,238	\$4,416	\$4,297	\$4,456
General Fund Expenditures (cash basis in thousands)	\$4,122	\$4,856	\$4,302	\$4,203	\$4,391
General Fund Cash Balances (in thousands)	\$1,584	\$438	\$191	\$122	\$68
<i><b>Municipal Court</b></i>					
Number of Misdemeanor Cases	175	178	139	N/A	N/A
Number of OVI cases	52	51	64	N/A	N/A
Number of Traffic cases	2,935	2,135	2,689	N/A	N/A
<i><b>Vital Statistics</b></i>					
Number of Births	1	1	1	0	N/A
Number of Deaths	28	29	18	24	N/A
<i><b>Building Department Indicators</b></i>					
Residential/commercial Permits Issued	241	269	306	197	N/A
Zoning Permits	84	78	79	58	N/A
Electric Permits	206	206	211	191	N/A
Heating Permits	74	108	120	114	N/A
Number of permits issued	605	661	716	560	0
Revenue generated from above 1,2,3,4	\$61,643	\$69,236	\$80,614	\$86,287	\$77,456
<b>Security of Persons and Property</b>					
<i><b>Police</b></i>					
Felony Arrests	114	131	138	106	127
Misdemeanor Arrests	754	683	763	574	549
Arson	1	2	1	2	0
Assault	67	56	63	76	71
Residential Burglary	39	39	44	32	44
General Disturbance	10852	10012	10765	9713	7600
Domestic Violence	119	140	121	119	120
Drug Offense	70	48	12	9	7
Homicide	0	1	0	0	0
Larceny	312	311	330	323	306
Vandalism/Criminal Damaging	77	80	77	98	145
Robbery	5	5	11	5	6
Sex Offense	19	13	15	5	14
9-1-1 Calls	1621	1775	1686	1770	2116
Auto Theft/Stolen Plates	50	42	50	62	59
Traffic Crashes	448	551	528	597	561
Traffic Fatalities	1	2	4	2	3
Driving While Intoxicated	163	144	175	131	120
Traffic Citations Issued	4860	3870	4341	3483	3090
Prisoners in Norton Jail	104	142	141	184	214
Warrant Arrests	408	457	386	408	362

(continued)

**City of Norton, Ohio**  
*Operating Indicators by Function/Program (continued)*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b>Fire</b>					
EMS Calls	934	942	928	967	1,017
Ambulance Billing Collections (net)	\$199,799	\$231,593	\$208,873	\$226,005	\$208,620
Revenue per run	214	246	225	234	205
Fire Calls	233	287	215	215	236
<b>Public Health and Welfare</b>					
Cemetery burials	1	0	1	4	N/A
Cemetery foundations	1	1	2	5	N/A
Cemetery cremains Burial	0	0	0	1	N/A
Cemetery sale of lots	0	0	3	22	N/A
Cemetery receipts	\$666	\$155	\$1,825	\$6,965	N/A

N/A = Information is not available

(1) Information prior to 2002 is not available

**City of Norton, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years*

Function/Program	2006	2005	2004	2003
<b>General Government</b>				
Square Footage Occupied	4,080	4,080	4,080	4,080
Administrative Vehicles	2	2	2	2
Inspection Vehicles	1	1	1	1
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	3,600	3,600	3,600	3,600
Vehicles	10	10	10	N/A
<b>Fire</b>				
Stations	2	2	2	2
<b>Recreation</b>				
Number of Parks	7	7	7	6
Number of Tennis Courts	4	4	4	4
Number of Baseball Diamonds	3	3	3	3
Number of Soccer Fields	3	3	3	3
Number of Football Fields	1	1	1	1
<b>Other Public Works</b>				
Service Garage Square Footage	6,800	6,800	6,800	6,800
Streets (lane miles)	260	260	260	260
Service Vehicles	12	12	12	12
City Cemeteries	2	2	2	2
<b>Wastewater</b>				
Sanitary Sewers (miles)	8.40	8.40	8.40	8.40
<b>Water Department</b>				
Water Lines (miles)	12.50	12.50	12.50	12.50

2002	2001	2000	1999	1998	1997
4,080	4,080	4,080	4,080	4,080	4,080
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
3,600	3,600	3,600	3,600	3,600	3,600
N/A	N/A	N/A	N/A	N/A	N/A
2	2	2	2	2	2
6	6	6	6	6	6
4	4	4	4	4	4
3	3	3	3	3	3
3	3	3	3	3	3
1	1	1	1	1	1
6,800	960	960	960	960	960
260	260	260	260	260	260
12	12	12	12	12	12
2	2	2	2	2	2
8.40	8.40	8.40	8.40	8.40	8.40
12.50	12.50	12.50	12.50	12.50	12.50

**City of Norton, Ohio**  
*Full-Time Equivalent City Government Employees by Function/Program*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b>General Government</b>					
Mayor	2.00	2.00	2.00	2.00	2.00
Council	8.00	8.00	8.00	8.00	8.00
Finance	5.00	5.00	5.00	5.00	5.00
City Administrator	1.00	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.00	1.00	1.00
Administration	3.00	3.00	3.00	3.00	3.00
Engineer	1.00	1.00	1.00	1.00	1.00
Planning	1.00	1.00	1.00	1.00	1.00
Civil Service	1.00	1.00	1.00	1.00	1.00
Court	3.00	3.00	3.00	3.00	3.00
<b>Security of Persons and Property</b>					
Police	30.00	30.00	30.00	30.00	30.00
Fire Full Time	4.00	4.00	4.00	3.00	3.00
Fire Part Time	30.00	30.00	30.00	30.00	30.00
Fire - Secretary - Other	1.00	1.00	1.00	1.00	1.00
<b>Community Development</b>					
Building	2.00	2.00	2.00	2.00	2.00
<b>Transportation</b>					
Service	12.00	13.00	14.00	14.00	14.00
<b>Totals:</b>	<u>105.00</u>	<u>106.00</u>	<u>107.00</u>	<u>106.00</u>	<u>106.00</u>

**Source:** City Payroll Department W2 Audit Listing

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2002 is not available



**Mary Taylor, CPA**  
Auditor of State

**CITY OF NORTON**

**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  
OCTOBER 16, 2007**