



Dave Yost • Auditor of State



CITY OF NORTON  
SUMMIT COUNTY

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# Dave Yost • Auditor of State

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

City of Norton  
Summit County  
4060 Columbia Woods Drive  
Norton, Ohio 44203

To the Members of Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Summit County, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated October 26, 2012.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

October 26, 2012

**CITY OF NORTON  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011**

**1. Appropriations Limited by Estimated Resources**

<i>Finding Number</i>	2011-01
-----------------------	---------

NONCOMPLIANCE

**Ohio Rev. Code Section 5705.39** provides in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure, as certified by the budget commission.

We noted original appropriations exceeded original estimated resources as follows:

Fund	Original Estimated Resources	Original Appropriations	Variance
General	\$5,985,166	\$6,158,369	(\$173,203)
Special Assessment Bond Retirement	398,970	477,721	(78,751)
State Highway	55,285	91,000	(35,715)
Water Systems	421,914	601,453	(179,539)
General Obligation Bond Retirement	719,397	896,657	(177,260)
Streets, Highways, and Bridges	293,232	578,194	(284,962)
Water and Sewer Improvements	300,325	453,490	(153,165)

We noted final appropriations exceeded final estimated resources as follows:

Fund	Final Estimated Resources	Final Appropriations	Variance
General	\$5,972,794	\$6,225,901	(\$253,107)
Special Assessment Bond Retirement	398,970	477,721	(78,751)
State Highway	55,285	91,000	(35,715)
DWI Enforcement Assistance	18,862	19,696	(834)
Water Systems	421,914	555,603	(133,689)
Special Permissive License Plate	326,559	419,019	(92,460)
General Obligation Bond Retirement	719,397	896,657	(177,260)
Streets, Highways, and Bridges	293,232	526,194	(232,962)

The Finance Director should monitor appropriations versus estimated resources to help avoid overspending.

**Official's Response:** The City will make every effort in the future to be compliant with Ohio Revised Code Section 5705.39. Appropriations versus estimated resources will be analyzed more frequently. The certificate of estimated resources will be reviewed and the necessary amendments will be submitted to the County for approval, including the certification of beginning balances.

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# **City of Norton, Ohio**

## **Comprehensive Annual Financial Report**

**For The Year Ended December 31**

# **2011**

# **City of Norton, Ohio**

## **Comprehensive Annual Financial Report**

*For the Year Ended December 31, 2011*

Issued by:

City of Norton  
Department of Finance

Laura Starosta  
Director of Finance

# INTRODUCTORY SECTION

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**City of Norton, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2011*  
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# CITY OF NORTON

4060 Columbia Woods Drive  
Norton, Ohio 44203

Offices: 330-825-7815 Fax: 330-825-3104  
Website: [www.cityofnorton.org](http://www.cityofnorton.org)

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Mayor Mike Zita

October 26, 2012

Members of City Council and  
Citizens of Norton

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of year end. An extension has been granted for this year.

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.

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State rendered an opinion on the City's financial statements as of December 31, 2011, 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. The 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 Mount Union, Baldwin Wallace, Lake Erie College, Oberlin, John Carroll, Kenyon, Ashland, Malone, Walsh, Stark State, Cleveland State, Cuyahoga County Community College, Notre Dame (Cleveland), Mount Union (Alliance), NEOUCOM College, Case Western Reserve University, Kent State University, Wooster ATI 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 Service Department includes the division of Streets, Parks and Cemeteries. The Service Department is also responsible for maintenance of City facilities and vehicles.
- ◆ The Safety Department includes the divisions of Police, Fire and Emergency Medical Services.
- ◆ The Administration Department is responsible for all other functions including building, zoning and development.

As previously mentioned, Norton was organized as a Village in 1961; the Village was and 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 amended in 1994 and 2007.

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 Administrative Officer serves as the head of the service and safety departments. The Directors are responsible to the Mayor for the general administration of the affairs of the City. The Director of Community Development is currently an unfilled position, and those tasks are shared by the Administrative Officer and the Superintendent of Buildings and Zoning Inspector.

## **LOCAL ECONOMY**

The City experienced little to no growth in 2011, both in the areas of commercial and residential development. Construction activity was low, permits and inspections were historically low.

Some positives did occur. Fred Martin Motors completed a renovation and expansion project in 2009, investing around \$5,000,000 and providing an impressive new look to their already prime location just off Interstate 76 at Barber Road. Since that expansion, Fred Martin Motors has experienced increased sales at the facility. They have also opened a new Fiat Dealership and purchased two nearby properties, one of which is an expansion of their auto sales and the other is in design for a new car wash business. In 2010, JR Engineering (Wheel) brought back employees and has returned to the top ten principal employers list in 2011, and is anticipated to remain there for years to come.

Some significant projects were completed. This included the water and sewer lines on Greenwich Road and a sewer line on Oak Street.

## **CITY PROJECTS**

The City continues capital investments in Columbia Woods Park (a main park adjacent to the City Offices and the Community Center) with the addition of basketball courts.

The City completed the design of its new fire station in 2009 and construction began in early 2010 and the project is now completed. The station is sized to handle all of our current needs and anticipated expansion due to anticipated development. The capital cost is funded by a levy passed by voters in 2007.

New sanitary sewer lines were installed on a portion of Long and Greenwich Roads. Both provide much needed service to residential areas, and Greenwich allows the extension of sanitary sewer into some of the Nash Heights residential area.

Partial grant funding was awarded for the fully engineered reconstruction of New Park Drive, an important industrial park, and the City is working to find funding for the balance of the project.

## **MAJOR INITIATIVES**

New projects on the horizon include a \$16 million expansion of Cleveland-Massillon Road, a main thoroughfare. Grants account for 90 percent of the project funding and engineering on the project continued and remains on track. Discussions have begun on the engineering of a large sanitary sewer project to serve the Nash Heights area. Nash Heights is predominantly residential and there is a high need to sewer service given the general age of the septic systems now serving the area. Additionally, the Nash Heights project would set the stage for economic development in the area.

The City continues to seek funding to purchase Lake Dorothy, a 200-plus acre lake in the center of the community. Lake Dorothy is unique in that entire perimeter of the lake is privately owned.

## **FINANCIAL PLANNING AND POLICIES**

Unassigned fund balances for funds with annual operating expenses need a healthy carryover to avoid cash management issues and to cover budget increases when necessary. For planning and budgetary purposes for operating funds, Norton has targeted 15 to 33 percent carryover balances as a percent of appropriations. This large carryover is needed to cover accrued obligations and unexpected expenses. Further, the healthy balances are intended to be attractive to financing sources when we issue debt. As of December 31, 2011, the general fund carryover was up to around 38 percent of 2011 expenses. This is without the mandatory movement of income tax to the water and sewer improvements fund of \$425,000. It is notable that the City of Norton carried a large reimbursement grant receivable from the federal government of about \$190,000, which was received in 2011.

## **NEW TAXES SUPPORT LOCAL GOVERNMENT**

In November 2004, the voters of Norton approved a half (1/2) percent increase for City income tax and then in 2005 out-sourced the collection to Central Collection Agency, a regional income tax collecting service in Cleveland. The annual income tax collections (cash basis) increased from \$2,657,039 in 2004 to \$4,014,015 in 2008 for an increase of 51.07 percent. Income tax revenues since this time have been down due to a slowdown in the economy. Income tax results for the general fund for 2011 were about \$4,073,000. This is on a cash basis after the mandatory movement of income tax to the water and sewer improvements fund due to the change in the tax credit.

In 2009, the Norton City Council passed a change to the tax credit from a full credit up to 1 and 1/2 percent credit effective July 1, 2009. As a result, all residents pay at least a 1/2 percent income tax to the City of Norton. The proceeds from this change are intended for new sewer and water lines. Revenues began in 2009, and have generated approximately \$725,000 on a cash basis as of December 31, 2011.

## **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, 2010. 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 years. Nevertheless, we believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for review.

The 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 the Local Government Services Section of the Auditor of State's Office 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.

We would also like to take this opportunity to acknowledge the loss of John P. Moss, former Finance Director for the City of Norton from 2006 through May of 2012, who passed away in September of 2012. Mr. Moss' patient dedication and generous spirit provided many citizens, employees and business owners with his unique perspective and camaraderie, all of which contributed to many of the improvements and achievements enjoyed by the City. John will be truly missed and we dedicate this report in memory.

Respectfully submitted,



Mike Zita  
Mayor



Laura Starosta  
Director of Finance

# 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, 2010

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



*Linda C. Dandson*

President

*Jeffrey R. Evers*

Executive Director

**City of Norton, Ohio**

*Principal Officials*

*December 31, 2011*

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*Elected Officials*

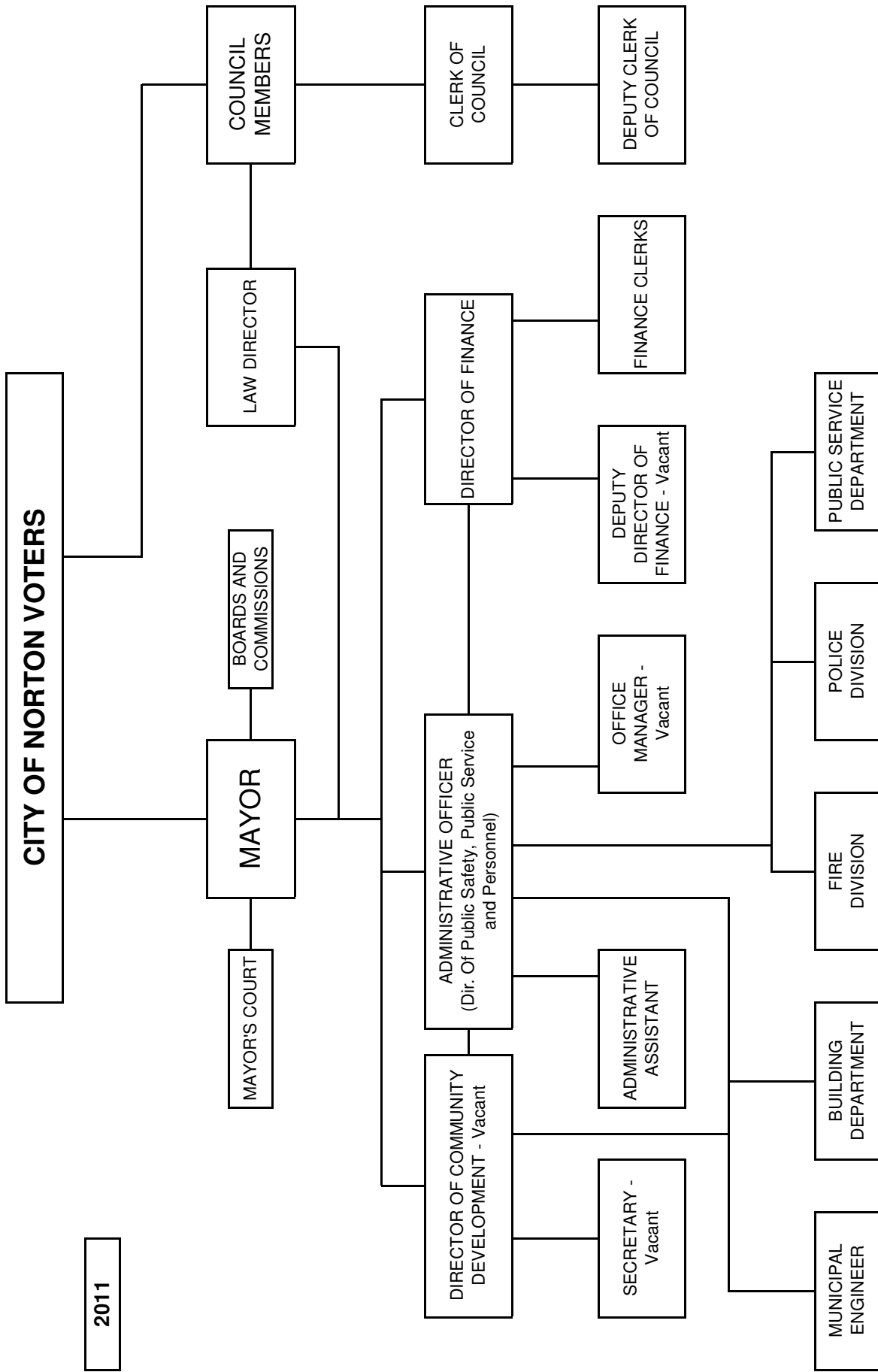
David L. Koontz..... Mayor  
Todd Bergstrom .....City Council, Ward 1  
Don Nicolard.....City Council, Ward 2  
William Mowery.....City Council, Ward 3  
Ken Braman .....City Council, Ward 4  
Brenda Hlas.....City Council, At-Large  
Mike Zita.....City Council, Vice President, At-Large (1)  
Scott Pelot ..... City Council, President, At-Large

*Administrators*

Rick Ryland ..... Administrative Officer  
John P. Moss .....Director of Finance and Tax Administrator (2)  
Peter Kostoff ..... Director of Law  
Thad Hete ..... Police Chief  
Mike Schultz ..... Chief of Fire/EMS  
Russ Arters.....Superintendent of Buildings and Zoning Inspector  
James Mitchell ..... Clerk of Mayor's Court  
Andrew Peck .....Court Magistrate  
Karla Richards ..... Clerk of Council

(1) Mike Zita became Mayor, effective January 1, 2012.

(2) Laura Starosta became Director of Finance and Tax Administrator, effective June 25, 2012.



2011



# FINANCIAL SECTION

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Norton  
Summit County  
4060 Columbia Woods Drive  
Norton, Ohio 44203

To the Members of Council:

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, Summit County, Ohio, (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Summit County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, Street Construction, Maintenance and Repair Fund and the Fire/EMS Levy Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

October 26, 2012

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011*  
*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, 2011. 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, the basic financial statements and notes to the basic financial statements.

**Financial Highlights**

Norton is still impacted by the downturn of the national economy. Small increase in income tax revenue from the prior year provided room to sustain services. Expenditures decreased due to fewer projects outstanding in 2011. The City also issued long-term notes to continue to fund construction projects described below.

- The City issued \$1,445,000 in various improvement notes to finance several projects underway in the City, including construction of a new fire station and installing waterlines.
- The City's largest expenditures occur within the security of persons and property. A significant decrease can be seen in the statement of activities in 2011 compared to 2010. This decrease is a result of the completion of the new fire station during 2011.

**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 2011 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 2011. 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.

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.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011*  
*Unaudited*

---

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 four major funds: the general fund, the street construction, maintenance and repair fund, the fire/EMS levy fund, and the special assessment bond retirement 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. Activity in this fund is dramatically reduced due to a switch to a fully insured product.

*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.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011*  
*Unaudited*

**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 2011 as they compare to 2010.

**Table 1**  
**Net Assets**

	Governmental Activities		
	2011	Restated 2010	Change
<i>Assets</i>			
Current and Other Assets	\$10,866,701	\$10,570,176	\$296,525
Capital Assets, Net	23,356,528	22,916,983	439,545
<b>Total Assets</b>	<b>34,223,229</b>	<b>33,487,159</b>	<b>736,070</b>
<i>Liabilities</i>			
Current and Other Liabilities	2,236,031	2,277,663	(41,632)
Long-term Liabilities			
Due Within One Year	589,681	579,206	10,475
Due in More than One Year	8,103,869	9,056,901	(953,032)
<b>Total Liabilities</b>	<b>10,929,581</b>	<b>11,913,770</b>	<b>(984,189)</b>
<i>Net Assets</i>			
Invested in Capital Assets			
Net of Related Debt	15,529,859	14,229,214	1,300,645
Restricted:			
Capital Projects	325,017	949,705	(624,688)
Debt Service	533,193	383,156	150,037
Police	83,564	66,161	17,403
Fire and EMS	1,186,143	1,632,559	(446,416)
Transportation	647,000	504,317	142,683
Sewerline/Waterline Maintenance	774,492	717,047	57,445
Other Purposes	52,709	113,047	(60,338)
Unclaimed Monies	5,320	5,320	0
Unrestricted	4,156,351	2,972,863	1,183,488
<b>Total Net Assets</b>	<b>\$23,293,648</b>	<b>\$21,573,389</b>	<b>\$1,720,259</b>

The increase in total assets was primarily the result of additions to capital assets during 2011.

Total liabilities decreased, primarily the result of long term notes being paid off and being reissued at a smaller amount.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
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Table 2 shows the changes in net assets for 2011 compared to 2010.

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

	Governmental Activities		
	2011	2010	Change
<i>Revenues</i>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$1,115,510	\$1,300,955	(\$185,445)
Operating Grants and Contributions	1,021,700	1,472,638	(450,938)
Capital Grants and Contributions	266,323	381,047	(114,724)
<b>Total Program Revenues</b>	<b>2,403,533</b>	<b>3,154,640</b>	<b>(751,107)</b>
<i>General Revenues:</i>			
Property Taxes	1,713,157	1,753,207	(40,050)
Income Tax	4,713,949	4,169,603	544,346
Grants and Entitlements	753,015	908,884	(155,869)
Interest	6,412	9,242	(2,830)
Other	179,916	262,136	(82,220)
<b>Total General Revenues</b>	<b>7,366,449</b>	<b>7,103,072</b>	<b>263,377</b>
<b>Total Revenues</b>	<b>9,769,982</b>	<b>10,257,712</b>	<b>(487,730)</b>
<i>Program Expenses:</i>			
General Government	1,867,424	2,162,226	(294,802)
Security of Persons and Property	3,894,241	4,596,289	(702,048)
Transportation	1,361,018	942,026	418,992
Community Environment	136,519	207,963	(71,444)
Public Health Services	336,423	0	336,423
Leisure Time Activities	173,648	151,742	21,906
Interest and Fiscal Charges	280,450	241,181	39,269
<b>Total Expenses</b>	<b>8,049,723</b>	<b>8,301,427</b>	<b>(251,704)</b>
<b>Increase in Net Assets</b>	<b>1,720,259</b>	<b>1,956,285</b>	<b>(236,026)</b>
<b>Net Assets Beginning of Year</b>	<b>21,573,389</b>	<b>19,617,104</b>	<b>1,956,285</b>
<b>Net Assets End of Year</b>	<b>\$23,293,648</b>	<b>\$21,573,389</b>	<b>\$1,720,259</b>



**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
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**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 allowed 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 1.5 percent, with a 100 percent credit of taxes paid to other municipalities up to 1.5 percent of income. The 1.5 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. In 2009, City Council reduced the credit to a maximum of 1.5 percent towards the 2 percent tax, with the proceeds going to sewer and water improvement projects.

The operations of the City's safety forces account for the largest expense in governmental activities, representing almost half 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, three full time sergeants, ten full time patrol officers, six part time patrol officers and one full time records clerk. The police operations also include dispatch for police, fire and EMS, with five full time dispatchers, and one part time dispatcher. Currently, dispatch is run as a joint project with Copley, Ohio as the City explores a long term joint project.

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, one full time fire/paramedic, thirty-two part time fire/EMT/paramedics, six of which are Lieutenants and three are Captains, and one full time secretary.

Security of persons and property expense decreased as compared to 2010 due to the completion of the new fire station project.

**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. This year was marked by a reduction of revenues. The City responded by cutting operating costs where possible and the use of carryover balances. Historically, the City has maintained healthy carryover balances in operating funds and saves up carryover balances in capital funds.

Revenues exceeded expenditures overall by \$762,572, increasing the City-wide fund balance to \$6,147,166. Significant changes to the City's major funds are described below.

For general fund, the carryover balance increased by \$1,246,907, due primarily to increases in municipal income tax and intergovernmental revenues by \$278,778 and \$191,799, respectively. Expenditures in the general fund remained in line with the prior year; however, transfers out to other funds decreased by \$277,134 from the prior year.

The street construction, maintenance and repair fund had an increase in fund balance of \$53,692. This was achieved by a reduction of expenditures in the current year by \$131,201, as revenues in the current year slightly decreased from the prior year.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011*  
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The fire/EMS levy fund expenditures decreased by \$1,856,469 due to the completion of a new fire station, which represented the majority of the change in expenditures from the prior year, which were \$3,547,778. Even with the large reduction in expenditures, the fire/EMS levy fund balance decreased by \$644,615 due to lower revenues and other financing sources.

The special assessment bond retirement fund had a higher fund balance from the prior year due to higher special assessments collected, which more than doubled from the prior year, and transfers in.

**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 a personal service and other expenditures within each fund 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, original budgeted revenues were \$4,446,798 and final budgeted revenues were \$4,434,426. This \$12,372 difference is mainly due to decreased budgeted revenues for municipal income taxes of \$8,870 and intergovernmental revenue of \$1,986. Original budgeted expenditures were \$5,243,908 and final budgeted expenditures were \$5,307,640 for an increase of \$63,732. The increase is primarily the result of supplemental appropriations for the police department for costs in relation to salaries and wages, materials and supplies, and capital outlay.

Actual revenue collections for general fund were \$5,905,395, \$1,470,969 higher than final budgeted revenues, which is attributed to higher actual municipal income tax than anticipated. Actual expenditures were \$4,870,224. This reduction of \$437,416 from the final budget was due to efforts to control actual expenditures in anticipation of lower revenue.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011*  
*Unaudited*

**Capital Assets and Debt Administration**

**Capital Assets**

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

	Governmental Activities		
	2011	2010	Change
Land	\$1,397,908	\$1,176,978	\$220,930
Construction in Progress	634,233	5,318,157	(4,683,924)
Land Improvements	1,001,941	1,017,367	(15,426)
Building and Improvements	4,339,973	1,347,819	2,992,154
Equipment, Furniture and Fixtures	618,383	675,279	(56,896)
Vehicles	1,221,999	1,332,517	(110,518)
Infrastructure			
Water Lines	5,721,912	5,431,652	290,260
Sanitary Sewer Lines	4,583,860	4,026,225	557,635
Roads	3,836,319	2,590,989	1,245,330
<i>Totals</i>	<u>\$23,356,528</u>	<u>\$22,916,983</u>	<u>\$439,545</u>

Capital assets increased over 2010, primarily due to the completion of the new fire station and several waterline and road resurfacing projects. For more information about the City's capital assets, see Note 9 in the basic financial statements.

**Debt**

As of December 31, 2011, the City of Norton had the following in outstanding debt:

**Table 4**  
**Outstanding Debt at Year End**

	Governmental Activities		
	2011	2010	Change
General Obligation Bonds	\$4,717,669	\$4,972,443	(\$254,774)
Special Assessment Bonds	1,910,222	2,006,706	(96,484)
Long-Term Notes	1,315,000	1,979,422	(664,422)
Short-Term Notes	130,000	0	130,000
<i>Totals</i>	<u>\$8,072,891</u>	<u>\$8,958,571</u>	<u>(\$885,680)</u>

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011*  
*Unaudited*

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The general obligation bonds outstanding are to finance various projects in the City, including ballfields, a police radio system, and infrastructure projects. The bonds are paid from property taxes and monies transferred from the general fund.

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

For more information about the City's debt, see Notes 11 and 12 in the basic financial statements.

### **Current Financial Related Issues**

Effective January 1, 2005 the electorate of Norton approved a 0.5 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. The City has received further increases based on normal economic growth. Additionally, in 2009, City Council reduced the tax credit from up to 2 percent to up to 1.5 percent, resulting in an effective minimum tax of 0.5 percent. The new revenue from this change is committed to the cost of water and sewer improvements.

Meeting the financial and infrastructure needs of the community continues to be the primary goal of the City. The City has maintained services at past levels while adjusting to lower revenues through the Administration making fiscal management and the City Council making strict budget supervision their priorities. To facilitate the pay-down of debt, equipment purchases as well as facility improvements, acquisition and other necessary major purchases have been paid for in cash where possible. Capital construction project funded by grants, assessments or other outside revenue are supported by short term debt. The City will continue to pay close attention to healthy carryover balances and the pay-down of debt in the future. The General Fund carryover balance has been hurt by the economic downturn in recent years. Emergency medical services have been a strain on the existing levy revenue and cannot be sustained much longer without new revenue. The City has kept the work force size at a financially manageable level and still has met the needs of the 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, Laura Starosta, at the City of Norton, 4060 Columbia Woods Drive, Norton, Ohio 44203, (330) 825-7815, or email to [lauras@cityofnorton.org](mailto:lauras@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, 2011*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$5,607,143
Cash and Cash Equivalents In Segregated Accounts	25,720
Materials and Supplies Inventory	257,428
Accounts Receivable	273,376
Accrued Interest Receivable	616
Intergovernmental Receivable	815,133
Prepaid Items	30,715
Income Taxes Receivable	1,181,535
Property Taxes Receivable	1,857,657
Special Assessments Receivable	699,047
Deferred Charges	118,331
Nondepreciable Capital Assets	2,032,141
Depreciable Capital Assets, Net	21,324,387
<i>Total Assets</i>	<i>34,223,229</i>
<b>Liabilities</b>	
Accounts Payable	32,484
Accrued Wages	169,861
Intergovernmental Payable	274,082
Contracts Payable	12,641
Deferred Revenue	1,585,733
Accrued Interest Payable	31,230
Notes Payable	130,000
Long-Term Liabilities:	
Due Within One Year	589,681
Due in More Than One Year	8,103,869
<i>Total Liabilities</i>	<i>10,929,581</i>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	15,529,859
Restricted for:	
Capital Projects	325,017
Debt Service	533,193
Police	83,564
Fire and EMS	1,186,143
Transportation	647,000
Sewerline/Waterline Maintenance	774,492
Other Purposes	52,709
Unclaimed Monies	5,320
Unrestricted	4,156,351
<i>Total Net Assets</i>	<i>\$23,293,648</i>

See accompanying notes to the basic financial statements



**City of Norton, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2011*

	General	Street Construction, Maintenance and Repair	Fire/EMS Levy	Special Assessment Bond Retirement	Other Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,110,482	\$296,889	\$508,885	\$256,107	\$2,429,460
Cash and Cash Equivalents:					
In Segregated Accounts	25,720	0	0	0	0
Materials and Supplies Inventory	2,576	254,852	0	0	0
Accounts Receivable	45,495	3,846	0	0	224,035
Accrued Interest Receivable	616	0	0	0	0
Intergovernmental Receivable	393,135	283,653	55,745	0	82,600
Interfund Receivable	300,000	0	0	0	0
Prepaid Items	24,887	1,834	0	0	3,994
Income Taxes Receivable	1,053,929	0	0	0	127,606
Property Taxes Receivable	406,133	0	760,564	0	690,960
Special Assessments Receivable	0	0	0	699,047	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	5,320	0	0	0	0
<b>Total Assets</b>	<b>\$4,368,293</b>	<b>\$841,074</b>	<b>\$1,325,194</b>	<b>\$955,154</b>	<b>\$3,558,655</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$11,276	\$3,152	\$920	\$0	\$17,136
Accrued Wages	100,238	22,730	15,943	0	30,950
Intergovernmental Payable	193,269	28,297	19,422	0	33,094
Contracts Payable	10,028	2,613	0	0	0
Notes Payable	30,000	0	50,000	0	50,000
Interfund Payable	0	0	0	300,000	0
Accrued Interest Payable	217	0	361	0	361
Deferred Revenue	1,292,689	190,252	816,309	699,047	982,900
<b>Total Liabilities</b>	<b>1,637,717</b>	<b>247,044</b>	<b>902,955</b>	<b>999,047</b>	<b>1,114,441</b>
<b>Fund Balances</b>					
Nonspendable	32,783	256,686	0	0	3,994
Restricted	5,416	337,344	422,239	0	1,580,902
Committed	253,670	0	0	0	767,541
Assigned	91,109	0	0	0	91,777
Unassigned (Deficit)	2,347,598	0	0	(43,893)	0
<b>Total Fund Balances (Deficit)</b>	<b>2,730,576</b>	<b>594,030</b>	<b>422,239</b>	<b>(43,893)</b>	<b>2,444,214</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,368,293</b>	<b>\$841,074</b>	<b>\$1,325,194</b>	<b>\$955,154</b>	<b>\$3,558,655</b>

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, 2011*

Total Governmental Funds	<b>Total Governmental Fund Balances</b>	\$6,147,166
	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$5,601,823	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,356,528
25,720	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
257,428	Delinquent Property Taxes	271,924
273,376	Income Tax	656,612
616	Special Assessments	699,047
815,133	Grants	606,205
300,000	Charges for Services	161,676
30,715	Total	2,395,464
1,181,535	In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(30,291)
1,857,657	In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	118,331
699,047	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:	
5,320	General Obligation Bonds	(6,000,794)
\$11,048,370	Special Assessment Bonds	(627,097)
\$32,484	Various Purpose Notes	(1,315,000)
169,861	Compensated Absences	(750,659)
274,082	Total	(8,693,550)
12,641	<i>Net Assets of Governmental Activities</i>	\$23,293,648
130,000		
300,000		
939		
3,981,197		
4,901,204		
293,463		
2,345,901		
1,021,211		
182,886		
2,303,705		
6,147,166		
\$11,048,370		

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Street Construction, Maintenance and Repair	Fire/EMS Levy	Special Assessment Bond Retirement	Other Governmental Funds
<b>Revenues</b>					
Property Taxes	\$330,861	\$0	\$705,494	\$0	\$647,110
Municipal Income Tax	4,148,225	0	0	0	497,726
Charges for Services	143,717	18,767	640	0	502,096
Special Assessments	0	0	0	160,343	0
Licenses, Permits and Fees	33,694	0	0	0	0
Fines and Forfeitures	135,826	0	0	0	34,836
Intergovernmental	1,110,354	628,362	105,830	0	412,311
Interest	6,238	142	0	0	32
Other	165,980	11,474	0	0	2,462
<i>Total Revenues</i>	<u>6,074,895</u>	<u>658,745</u>	<u>811,964</u>	<u>160,343</u>	<u>2,096,573</u>
<b>Expenditures</b>					
Current:					
General Government	1,932,879	0	0	6,327	99,852
Security of Persons and Property	1,986,838	0	774,120	0	1,002,309
Transportation	300,678	1,032,875	0	0	48,897
Community Environment	136,317	0	0	0	0
Public Health Services	746	0	0	0	69,161
Leisure Time Activities	140,871	0	0	0	0
Capital Outlay	0	0	0	0	365,560
Debt Service:					
Principal Retirement	570,000	0	900,000	160,000	682,000
Interest and Fiscal Charges	11,156	0	17,189	111,598	156,385
<i>Total Expenditures</i>	<u>5,079,485</u>	<u>1,032,875</u>	<u>1,691,309</u>	<u>277,925</u>	<u>2,424,164</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>995,410</u>	<u>(374,130)</u>	<u>(879,345)</u>	<u>(117,582)</u>	<u>(327,591)</u>
<b>Other Financing Sources (Uses)</b>					
General Obligation Notes Issued	510,000	0	400,000	0	405,000
Transfers In	92,836	427,822	11,215	257,797	221,318
Transfers Out	(351,339)	0	(176,485)	0	(332,354)
<i>Total Other Financing Sources (Uses)</i>	<u>251,497</u>	<u>427,822</u>	<u>234,730</u>	<u>257,797</u>	<u>293,964</u>
<i>Net Change in Fund Balances</i>	1,246,907	53,692	(644,615)	140,215	(33,627)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>1,483,669</u>	<u>540,338</u>	<u>1,066,854</u>	<u>(184,108)</u>	<u>2,477,841</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$2,730,576</u></u>	<u><u>\$594,030</u></u>	<u><u>\$422,239</u></u>	<u><u>(\$43,893)</u></u>	<u><u>\$2,444,214</u></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, 2011*

Total Governmental Funds	<b>Net Change in Fund Balances -Total Governmental Funds</b>	\$762,572
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$1,683,465	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 capital outlays exceeded depreciation in the current period.	
4,645,951	Capital Asset Additions:	
665,220	Capital Outlays	1,007,465
160,343	Capital Contributions	238,265
33,694	Current Year Depreciation	<u>(692,185)</u>
170,662	Total	553,545
2,256,857	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(114,000)
6,412	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
179,916	Property Taxes	29,692
<u>9,802,520</u>	Income Taxes	67,998
	Charges for Services	104,371
2,039,058	Special Assessments	(18,780)
3,763,267	Grants	<u>(454,084)</u>
1,382,450	Total	(270,803)
136,317	Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,312,000
69,907	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.	
140,871	Accrued Interest on Bonds	3,098
365,560	Amortization of Issuance Cost	(5,900)
2,312,000	Amortization of Premium on Bonds	6,258
296,328	Amortization of Premium on Notes	<u>12,422</u>
<u>10,505,758</u>	Total	15,878
(703,238)	Compensated absences 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.	(73,123)
1,315,000	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.	(150,810)
1,010,988	Other financing sources in the governmental funds, such as general obligation notes issued, increase long-term liabilities in the statement of net assets.	<u>(1,315,000)</u>
(860,178)	<i>Change in Net Assets of Governmental Activities</i>	<u>\$1,720,259</u>
<u>1,465,810</u>		
762,572		
<u>5,384,594</u>		
<u>\$6,147,166</u>		

**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, 2011*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$255,281	\$254,640	\$330,861	\$76,221
Municipal Income Tax	3,027,176	3,018,306	4,072,929	1,054,623
Charges for Services	110,785	110,506	143,584	33,078
Licenses, Permits and Fees	27,870	27,800	36,121	8,321
Fines and Forfeitures	101,090	100,836	131,019	30,183
Intergovernmental	791,203	789,217	1,025,451	236,234
Interest	4,715	4,703	6,111	1,408
Other	128,678	128,418	159,319	30,901
<i>Total Revenues</i>	<u>4,446,798</u>	<u>4,434,426</u>	<u>5,905,395</u>	<u>1,470,969</u>
<b>Expenditures</b>				
Current:				
General Government	2,267,346	2,290,758	2,006,228	284,530
Security of Persons and Property	2,062,983	2,125,756	2,026,621	99,135
Community Environment	185,770	163,996	143,583	20,413
Leisure Time Activities	146,870	146,191	112,853	33,338
Debt Service:				
Principal Retirement	570,000	570,000	570,000	0
Interest and Fiscal Charges	10,939	10,939	10,939	0
<i>Total Expenditures</i>	<u>5,243,908</u>	<u>5,307,640</u>	<u>4,870,224</u>	<u>437,416</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(797,110)</u>	<u>(873,214)</u>	<u>1,035,171</u>	<u>1,908,385</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	540,000	540,000	540,000	0
Advances In	200,000	200,000	200,000	0
Advances Out	(300,000)	(300,000)	(300,000)	0
Transfers In	92,836	92,836	92,836	0
Transfers Out	(614,461)	(618,261)	(618,239)	22
<i>Total Other Financing Sources (Uses)</i>	<u>(81,625)</u>	<u>(85,425)</u>	<u>(85,403)</u>	<u>22</u>
<i>Net Change in Fund Balance</i>	(878,735)	(958,639)	949,768	1,908,407
<i>Fund Balance Beginning of Year</i>	552,263	552,263	552,263	0
Prior Year Encumbrances Appropriated	153,269	153,269	153,269	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$173,203)</u>	<u>(\$253,107)</u>	<u>\$1,655,300</u>	<u>\$1,908,407</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$18,527	\$18,527	\$14,921	(\$3,606)
Intergovernmental	791,295	791,295	637,289	(154,006)
Interest	176	176	142	(34)
Other	14,247	14,247	11,474	(2,773)
<i>Total Revenues</i>	824,245	824,245	663,826	(160,419)
<b>Expenditures</b>				
Current:				
Transportation	1,137,183	1,137,183	1,084,178	53,005
<i>Excess of Revenues Under Expenditures</i>	(312,938)	(312,938)	(420,352)	(107,414)
<b>Other Financing Sources</b>				
Transfers In	427,822	427,822	427,822	0
<i>Net Change in Fund Balance</i>	114,884	114,884	7,470	(107,414)
<i>Fund Balance Beginning of Year</i>	232,825	232,825	232,825	0
Prior Year Encumbrances Appropriated	33,537	33,537	33,537	0
<i>Fund Balance End of Year</i>	<u>\$381,246</u>	<u>\$381,246</u>	<u>\$273,832</u>	<u>(\$107,414)</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/EMS Levy Fund*  
*For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$722,200	\$722,200	\$705,494	(\$16,706)
Charges for Services	655	655	640	(15)
Intergovernmental	108,336	108,336	105,830	(2,506)
<i>Total Revenues</i>	<u>831,191</u>	<u>831,191</u>	<u>811,964</u>	<u>(19,227)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	967,588	1,014,587	972,150	42,437
Debt Service:				
Principal Retirement	900,000	900,000	900,000	0
Interest and Fiscal Charges	16,828	16,828	16,828	0
<i>Total Expenditures</i>	<u>1,884,416</u>	<u>1,931,415</u>	<u>1,888,978</u>	<u>42,437</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,053,225)</u>	<u>(1,100,224)</u>	<u>(1,077,014)</u>	<u>23,210</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	450,000	450,000	450,000	0
Transfers In	11,215	11,215	11,215	0
Transfers Out	(176,485)	(176,485)	(176,485)	0
<i>Total Other Financing Sources (Uses)</i>	<u>284,730</u>	<u>284,730</u>	<u>284,730</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(768,495)	(815,494)	(792,284)	23,210
<i>Fund Balance Beginning of Year</i>	921,772	921,772	921,772	0
Prior Year Encumbrances Appropriated	310,646	310,646	310,646	0
<i>Fund Balance End of Year</i>	<u><u>\$463,923</u></u>	<u><u>\$416,924</u></u>	<u><u>\$440,134</u></u>	<u><u>\$23,210</u></u>

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, 2011*

	Insurance
<b>Operating Revenues</b>	\$0
<b>Operating Expenses</b>	0
<i>Operating Income</i>	0
Transfers Out	(150,810)
<i>Change in Net Assets</i>	(150,810)
<i>Net Assets Beginning of Year</i>	150,810
<i>Net Assets End of Year</i>	\$0

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, 2011

	Insurance
<b><i>Decrease in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Payments for Claims	(\$25,182)
<i>Net Cash Used in Operating Activities</i>	(25,182)
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfer Out	(150,810)
<i>Net Decrease in Cash and Cash Equivalents</i>	(175,992)
<i>Cash and Cash Equivalents Beginning of Year</i>	175,992
<i>Cash and Cash Equivalents End of Year</i>	\$0
 <b><i>Reconciliation of Operating Income to</i></b>	
<b><i>Net Cash Used in Operating Activities</i></b>	
<i>Operating Income</i>	\$0
<b>Adjustments</b>	
Decrease in Claims Payable	(25,182)
<i>Net Cash Used in Operating Activities</i>	(\$25,182)

See accompanying notes to the basic financial statements



**City of Norton, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2011*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$206,642</u></u>
<b>Liabilities</b>	
Undistributed Assets	<u><u>\$206,642</u></u>

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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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 1969. 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.

***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, 2011*

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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.

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

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

***Fire/EMS Levy Special Revenue Fund*** The fire/EMS levy fund accounts for and reports restricted property taxes for operations and capital purchases of the fire/EMS department. Thirty percent of revenues generated by the levy have been allocated for capital purchases.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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

The other governmental funds of the City account for grants and other resources whose use is restricted, committed or assigned 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. This fund was closed in 2011, as the City is no longer self-insured.

***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.

***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 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, 2011*

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***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. Governmental 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 8). 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, 2011, but which were levied to finance year 2012 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, 2011*

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***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 a personal service and other expenditures within each fund level of control. Budgetary modifications may only be made by ordinance of the City Council at the legal level of control. Authority to further allocate Council appropriations within departments has been given to the Director of Finance.

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

***Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled. Monies for all 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 2011, 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, and certain special revenue funds. Interest revenue credited to the general fund during 2011, amounted to \$6,238, which includes \$3,887 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.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2011, 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, 2011*

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***Inventory***

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

***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

***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 \$5,000. 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>
Land Improvements	15 - 30 years
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, sanitary sewer lines and roads and includes infrastructure acquired after 2003. The City plans to phase in the prior year amounts in future years.

***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*  
*For the Year Ended December 31, 2011*

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***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.

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

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.



**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

***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.

***Bond Issuance Costs***

Bond issuance costs for underwriting fees and bond insurance for the general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method.

As permitted by State statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs, which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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***Bond Premiums***

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are reported in the year the bonds are issued.

***Internal Activity***

Transfers between governmental activities are eliminated on the government wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

***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. Net assets restricted for other purposes include resources restricted for unclaimed monies, recycling, court computers, and highway planning.

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

***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.

***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.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 3 – Changes in Accounting Principles and Restatement of Net Assets**

*Change in Accounting Principles*

For fiscal year 2011, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 59, “Financial Instruments Omnibus”. GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the City’s financial statements.

*Restatement of Net Assets*

At December 31, 2010, net assets were overstated due to overstated intergovernmental receivables. This overstatement of \$211,596 decreases net assets of governmental activities at December 31, 2010 from \$21,784,985 to \$21,573,389.

**Note 4 – Accountability and Compliance**

*Accountability*

The deficit in the special assessment bond retirement fund of \$43,893 was caused by the recognition of expenditures on the modified accrual basis of accounting. The general fund is liable for the deficit in this fund and provides transfers when cash is required, not when accruals occur.

*Compliance*

Contrary to Ohio Revised Code Section 5705.39, the following funds had original appropriations in excess of certified available resources:

Fund	Original Estimated Resources Plus Beginning Cash	Original Appropriations Plus Encumbrances	Excess
<b>Major Funds:</b>			
General	\$5,985,166	\$6,158,369	(\$173,203)
Special Assessment Bond Retirement	398,970	477,721	(78,751)
<b>Special Revenue Funds:</b>			
State Highway Improvement	55,285	91,000	(35,715)
Water System	421,914	601,453	(179,539)
<b>Debt Service Fund:</b>			
General Obligation Bond Retirement	719,397	896,657	(177,260)
<b>Capital Projects Funds:</b>			
Streets, Highways and Bridges	293,232	578,194	(284,962)
Water and Sewer Improvements	300,325	453,490	(153,165)

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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Contrary to Ohio Revised Code Section 5705.39, the following funds had final appropriations in excess of certified available resources:

Fund	Final Estimated Resources Plus Beginning Cash	Final Appropriations Plus Encumbrances	Excess
<b>Major Funds:</b>			
General	\$5,972,794	\$6,225,901	(\$253,107)
Special Assessment Bond Retirement	398,970	477,721	(78,751)
<b>Special Revenue Funds:</b>			
State Highway Improvement	13,285	49,000	(35,715)
DWI Enforcement and Education	18,862	19,696	(834)
Water System	421,914	555,603	(133,689)
Special Permissive License Plate Tax	326,559	419,019	(92,460)
<b>Debt Service Fund:</b>			
General Obligation Bond Retirement	138,458	315,718	(177,260)
<b>Capital Projects Fund:</b>			
Streets, Highways and Bridges	293,232	526,194	(232,962)

Although the budgetary violations were not corrected by year end, management has indicated that appropriations will be closely monitored to prevent future violations.

**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:

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 restricted, committed or assigned fund balance (GAAP).
4. Advances-In and Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

**City of Norton, Ohio**  
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5. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.
6. Budgetary revenues and expenditures of the special permissive, community center, Greenwich Road, recycling, scrap tire and Brentwood water funds are reclassified to the general fund for GAAP reporting.

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/EMS Levy
	<u>                    </u>	<u>                    </u>	<u>                    </u>
GAAP Basis	\$1,246,907	\$53,692	(\$644,615)
Net Adjustment for Revenue Accruals	(309,280)	5,081	50,000
Advances In	200,000	0	0
Beginning Unrecorded Cash	1,918	0	0
Ending Unrecorded Cash	(1,918)	0	0
Net Adjustment for			
Expenditure Accruals	385,763	(28,246)	(128,918)
Advances Out	(300,000)	0	0
Excess of Revenues and Other Financing Sources and Over (Under) Expenditures and Other Financing Uses:			
Special Permissive	(149,135)	0	0
Community Center	(20,578)	0	0
Greenwich Road	(2,641)	0	0
Scrap Tire	68	0	0
Brentwood Water	1,378	0	0
Encumbrances	<u>(102,714)</u>	<u>(23,057)</u>	<u>(68,751)</u>
Budget Basis	<u><u>\$949,768</u></u>	<u><u>\$7,470</u></u>	<u><u>(\$792,284)</u></u>

**Note 6 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**City of Norton, Ohio**  
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Fund Balances	General	Street Construction, Maintenance and Repair	Fire/EMS Levy	Special Assessment Bond Retirement	Other Governmental Funds	Total
<b><u>Nonspendable:</u></b>						
Inventory	\$2,576	\$254,852	\$0	\$0	\$0	\$257,428
Prepays	24,887	1,834	0	0	3,994	30,715
Unclaimed Monies	5,320	0	0	0	0	5,320
<i>Total Nonspendable</i>	<u>32,783</u>	<u>256,686</u>	<u>0</u>	<u>0</u>	<u>3,994</u>	<u>293,463</u>
<b><u>Restricted for:</u></b>						
Police Department	0	0	0	0	101,060	101,060
Fire and EMS Department	0	0	422,239	0	339,348	761,587
Debt Service Retirement	0	0	0	0	36,221	36,221
Street Maintenance	0	337,344	0	0	15,859	353,203
Mayor's Court	0	0	0	0	47,293	47,293
Recycling	5,416	0	0	0	0	5,416
Public Utilities	0	0	0	0	724,492	724,492
Capital Improvements	0	0	0	0	316,629	316,629
<i>Total Restricted</i>	<u>5,416</u>	<u>337,344</u>	<u>422,239</u>	<u>0</u>	<u>1,580,902</u>	<u>2,345,901</u>
<b><u>Committed to:</u></b>						
Cemetery	0	0	0	0	10,524	10,524
Public Utility Improvement	0	0	0	0	757,017	757,017
Other Purposes	253,670	0	0	0	0	253,670
<i>Total Committed</i>	<u>253,670</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>767,541</u>	<u>1,021,211</u>
<b><u>Assigned to:</u></b>						
Capital Improvements	0	0	0	0	91,777	91,777
Other Purposes	91,109	0	0	0	0	91,109
<i>Total Assigned</i>	<u>91,109</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>91,777</u>	<u>182,886</u>
Unassigned (Deficit)	<u>2,347,598</u>	<u>0</u>	<u>0</u>	<u>(43,893)</u>	<u>0</u>	<u>2,303,705</u>
<b>Total Fund Balances</b>	<b><u><u>\$2,730,576</u></u></b>	<b><u><u>\$594,030</u></u></b>	<b><u><u>\$422,239</u></u></b>	<b><u><u>(\$43,893)</u></u></b>	<b><u><u>\$2,444,214</u></u></b>	<b><u><u>\$6,147,166</u></u></b>

**Note 7 – Deposits and Investments**

The City is a charter City and has adopted an investment policy through City Ordinance. The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories.

Active monies are public monies 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.

**City of Norton, Ohio**  
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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 bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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;
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);
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.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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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 bank balance was \$3,457,026. Of the bank balance, \$1,644,691 was covered by Federal Depository Insurance (FDIC) and \$1,812,335 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the collateral 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 fair value at all times shall be at least one hundred five percent of the deposits being secured.

### **Investments**

As of December 31, 2011, the City had an investment in a repurchase agreement with a fair value of \$3,085,000. The underlying securities of the repurchase agreement are Federal National Mortgage Association Bonds and have a maturity of less than thirty days.

**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 fair 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 National Mortgage Association Bonds which carry a rating of Aaa by Moody's. The City has no investment policy that addresses credit risk.

**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 National Mortgage Association Bonds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty. 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 Director of Finance or the Director of Finance's agent.



**City of Norton, Ohio**  
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***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 City's only investment is a repurchase agreement.

**Note 8 – Receivables**

Receivables at December 31, 2011, consisted primarily of municipal income taxes, property taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, interest and accounts receivable.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except for special assessments and delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in one year amount to \$46,549, with the remaining \$652,498 expected to be collected in more than one year. At December 31, 2011, the amount of delinquent special assessments was \$71,950.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes were levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011, was \$9.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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	Assessed Values
Real Estate	
Residential/Agricultural	\$220,399,790
Other Real Estate	43,550,250
Tangible Personal Property	
Public Utility	5,777,560
Total	\$269,727,600

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2011, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified accrual basis the revenue has been deferred.

***Intergovernmental Receivables***

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

	Amounts
Local Government	\$279,913
Gasoline Tax	153,212
Homestead and Rollback	131,109
Cents Per Gallon	77,111
Motor Vehicle License Registration	60,536
Inheritance Tax	51,164
Permissive Motor Vehicle License Tax	47,834
OPWC Grants	8,388
Other Grants	4,238
Miscellaneous	1,416
Public Utility Reimbursement	212
Total	\$815,133

***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 for taxes paid to other municipalities up to 1.5 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. Income tax proceeds, after income tax department expenditures, are credited to the general fund, general obligation bond retirement debt service fund, and the water and sewer improvement capital projects fund.

**City of Norton, Ohio**  
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For the Year Ended December 31, 2011

**Note 9 – Capital Assets**

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance 12/31/10	Additions	Reductions	Balance 12/31/11
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,176,978	\$330,930	(\$110,000)	\$1,397,908
Construction in Progress	5,318,157	689,679	(5,373,603)	634,233
<i>Total Capital Assets, not being depreciated</i>	<u>6,495,135</u>	<u>1,020,609</u>	<u>(5,483,603)</u>	<u>2,032,141</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,170,703	32,414	0	1,203,117
Buildings and Improvements	1,827,204	3,057,323	0	4,884,527
Equipment, Furniture and Fixtures	1,642,643	40,508	0	1,683,151
Vehicles	2,887,386	60,956	(20,000)	2,928,342
Infrastructure:				
Water Lines	5,944,106	353,233	0	6,297,339
Sanitary Sewer Lines	4,447,707	608,194	0	5,055,901
Roads	3,057,077	1,446,096	0	4,503,173
<i>Total Capital Assets, being depreciated</i>	<u>20,976,826</u>	<u>5,598,724</u>	<u>(20,000)</u>	<u>26,555,550</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(153,336)	(47,840)	0	(201,176)
Buildings and Improvements	(479,385)	(65,169)	0	(544,554)
Equipment, Furniture and Fixtures	(967,364)	(97,404)	0	(1,064,768)
Vehicles	(1,554,869)	(167,474)	16,000	(1,706,343)
Infrastructure:				
Water Lines	(512,454)	(62,973)	0	(575,427)
Sanitary Sewer Lines	(421,482)	(50,559)	0	(472,041)
Roads	(466,088)	(200,766)	0	(666,854)
<i>Total Accumulated Depreciation</i>	<u>(4,554,978)</u>	<u>(692,185) *</u>	<u>16,000</u>	<u>(5,231,163)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>16,421,848</u>	<u>4,906,539</u>	<u>(4,000)</u>	<u>21,324,387</u>
Governmental Activities Capital Assets, Net	<u>\$22,916,983</u>	<u>\$5,927,148</u>	<u>(\$5,487,603)</u>	<u>\$23,356,528</u>

\* Depreciation expense was charged to governmental functions as follows:

General Government	\$26,942
Security of Persons and Property	184,618
Transportation	305,858
Community Environment	17
Public Health Services	113,532
Leisure Time Activities	61,218
Total Depreciation Expense	<u>\$692,185</u>

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

**Note 10 - Contingencies**

***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, 2011.

***Litigation***

The City is currently the defendant in a legal action to require arbitration on a personnel matter.

**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%	\$570,000	December 1, 2018
Police Radio System	2003	2	415,000	December 1, 2018
Road Program	2003	2	520,000	December 1, 2018
Ballfields	2003	2	260,000	December 1, 2023
Gardner Engineering	2003	2	215,000	December 1, 2023
Barber Road Sanitary Sewer	2003	2	1,496,940	December 1, 2023
Various Purpose - Series A	2010	2 - 5	2,600,000	December 1, 2035
<i>Special Assessment Bonds:</i>				
1996 Special Assessments	1996	6.6	122,000	December 1, 2016
Barber Road Special Assessments	2003	2	888,060	December 1, 2023
Various Purpose - Series B	2010	2 - 5	1,290,000	December 1, 2030
<i>Long Term Notes:</i>				
Various Purpose Notes	2010	1.88 - 2.3	1,967,000	August 25, 2011
Various Purpose Notes	2011	2	1,315,000	August 23, 2012

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2011

A schedule of changes in bonds and other long-term obligations of the City during 2011 follows:

	Amounts Outstanding 12/31/10	Additions	Reductions	Amounts Outstanding 12/31/11	Amounts Due in One Year
<i>General Obligation Bonds:</i>					
Street Improvement	\$330,000	\$0	(\$35,000)	\$295,000	\$40,000
Police Radio System	240,000	0	(25,000)	215,000	30,000
Road Program	300,000	0	(35,000)	265,000	35,000
Ballfields	190,000	0	(10,000)	180,000	10,000
Gardner Engineering	145,000	0	(10,000)	135,000	10,000
Barber Road Sanitary Sewer	1,078,216	0	(65,313)	1,012,903	68,451
<i>Various Purpose Bonds:</i>					
Various Purpose - Series A					
Serial Bonds	755,000	0	(70,000)	685,000	70,000
Term Bonds	1,845,000	0	0	1,845,000	0
Premium	89,227	0	(4,461)	84,766	0
<i>Total General Obligation Bonds</i>	<u>4,972,443</u>	<u>0</u>	<u>(254,774)</u>	<u>4,717,669</u>	<u>263,451</u>
<i>Special Assessment Bonds:</i>					
<i>with Governmental Commitment:</i>					
1996 Special Assessment	50,000	0	(5,000)	45,000	5,000
Barber Road Special Assessment	621,784	0	(39,687)	582,097	41,549
Various Purpose - Series B					
Serial Bonds	530,000	0	(50,000)	480,000	50,000
Term Bonds	760,000	0	0	760,000	0
Premium	44,922	0	(1,797)	43,125	0
<i>Total Special Assessment Bonds</i>	<u>2,006,706</u>	<u>0</u>	<u>(96,484)</u>	<u>1,910,222</u>	<u>96,549</u>
<i>Other Long-Term Liabilities:</i>					
Various Purpose Notes					
Water System and Fire/EMS Levy	0	1,315,000	0	1,315,000	0
Fire/EMS Levy	1,255,000	0	(1,255,000)	0	0
Water System	712,000	0	(712,000)	0	0
Premium	12,422	0	(12,422)	0	0
Compensated Absences	677,536	158,921	(85,798)	750,659	229,681
<i>Total Other Long-Term Liabilities</i>	<u>2,656,958</u>	<u>1,473,921</u>	<u>(2,065,220)</u>	<u>2,065,659</u>	<u>229,681</u>
<i>Total Governmental Long-Term Liabilities</i>	<u>\$9,636,107</u>	<u>\$1,473,921</u>	<u>(\$2,416,478)</u>	<u>\$8,693,550</u>	<u>\$589,681</u>

**City of Norton, Ohio**  
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***General obligation Bonds***

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds will be paid from taxes and transfers received in the debt service funds.

***Various Purpose General Obligation Bond***

On September 1, 2010, the City issued \$2,600,000 of general obligation various purpose bonds, series 2010A. The bonds were issued for a period of ten years at an interest rate varying from 2 to 5 percent. The bond issue was comprised of \$755,000 in serial bonds and \$1,845,000 in term bonds. These bonds were issued to pay costs of constructing, furnishing, equipping, and other improvements to a fire station. The bond will be paid over 25 years. The bonds are being retired from the fire/EMS special revenue fund.

The 2010A various purpose general obligation term bonds maturing on December 1, 2030, are subject to optional redemption on and after December 1, 2020, by and at the option of the City, in whole or in part, as selected by the City, on any date, in integral multiples of \$5,000, at 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The 2010A various purpose general obligation term bonds maturing on December 1, 2030 and 2035 are subject to mandatory redemption and are to be redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date on December 1 in each of the years and in the principal amounts set forth below:

Year	Issue	
	\$1,080,000	\$765,000
2021	\$85,000	\$0
2022	90,000	0
2023	95,000	0
2024	100,000	0
2025	105,000	0
2026	110,000	0
2027	115,000	0
2028	120,000	0
2029	125,000	0
2031	0	140,000
2032	0	145,000
2033	0	155,000
2034	0	160,000
Total	\$945,000	\$600,000
<i>Stated Maturity</i>	<i>12/1/2030</i>	<i>12/1/2035</i>

The remaining principal amount of the term bonds (\$135,000 and \$165,000) will mature at the stated maturity.

**City of Norton, Ohio**  
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***Special Assessment Bonds***

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.

***Various Purpose Special Assessment Bond***

On September 16, 2010, the City issued \$1,290,000 of special assessment various purpose bonds, series 2010B. The bonds were issued for a period of ten years at an interest rate varying from 2 to 5 percent. The bond issue was comprised of \$530,000 in serial bonds and \$760,000 in term bonds. These bonds were issued to pay the property owners' portion, in anticipation of the collection of special assessments and the cost of constructing, grading, curbing and paving Meadows Lane in the City and constructing sanitary sewers, water lines, hydrants, storm sewers, utilities, and the costs of constructing and installing water mains, water lines, hydrants, and other related improvements. The bond will be paid over 20 years. The bonds are being retired from the special assessment bond retirement fund.

The 2010B various purpose special assessment term bonds maturing on and after December 1, 2021, are subject to optional redemption on and after December 1, 2020, by and at the option of the City, in whole or in part, as selected by the City, on any date, in integral multiples of \$5,000, at 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The 2010B various purpose special assessment term bonds maturing on December 1, 2026 and 2030 are subject to mandatory redemption and are to be redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date on December 1 in each of the years and in the principal amounts set forth below:

Year	Issue	
	\$415,000	\$345,000
2021	\$60,000	\$0
2022	65,000	0
2023	65,000	0
2024	70,000	0
2025	75,000	0
2027	0	80,000
2028	0	85,000
2029	0	90,000
Total	\$335,000	\$255,000
<i>Stated Maturity</i>	<i>12/1/2026</i>	<i>12/1/2030</i>

The remaining principal amount of the term bonds (\$80,000 and \$90,000) will mature at the stated maturity.

**City of Norton, Ohio**  
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***Various Purpose General Obligation Notes***

On August 26, 2010, the City issued \$1,255,000 in bond anticipation notes, \$190,000 in the general fund, \$900,000 in the fire/EMS levy special revenue fund, and \$165,000 in the Gardner Phase III capital projects fund at an interest rate of 1.875 percent. The note was issued in anticipation of the issuance of bonds for the following purposes: to pay the costs of constructing, furnishing, equipping and otherwise improving a fire station; constructing improvements to Greenwich Road; acquiring real property for municipal purposes and in anticipation of the issuance of bonds and the levy and collection of special assessments; and to pay costs of improving Parkway Drive from Gardner Boulevard to North Avenue, Hartzell Drive from Gardner Boulevard to Norton Avenue, Long Drive from Gardner Boulevard to Norton Avenue, and Wilbur Avenue from Gardner Boulevard to Tallwood Drive by constructing and installing a new 8 inch waterline, which will replace 5,100 feet of 2 inch waterline. The note was retired on August 25, 2011.

On October 14, 2010, the City issued \$712,000 in bond anticipation notes, \$380,000 in the general fund and \$332,000 in the water system special revenue fund at an interest rate of 2.55 percent. The note was issued to pay the cost of constructing and installing water lines for the Greenwich Road water extension, Gardner Phase I project, and to pay costs of acquiring real property for municipal purposes. The note matured on August 25, 2011.

On August 24, 2011, the City issued \$1,315,000 in bond anticipation notes, \$510,000 in the general fund, \$400,000 and \$235,000 in the fire/EMS levy and water system special revenue funds respectively, and \$170,000 in the Gardner Phase III capital projects fund, at an interest rate of 2 percent. The notes were issued in anticipation of the issuance of bonds for the following purposes: to pay the costs of constructing, furnishing, equipping and otherwise improving a fire station; constructing and installing water lines on the Greenwich Road Water Extension Phase I project; acquiring real property for municipal purposes and in anticipation of the issuance of bonds and the levy and collection of special assessments; and to pay costs of improving Parkway Drive from Gardner Boulevard to Norton Avenue, Hartzell Drive from Gardner Boulevard to Norton Avenue, Long Drive from Gardner Boulevard to Norton Avenue, and Wilbur Avenue from Gardner Boulevard to Tallwood Drive by constructing and installing a new 8-inch waterline, which will replace 5,100 feet of 2-inch waterline. The note will mature on August 23, 2012.

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.

The City's overall debt margin was \$22,279,716 and the unvoted legal debt margin was \$8,793,336 at December 31, 2011.



**City of Norton, Ohio**  
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For the Year Ended December 31, 2011

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2011, are as follows:

	Governmental Activities					
	General Obligation Bonds					
	Serial Bonds		Term Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$263,451	\$178,439	\$0	\$0	\$263,451	\$178,439
2013	272,180	171,145	0	0	272,180	171,145
2014	276,589	162,863	0	0	276,589	162,863
2015	284,727	155,752	0	0	284,727	155,752
2016	292,866	147,638	0	0	292,866	147,638
2017-2021	1,118,263	512,412	85,000	88,425	1,203,263	600,837
2022-2026	279,827	15,952	500,000	373,375	779,827	389,327
2027-2031	0	0	635,000	235,625	635,000	235,625
2032-2035	0	0	625,000	71,775	625,000	71,775
Totals	<u>\$2,787,903</u>	<u>\$1,344,201</u>	<u>\$1,845,000</u>	<u>\$769,200</u>	<u>\$4,632,903</u>	<u>\$2,113,401</u>

	Governmental Activities					
	Special Assessment Bonds					
	Serial Bonds		Term Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$96,549	\$71,084	\$0	\$0	\$96,549	\$71,084
2013	102,820	68,482	0	0	102,820	68,482
2014	103,411	66,232	0	0	103,411	66,232
2015	105,273	62,710	0	0	105,273	62,710
2016	112,134	59,062	0	0	112,134	59,062
2017-2021	486,737	209,730	60,000	34,982	546,737	244,712
2022-2026	100,173	7,048	355,000	126,410	455,173	133,458
2027-2031	0	0	345,000	36,293	345,000	36,293
Totals	<u>\$1,107,097</u>	<u>\$544,348</u>	<u>\$760,000</u>	<u>\$197,685</u>	<u>\$1,867,097</u>	<u>\$742,033</u>

**Note 12 – Notes Payable**

A summary of the note transactions for the year ended December 31, 2011, follows:

	Outstanding 12/31/2010	Issued	Retired	Outstanding 12/31/2011
<i>2.00 % Various Purpose Note, Series 2011:</i>				
General Fund	\$0	\$30,000	\$0	\$30,000
Fire/EMS Levy Fund	0	50,000	0	50,000
Water System Fund	0	50,000	0	50,000
Total	<u>\$0</u>	<u>\$130,000</u>	<u>\$0</u>	<u>\$130,000</u>

**City of Norton, Ohio**  
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On August 24, 2011, the City issued \$130,000 in bond anticipation notes in the general fund and the fire/EMS levy and water system special revenue funds for various capital improvements at an interest rate of 2 percent. The note will mature on August 23, 2012.

**Note 13 – Other Employee Benefits**

*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, up to 2 years, is paid upon termination of employment.

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 is paid accumulated, unused sick leave up to a maximum of 120 days.

*Employee Health Insurance*

The City provides health insurance through Medical Mutual as a part of the Ohio Plan Healthcare Consortium, Incorporated.

**Note 14 – 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. Each year the City contracts with insurance companies for various types of insurance. The coverage and deductibles are as follows:

Company	Type of Coverage	Deductible	Coverage
Flickinger Insurance Services	Bond - Mayor	\$0	\$50,000
Ohio Casualty Insurance Company	Bond - Finance Director	0	100,000
	Bond - Administrator	0	50,000
	Bond - Clerk of Mayor's Court	0	75,000
Wichert Insurance Agency	Public Officials Liability	10,000	1,000,000
	Law Enforcement Liability	10,000	1,000,000
	Commercial Property	1,000	7,354,131
	Personal Property	1,000	915,836
	Inland Marine	0 - 25,000	1,848,560
	General Liability	0	1,000,000
	Commercial Crime - Employee Theft Per Loss	500	100,000
	Commercial Crime - Forgery or Alteration	500	5,000
	Automobile Liability	0	1,000,000
	Automobile Uninsured Motorists	0	25,000
Automobile Underinsured Motorists	0	25,000	
Umbrella Liability	0	10,000,000	

**City of Norton, Ohio**  
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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.

As of January 1, 2010, the City was no longer self insured. The self insurance fund was being utilized for the transition period to account for any run off claims dated prior to January 1, 2010. At the end of 2011, the remaining balance was transferred to the general fund and the street construction, maintenance and repair, fire/EMS levy, and EMS special revenue funds.

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
2010	\$100,036	\$0	\$74,854	\$25,182
2011	25,182	0	25,182	0

**Note 15 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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 percent 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11 percent and 11.6 percent, respectively. While members in the state and local

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$154,940, \$168,035, and \$148,031, respectively. For 2011, 79.49 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$5,892 made by the City and \$4,192 made by plan members.

***Ohio Police and Fire Pension Fund***

Plan Description – 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$118,597 and \$14,029 for the year ended December 31, 2011, \$129,747 and \$25,814 for the year ended December 31, 2010, and \$131,700 and \$23,846 for the year ended December 31, 2009, respectively. For 2011, 65.83 percent for police and 28.10 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

***Social Security System***

As of December 31, 2011, the City's part-time firefighters have elected to be covered by Social Security rather than OPERS. The City's liability is 6.2 percent of wages paid.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 16 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan-a defined contribution plan; and the Combined Plan-a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

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The City's contributions allocated to fund post-employment health care benefits to the Traditional and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$61,976, \$95,796, and \$108,091, respectively. For 2011, 79.49 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

***Police and Firemen's Disability and Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

**City of Norton, Ohio**  
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The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$62,786 and \$5,490 for the year ended December 31, 2011, \$68,690 and \$10,101 for the year ended December 31, 2010, and \$69,724 and \$9,331 for the year ended December 31, 2009. For 2011, 65.83 percent has been contributed for police and 28.10 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

**Note 17 – 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 JEDZ 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 income tax withholdings (based on the 1.5 percent rate) 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 18 – Interfund Transfers and Balances**

*Transfers*

Interfund transfers for the year ended December 31, 2011, consisted of the following:

Transfer To	Transfer From				Total
	General	Fire/EMS Levy	Other Governmental Funds	Internal Service Fund	
General	\$0	\$0	\$0	\$92,836	\$92,836
Street Construction, Maintenance and Repair	351,339	0	40,939	35,544	427,822
Fire/EMS Levy	0	0	0	11,215	11,215
Special Assessment Bond Retirement	0	0	257,797	0	257,797
Other Governmental Funds	0	176,485	33,618	11,215	221,318
<b>Total</b>	<b>\$351,339</b>	<b>\$176,485</b>	<b>\$332,354</b>	<b>\$150,810</b>	<b>\$1,010,988</b>

Transfers from the general fund 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, to pay debt, and to segregate money for anticipated capital projects. A transfer of \$176,485 was also made out of the fire/EMS levy fund to the general obligation bond retirement fund in order to cover the interest payment on the bond related to the new fire station. The City closed out several funds in 2011 which resulted in transfers from several capital projects funds and the internal service fund to the general fund.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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***Balances***

At December 31, 2011, the general fund had an interfund receivable of \$300,000. This balance was made to support programs and projects in the special assessment bond retirement debt service fund pending the receipt of special assessments that will be used to repay the loans. This is expected to be paid within one year.

**Note 19 – Subsequent Events**

On August 19, 2012, the City issued new bonds, in the amount of \$2,895,000, for the purpose of advance refunding the callable portion of the 2003 bonds and to finance three special assessment projects. These bonds carry an interest rate of 2.74 percent and have a maturity date of December 1, 2032.

On August 22, 2012, the City issued new various purpose improvement notes, in the amount of \$1,315,000, in the anticipation of issuing bonds to pay for the construction and acquisition costs relating to the fire station and various water lines and road improvement projects. These notes carry an interest rate of 1.5 percent and have a maturity date of August 22, 2013.



# ***Combining and Individual Fund Statements and Schedules***

## ***Fund Descriptions – Nonmajor Governmental Funds***

### ***Nonmajor Special Revenue Funds***

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, assigned or committed to expenditures for specified purposes other than debt service or capital projects.

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

***Fire Fund*** To account for and report revenues received from real and personal property taxes. Expenditures are restricted for fire department operations and fire pension.

***Emergency Medical Services Fund*** To account for and report revenues received from real and personal property taxes and EMS billings. Expenditures are restricted for EMS operations and EMS pension.

***DARE Program Fund*** To account for and report revenues received from DARE activities. Expenditures are restricted for DARE activities.

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

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

***Law Enforcement Assistance Fund*** To account for and report revenues and expenditures restricted for the Law Enforcement Assistance program.

***DWI Enforcement and Education Fund*** To account for and report financial resources restricted 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.

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

***Police and Fire Disability and Pension Fund*** To account for and report restricted 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.

***Mayor's Court Fund*** To account for and report fines and forfeitures restricted 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 and report charges for services revenue restricted for water line maintenance fees.

(continued)

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

***Sanitary Sewer Fund*** To account for and report charges for services revenue restricted for sewer line maintenance fees.

***Special Permissive License Plate Tax Fund*** To account for and report assigned revenues received from license plates. Expenditures may only be used for street construction, maintenance and repair. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Community Center Fund*** To account for and report revenue assigned from rental fees which provides for the furnishings and upkeep of the Community Center building supplemented by the general fund. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Greenwich Road Fund*** To provide for and report the collection of rent and future payments for repairs and expenses assigned for the rental of the property supplemented by the general fund. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Recycling Fund*** To account for and report grant revenue restricted to the recycling of solid waste within the City. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Scrap Tire Fund*** To account for and report various assigned revenues to provide for a scrap tire management and recovery program. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Brentwood Water Fund*** To account for and report water line maintenance fees committed for water lines in the Brentwood area. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

#### ***Nonmajor Debt Service Fund***

The debt service fund is used to account for and report financial resources that are restricted to expenditures for principal and interest.

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

#### ***Nonmajor Capital Projects Funds***

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***The Meadows at Johnson Fund*** To account for and report bond proceeds and special assessments restricted for the construction of roads in the Meadows at Johnson area.

***Land and Land Improvements Fund*** To account for and report charges for services revenues and expenditures assigned for the acquisition of land and major land improvements.

***Buildings Fund*** To account for and report various revenues and expenditures assigned for constructing new operations and storage areas.

(continued)

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

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

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

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

***Waterlines Fund*** To account for and report various revenues and expenditures assigned for the construction and maintenance of waterlines.

***Sanitary Sewers Fund*** To account for and report charges for services revenues and expenditures assigned for the construction and acquisition of capital sanitary sewer projects.

***Connect Road Fund*** To account for and report grants and bond proceeds restricted for a connecting road.

***Gardner Phase I Fund*** To account for and report charges for services revenues and expenses assigned for water line construction.

***Gardner Phase II Fund*** To account for and report bond proceeds and expenses restricted for water line construction.

***Gardner Phase III Fund*** To account for and report grants and expenses restricted for water line construction.

***Wadsworth Berry McGowan Fund*** To account for and report bond proceeds and expenditures restricted for water line construction.

***Cleveland-Massillon Road Waterline Fund*** To account for and report debt proceeds and grant revenues restricted for expenditures for water line construction.

***Newpark Drive Reconstruction Fund*** To account for and report debt proceeds restricted for expenditures relating to the reconstruction of Newpark Drive.

***Water and Sewer Improvements Fund*** To account for and report committed income tax revenues generated from a reduction in the credit for income tax paid to other municipalities.

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2011*

	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	\$1,291,628	\$36,221	\$1,101,611	\$2,429,460
Accounts Receivable	203,705	0	20,330	224,035
Intergovernmental Receivable	74,212	0	8,388	82,600
Prepaid Items	3,994	0	0	3,994
Income Taxes Receivable	0	0	127,606	127,606
Property Taxes Receivable	690,960	0	0	690,960
<i>Total Assets</i>	<u>\$2,264,499</u>	<u>\$36,221</u>	<u>\$1,257,935</u>	<u>\$3,558,655</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$3,926	\$0	\$13,210	\$17,136
Accrued Wages	30,950	0	0	30,950
Intergovernmental Payable	33,094	0	0	33,094
Notes Payable	50,000	0	0	50,000
Accrued Interest Payable	361	0	0	361
Deferred Revenue	903,598	0	79,302	982,900
<i>Total Liabilities</i>	<u>1,021,929</u>	<u>0</u>	<u>92,512</u>	<u>1,114,441</u>
<b>Fund Balances</b>				
Nonspendable	3,994	0	0	3,994
Restricted	1,228,052	36,221	316,629	1,580,902
Committed	10,524	0	757,017	767,541
Assigned	0	0	91,777	91,777
<i>Total Fund Balances</i>	<u>1,242,570</u>	<u>36,221</u>	<u>1,165,423</u>	<u>2,444,214</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,264,499</u>	<u>\$36,221</u>	<u>\$1,257,935</u>	<u>\$3,558,655</u>

**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2011*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$647,110	\$0	\$0	\$647,110
Municipal Income Tax	0	80,000	417,726	497,726
Charges for Services	421,982	0	80,114	502,096
Fines and Forfeitures	34,836	0	0	34,836
Intergovernmental	175,253	0	237,058	412,311
Interest	32	0	0	32
Other	52	2,410	0	2,462
<i>Total Revenues</i>	<u>1,279,265</u>	<u>82,410</u>	<u>734,898</u>	<u>2,096,573</u>
<b>Expenditures</b>				
Current:				
General Government	99,761	91	0	99,852
Security of Persons and Property	1,002,309	0	0	1,002,309
Transportation	48,897	0	0	48,897
Public Health Services	69,161	0	0	69,161
Capital Outlay	0	0	365,560	365,560
Debt Service:				
Principal Retirement	332,000	150,000	200,000	682,000
Interest and Fiscal Charges	6,814	135,598	13,973	156,385
<i>Total Expenditures</i>	<u>1,558,942</u>	<u>285,689</u>	<u>579,533</u>	<u>2,424,164</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(279,677)</u>	<u>(203,279)</u>	<u>155,365</u>	<u>(327,591)</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	235,000	0	170,000	405,000
Transfers In	11,215	210,103	0	221,318
Transfers Out	0	0	(332,354)	(332,354)
<i>Total Other Financing Sources (Uses)</i>	<u>246,215</u>	<u>210,103</u>	<u>(162,354)</u>	<u>293,964</u>
<i>Net Change in Fund Balances</i>	(33,462)	6,824	(6,989)	(33,627)
<i>Fund Balances Beginning of Year</i>	<u>1,276,032</u>	<u>29,397</u>	<u>1,172,412</u>	<u>2,477,841</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,242,570</u></u>	<u><u>\$36,221</u></u>	<u><u>\$1,165,423</u></u>	<u><u>\$2,444,214</u></u>

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2011*

	State Highway Improvement	Fire	Emergency Medical Services	DARE Program
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$8,286	\$177,654	\$200,769	\$10,373
Accounts Receivable	0	0	176,310	0
Intergovernmental Receivable	23,001	23,122	16,937	3,949
Prepaid Items	0	2,254	1,740	0
Property Taxes Receivable	0	342,293	272,517	0
<i>Total Assets</i>	<u>\$31,287</u>	<u>\$545,323</u>	<u>\$668,273</u>	<u>\$14,322</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$1,322	\$2,604	\$0
Accrued Wages	0	14,537	16,413	0
Intergovernmental Payable	0	12,557	20,537	0
Notes Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Deferred Revenue	15,428	365,415	436,869	3,949
<i>Total Liabilities</i>	<u>15,428</u>	<u>393,831</u>	<u>476,423</u>	<u>3,949</u>
<b>Fund Balances</b>				
Nonspendable	0	2,254	1,740	0
Restricted	15,859	149,238	190,110	10,373
Committed	0	0	0	0
<i>Total Fund Balances</i>	<u>15,859</u>	<u>151,492</u>	<u>191,850</u>	<u>10,373</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$31,287</u>	<u>\$545,323</u>	<u>\$668,273</u>	<u>\$14,322</u>

<u>Drug Law Enforcement</u>	<u>Law Enforcement</u>	<u>Law Enforcement Assistance</u>	<u>DWI Enforcement and Education</u>	<u>Cemetery</u>	<u>Police and Fire Disability and Pension</u>	<u>Mayor's Court</u>
\$1,072	\$3,792	\$4,780	\$19,652	\$10,524	\$59,975	\$47,293
0	0	0	0	0	0	0
0	0	0	1,416	0	5,787	0
0	0	0	0	0	0	0
0	0	0	0	0	76,150	0
<u>\$1,072</u>	<u>\$3,792</u>	<u>\$4,780</u>	<u>\$21,068</u>	<u>\$10,524</u>	<u>\$141,912</u>	<u>\$47,293</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	81,937	0
0	0	0	0	0	81,937	0
0	0	0	0	0	0	0
1,072	3,792	4,780	21,068	0	59,975	47,293
0	0	0	0	10,524	0	0
<u>1,072</u>	<u>3,792</u>	<u>4,780</u>	<u>21,068</u>	<u>10,524</u>	<u>59,975</u>	<u>47,293</u>
<u>\$1,072</u>	<u>\$3,792</u>	<u>\$4,780</u>	<u>\$21,068</u>	<u>\$10,524</u>	<u>\$141,912</u>	<u>\$47,293</u>

(continued)

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2011*

	Water System	Sanitary Sewer	Total Nonmajor Special Revenue Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$411,339	\$336,119	\$1,291,628
Accounts Receivable	15,835	11,560	203,705
Intergovernmental Receivable	0	0	74,212
Prepaid Items	0	0	3,994
Property Taxes Receivable	0	0	690,960
<i>Total Assets</i>	<u>\$427,174</u>	<u>\$347,679</u>	<u>\$2,264,499</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$3,926
Accrued Wages	0	0	30,950
Intergovernmental Payable	0	0	33,094
Notes Payable	50,000	0	50,000
Accrued Interest Payable	361	0	361
Deferred Revenue	0	0	903,598
<i>Total Liabilities</i>	<u>50,361</u>	<u>0</u>	<u>1,021,929</u>
<b>Fund Balances</b>			
Nonspendable	0	0	3,994
Restricted	376,813	347,679	1,228,052
Committed	0	0	10,524
<i>Total Fund Balances</i>	<u>376,813</u>	<u>347,679</u>	<u>1,242,570</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$427,174</u>	<u>\$347,679</u>	<u>\$2,264,499</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, 2011*

	State Highway Improvement	Fire	Emergency Medical Services	DARE Program	Drug Law Enforcement
<b>Revenues</b>					
Property Taxes	\$0	\$320,959	\$255,497	\$0	\$0
Charges for Services	0	0	289,196	0	0
Fines and Forfeitures	0	0	0	409	0
Intergovernmental	48,194	56,131	44,438	9,256	0
Interest	32	0	0	0	0
Other	0	52	0	0	0
<i>Total Revenues</i>	<u>48,226</u>	<u>377,142</u>	<u>589,131</u>	<u>9,665</u>	<u>0</u>
<b>Expenditures</b>					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	459,581	528,078	198	0
Transportation	48,897	0	0	0	0
Public Health Services	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>48,897</u>	<u>459,581</u>	<u>528,078</u>	<u>198</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(671)</u>	<u>(82,439)</u>	<u>61,053</u>	<u>9,467</u>	<u>0</u>
<b>Other Financing Sources</b>					
General Obligation Notes Issued	0	0	0	0	0
Transfers In	0	0	11,215	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>11,215</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(671)	(82,439)	72,268	9,467	0
<i>Fund Balances Beginning of Year</i>	<u>16,530</u>	<u>233,931</u>	<u>119,582</u>	<u>906</u>	<u>1,072</u>
<i>Fund Balances End of Year</i>	<u>\$15,859</u>	<u>\$151,492</u>	<u>\$191,850</u>	<u>\$10,373</u>	<u>\$1,072</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, 2011*

	Law Enforcement	Law Enforcement Assistance	DWI Enforcement and Education	Cemetery	Police and Fire Disability and Pension
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$0	\$0	\$70,654
Charges for Services	0	0	0	2,765	0
Fines and Forfeitures	2,718	0	13,770	0	0
Intergovernmental	0	0	800	0	16,434
Interest	0	0	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>2,718</u>	<u>0</u>	<u>14,570</u>	<u>2,765</u>	<u>87,088</u>
<b>Expenditures</b>					
Current:					
General Government	0	0	0	0	97,445
Security of Persons and Property	2,472	0	11,980	0	0
Transportation	0	0	0	0	0
Public Health Services	0	0	0	34	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>2,472</u>	<u>0</u>	<u>11,980</u>	<u>34</u>	<u>97,445</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>246</u>	<u>0</u>	<u>2,590</u>	<u>2,731</u>	<u>(10,357)</u>
<b>Other Financing Sources</b>					
General Obligation Notes Issued	0	0	0	0	0
Transfers In	0	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	246	0	2,590	2,731	(10,357)
<i>Fund Balances Beginning of Year</i>	<u>3,546</u>	<u>4,780</u>	<u>18,478</u>	<u>7,793</u>	<u>70,332</u>
<i>Fund Balances End of Year</i>	<u>\$3,792</u>	<u>\$4,780</u>	<u>\$21,068</u>	<u>\$10,524</u>	<u>\$59,975</u>

Mayor's Court	Water System	Sanitary Sewer	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$647,110
0	83,870	46,151	421,982
17,939	0	0	34,836
0	0	0	175,253
0	0	0	32
0	0	0	52
<u>17,939</u>	<u>83,870</u>	<u>46,151</u>	<u>1,279,265</u>
2,316	0	0	99,761
0	0	0	1,002,309
0	0	0	48,897
0	4,754	64,373	69,161
0	332,000	0	332,000
0	6,814	0	6,814
<u>2,316</u>	<u>343,568</u>	<u>64,373</u>	<u>1,558,942</u>
<u>15,623</u>	<u>(259,698)</u>	<u>(18,222)</u>	<u>(279,677)</u>
0	235,000	0	235,000
0	0	0	11,215
<u>0</u>	<u>235,000</u>	<u>0</u>	<u>246,215</u>
15,623	(24,698)	(18,222)	(33,462)
<u>31,670</u>	<u>401,511</u>	<u>365,901</u>	<u>1,276,032</u>
<u>\$47,293</u>	<u>\$376,813</u>	<u>\$347,679</u>	<u>\$1,242,570</u>

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2011*

	Land and Land Improvements	Buildings	Streets, Highways and Bridges	Storm Sewers
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$34,486	\$14,964	\$293,578	\$20,308
Accounts Receivable	20,330	0	0	0
Intergovernmental Receivable	0	0	0	0
Income Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$54,816</u>	<u>\$14,964</u>	<u>\$293,578</u>	<u>\$20,308</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$13,210
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,210</u>
<b>Fund Balances</b>				
Restricted	0	0	293,578	0
Committed	0	0	0	0
Assigned	54,816	14,964	0	7,098
<i>Total Fund Balances</i>	<u>54,816</u>	<u>14,964</u>	<u>293,578</u>	<u>7,098</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$54,816</u>	<u>\$14,964</u>	<u>\$293,578</u>	<u>\$20,308</u>

<u>Waterlines</u>	<u>Sanitary Sewers</u>	<u>Gardner Phase I</u>	<u>Gardner Phase III</u>	<u>Water and Sewer Improvements</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$1,090	\$10,703	\$3,106	\$23,051	\$700,325	\$1,101,611
0	0	0	0	0	20,330
0	0	0	8,388	0	8,388
0	0	0	0	127,606	127,606
<u>\$1,090</u>	<u>\$10,703</u>	<u>\$3,106</u>	<u>\$31,439</u>	<u>\$827,931</u>	<u>\$1,257,935</u>
\$0	\$0	\$0	\$0	\$0	\$13,210
0	0	0	8,388	70,914	79,302
0	0	0	8,388	70,914	92,512
0	0	0	23,051	0	316,629
0	0	0	0	757,017	757,017
1,090	10,703	3,106	0	0	91,777
<u>1,090</u>	<u>10,703</u>	<u>3,106</u>	<u>23,051</u>	<u>757,017</u>	<u>1,165,423</u>
<u>\$1,090</u>	<u>\$10,703</u>	<u>\$3,106</u>	<u>\$31,439</u>	<u>\$827,931</u>	<u>\$1,257,935</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, 2011*

	The Meadows at Johnson	Land and Land Improvements	Buildings	Equipment	Streets, Highways and Bridges
<b>Revenues</b>					
Municipal Income Tax	\$0	\$0	\$0	\$0	\$0
Charges for Services	0	79,024	0	0	0
Intergovernmental	0	0	0	0	237,058
<i>Total Revenues</i>	<u>0</u>	<u>79,024</u>	<u>0</u>	<u>0</u>	<u>237,058</u>
<b>Expenditures</b>					
Capital Outlay	0	61,235	0	506	264,739
Debt Service:					
Principal Retirement	0	10,000	0	25,000	0
Interest and Fiscal Charges	0	6,763	0	4,125	0
<i>Total Expenditures</i>	<u>0</u>	<u>77,998</u>	<u>0</u>	<u>29,631</u>	<u>264,739</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>1,026</u>	<u>0</u>	<u>(29,631)</u>	<u>(27,681)</u>
<b>Other Financing Sources (Uses)</b>					
General Obligation Notes Issued	0	0	0	0	0
Transfers Out	(32)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(32)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(32)	1,026	0	(29,631)	(27,681)
<i>Fund Balances Beginning of Year</i>	<u>32</u>	<u>53,790</u>	<u>14,964</u>	<u>29,631</u>	<u>321,259</u>
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$54,816</u>	<u>\$14,964</u>	<u>\$0</u>	<u>\$293,578</u>

<u>Storm Sewers</u>	<u>Waterlines</u>	<u>Sanitary Sewers</u>	<u>Connect Road</u>	<u>Gardner Phase I</u>	<u>Gardner Phase II</u>	<u>Gardner Issue III</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	1,090	0	0	0	0	0
0	0	0	0	0	0	0
0	1,090	0	0	0	0	0
14,080	0	0	0	0	0	0
0	0	0	0	0	0	165,000
0	0	0	0	0	0	3,085
14,080	0	0	0	0	0	168,085
(14,080)	1,090	0	0	0	0	(168,085)
0	0	0	0	0	0	170,000
0	0	0	(54,092)	(78,076)	(60,636)	0
0	0	0	(54,092)	(78,076)	(60,636)	170,000
(14,080)	1,090	0	(54,092)	(78,076)	(60,636)	1,915
21,178	0	10,703	54,092	81,182	60,636	21,136
<u>\$7,098</u>	<u>\$1,090</u>	<u>\$10,703</u>	<u>\$0</u>	<u>\$3,106</u>	<u>\$0</u>	<u>\$23,051</u>

(continued)

**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds (continued)*  
*For the Year Ended December 31, 2011*

	Wadsworth Berry McGowan	Cleveland - Massillon Road Waterline	Water and Sewer Improvements	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Municipal Income Tax	\$0	\$0	\$417,726	\$417,726
Charges for Services	0	0	0	80,114
Intergovernmental	0	0	0	237,058
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>417,726</u>	<u>734,898</u>
<b>Expenditures</b>				
Capital Outlay	0	0	25,000	365,560
Debt Service:				
Principal Retirement	0	0	0	200,000
Interest and Fiscal Charges	0	0	0	13,973
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>579,533</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>392,726</u>	<u>155,365</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	0	0	0	170,000
Transfers Out	(85,968)	(53,550)	0	(332,354)
<i>Total Other Financing Sources (Uses)</i>	<u>(85,968)</u>	<u>(53,550)</u>	<u>0</u>	<u>(162,354)</u>
<i>Net Change in Fund Balances</i>	(85,968)	(53,550)	392,726	(6,989)
<i>Fund Balances Beginning of Year</i>	<u>85,968</u>	<u>53,550</u>	<u>364,291</u>	<u>1,172,412</u>
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$757,017</u>	<u>\$1,165,423</u>



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### ***Fund Descriptions - Fiduciary Funds***

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**

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 Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2011*

	Beginning Balance 12/31/10	Additions	Deductions	Ending Balance 12/31/11
<b><i>General Agency</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$35,644	\$289,109	\$118,211	\$206,542
<b>Liabilities</b>				
Undistributed Assets	\$35,644	\$289,109	\$118,211	\$206,542
<b><i>Building Standards</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$80	\$346	\$326	\$100
<b>Liabilities</b>				
Undistributed Assets	\$80	\$346	\$326	\$100
<b><i>Total - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$35,724	\$289,455	\$118,537	\$206,642
<b>Liabilities</b>				
Undistributed Assets	\$35,724	\$289,455	\$118,537	\$206,642

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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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$255,281	\$254,640	\$330,861	\$76,221
Municipal Income Tax	3,027,176	3,018,306	4,072,929	1,054,623
Charges for Services	110,785	110,506	143,584	33,078
Licenses, Permits and Fees	27,870	27,800	36,121	8,321
Fines and Forfeitures	101,090	100,836	131,019	30,183
Intergovernmental	791,203	789,217	1,025,451	236,234
Interest	4,715	4,703	6,111	1,408
Other	128,678	128,418	159,319	30,901
<i>Total Revenues</i>	<u>4,446,798</u>	<u>4,434,426</u>	<u>5,905,395</u>	<u>1,470,969</u>
<b>Expenditures</b>				
Current:				
General Government:				
Mayor:				
Salaries and Wages	29,367	29,017	28,979	38
Fringe Benefits	10,770	11,761	11,718	43
Purchased Services	2,268	2,546	2,381	165
Materials and Supplies	120	135	0	135
Other	134	150	75	75
Total Mayor	<u>42,659</u>	<u>43,609</u>	<u>43,153</u>	<u>456</u>
City Council:				
Salaries and Wages	96,875	96,395	96,028	367
Fringe Benefits	32,100	31,922	31,108	814
Purchased Services	19,280	17,460	15,338	2,122
Materials and Supplies	391	400	64	336
Other	802	820	598	222
Total City Council	<u>149,448</u>	<u>146,997</u>	<u>143,136</u>	<u>3,861</u>
Mayor's Court:				
Salaries and Wages	58,019	58,799	57,944	855
Fringe Benefits	19,764	19,994	17,996	1,998
Purchased Services	1,538	1,605	1,558	47
Materials and Supplies	179	187	2	185
Other	455	475	402	73
Total Mayor's Court	<u>\$79,955</u>	<u>\$81,060</u>	<u>\$77,902</u>	<u>\$3,158</u>

(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, 2011*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Finance Office:</b>				
Salaries and Wages	\$175,005	\$173,605	\$145,270	\$28,335
Fringe Benefits	70,704	71,757	63,957	7,800
Purchased Services	21,913	23,045	22,025	1,020
Materials and Supplies	1,141	1,200	622	578
Other	1,507	1,585	1,306	279
<b>Total Finance Office</b>	<b>270,270</b>	<b>271,192</b>	<b>233,180</b>	<b>38,012</b>
<b>Income Tax:</b>				
Salaries and Wages	4,236	7,035	6,938	97
Fringe Benefits	12,092	12,526	11,377	1,149
Purchased Services	508,674	504,097	450,769	53,328
Materials and Supplies	89	100	45	55
Other	339	380	87	293
<b>Total Income Tax</b>	<b>525,430</b>	<b>524,138</b>	<b>469,216</b>	<b>54,922</b>
<b>Law Director:</b>				
Salaries and Wages	10,712	10,712	10,712	0
Fringe Benefits	1,609	2,013	1,989	24
Purchased Services	95,745	107,541	107,440	101
<b>Total Law Director</b>	<b>108,066</b>	<b>120,266</b>	<b>120,141</b>	<b>125</b>
<b>Engineer:</b>				
Salaries and Wages	10,600	10,810	7,060	3,750
Fringe Benefits	4,342	4,466	1,893	2,573
Purchased Services	110,158	98,941	66,579	32,362
Materials and Supplies	248	263	72	191
Other	47	50	41	9
<b>Total Engineer</b>	<b>125,395</b>	<b>114,530</b>	<b>75,645</b>	<b>38,885</b>
<b>Administrative Officer:</b>				
Salaries and Wages	64,668	80,361	80,069	292
Fringe Benefits	45,567	55,820	48,227	7,593
Purchased Services	2,320	2,967	966	2,001
Materials and Supplies	352	450	88	362
Other	1,720	2,200	971	1,229
<b>Total Administrative Officer</b>	<b>\$114,627</b>	<b>\$141,798</b>	<b>\$130,321</b>	<b>\$11,477</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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Planning Commission:</b>				
Purchased Services	\$3,940	\$3,940	\$2,655	\$1,285
Materials and Supplies	210	210	149	61
Capital Outlay	290	290	194	96
Other	200	200	77	123
<b>Total Planning Commission</b>	<u>4,640</u>	<u>4,640</u>	<u>3,075</u>	<u>1,565</u>
<b>Other General Government:</b>				
Salaries and Wages	49,918	50,382	48,195	2,187
Fringe Benefits	26,140	25,533	24,277	1,256
Purchased Services	482,395	481,578	390,389	91,189
Materials and Supplies	14,253	14,249	9,041	5,208
Capital Outlay	132,306	127,114	119,305	7,809
Other	128,069	129,897	114,815	15,082
<b>Total Other General Government</b>	<u>833,081</u>	<u>828,753</u>	<u>706,022</u>	<u>122,731</u>
<b>Parks and Recreation Board:</b>				
Purchased Services	3,900	3,900	1,290	2,610
Other	40	40	0	40
<b>Total Parks and Recreation Board</b>	<u>3,940</u>	<u>3,940</u>	<u>1,290</u>	<u>2,650</u>
<b>Building and Zoning Board:</b>				
Purchased Services	2,640	2,640	1,653	987
Materials and Supplies	50	50	0	50
Other	250	250	49	201
<b>Total Building and Zoning Board</b>	<u>2,940</u>	<u>2,940</u>	<u>1,702</u>	<u>1,238</u>
<b>Health Advisory Board:</b>				
Purchased Services	3,300	3,300	630	2,670
Other	30	30	0	30
<b>Total Health Advisory Board</b>	<u>\$3,330</u>	<u>\$3,330</u>	<u>\$630</u>	<u>\$2,700</u>

(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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Civil Service Commission:				
Purchased Services	\$3,505	\$3,505	\$807	\$2,698
Materials and Supplies	40	40	0	40
Other	20	20	8	12
<b>Total Civil Service Commission</b>	<u>3,565</u>	<u>3,565</u>	<u>815</u>	<u>2,750</u>
<b>Total General Government</b>	<u>2,267,346</u>	<u>2,290,758</u>	<u>2,006,228</u>	<u>284,530</u>
Security of Persons and Property:				
Police:				
Salaries and Wages	1,305,700	1,305,660	1,235,349	70,311
Fringe Benefits	465,750	504,717	480,791	23,926
Purchased Services	117,425	123,495	121,207	2,288
Materials and Supplies	80,954	87,891	86,377	1,514
Capital Outlay	92,583	103,348	102,267	1,081
Other	571	645	630	15
<b>Total Security of Persons and Property</b>	<u>2,062,983</u>	<u>2,125,756</u>	<u>2,026,621</u>	<u>99,135</u>
Community Environment:				
Community Development:				
Purchased Services	2,200	2,200	2,106	94
Materials and Supplies	200	200	120	80
<b>Total Community Development</b>	<u>2,400</u>	<u>2,400</u>	<u>2,226</u>	<u>174</u>
Building:				
Salaries and Wages	93,698	81,161	73,237	7,924
Fringe Benefits	64,573	57,846	50,676	7,170
Purchased Services	19,089	17,374	14,255	3,119
Materials and Supplies	4,293	3,599	2,840	759
Other	1,717	1,616	349	1,267
<b>Total Building</b>	<u>183,370</u>	<u>161,596</u>	<u>141,357</u>	<u>20,239</u>
<b>Total Community Environment</b>	<u>\$185,770</u>	<u>\$163,996</u>	<u>\$143,583</u>	<u>\$20,413</u>

(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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Leisure Time Activities:				
Recreation Center:				
Salaries and Wages	\$69,277	\$69,277	\$50,335	\$18,942
Fringe Benefits	16,277	17,614	14,371	3,243
Purchased Services	30,760	33,895	24,495	9,400
Materials and Supplies	30,556	25,405	23,652	1,753
Total Leisure Time Activities	<u>146,870</u>	<u>146,191</u>	<u>112,853</u>	<u>33,338</u>
Debt Service:				
Principal Retirement	570,000	570,000	570,000	0
Interest and Fiscal Charges	10,939	10,939	10,939	0
Total Debt Service	<u>580,939</u>	<u>580,939</u>	<u>580,939</u>	<u>0</u>
<i>Total Expenditures</i>	<u>5,243,908</u>	<u>5,307,640</u>	<u>4,870,224</u>	<u>437,416</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(797,110)</u>	<u>(873,214)</u>	<u>1,035,171</u>	<u>1,908,385</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	540,000	540,000	540,000	0
Advances In	200,000	200,000	200,000	0
Advances Out	(300,000)	(300,000)	(300,000)	0
Transfers In	92,836	92,836	92,836	0
Transfers Out	(614,461)	(618,261)	(618,239)	22
<i>Total Other Financing Sources (Uses)</i>	<u>(81,625)</u>	<u>(85,425)</u>	<u>(85,403)</u>	<u>22</u>
<i>Net Change in Fund Balance</i>	(878,735)	(958,639)	949,768	1,908,407
<i>Fund Balance Beginning of Year</i>	552,263	552,263	552,263	0
Prior Year Encumbrances Appropriated	<u>153,269</u>	<u>153,269</u>	<u>153,269</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$173,203)</u>	<u>(\$253,107)</u>	<u>\$1,655,300</u>	<u>\$1,908,407</u>

**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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$18,527	\$18,527	\$14,921	(\$3,606)
Intergovernmental	791,295	791,295	637,289	(154,006)
Interest	176	176	142	(34)
Other	14,247	14,247	11,474	(2,773)
<i>Total Revenues</i>	<i>824,245</i>	<i>824,245</i>	<i>663,826</i>	<i>(160,419)</i>
<b>Expenditures</b>				
Current:				
Transportation:				
Street Department:				
Salaries and Wages	424,758	429,438	421,510	7,928
Fringe Benefits	221,950	222,699	214,581	8,118
Purchased Services	59,335	61,259	50,228	11,031
Materials and Supplies	393,692	387,041	362,822	24,219
Capital Outlay	14,535	15,153	14,900	253
Other	22,913	21,593	20,137	1,456
<i>Total Expenditures</i>	<i>1,137,183</i>	<i>1,137,183</i>	<i>1,084,178</i>	<i>53,005</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(312,938)</i>	<i>(312,938)</i>	<i>(420,352)</i>	<i>(107,414)</i>
<b>Other Financing Sources</b>				
Transfers In	427,822	427,822	427,822	0
<i>Net Change in Fund Balance</i>	<i>114,884</i>	<i>114,884</i>	<i>7,470</i>	<i>(107,414)</i>
<i>Fund Balance Beginning of Year</i>	<i>232,825</i>	<i>232,825</i>	<i>232,825</i>	<i>0</i>
Prior Year Encumbrances Appropriated	33,537	33,537	33,537	0
<i>Fund Balance End of Year</i>	<i>\$381,246</i>	<i>\$381,246</i>	<i>\$273,832</i>	<i>(\$107,414)</i>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire/EMS Levy Fund*  
*For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
<b>Revenues</b>				
Property Taxes	\$722,200	\$722,200	\$705,494	(\$16,706)
Charges for Services	655	655	640	(15)
Intergovernmental	108,336	108,336	105,830	(2,506)
<i>Total Revenues</i>	<u>831,191</u>	<u>831,191</u>	<u>811,964</u>	<u>(19,227)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire:				
Salaries and Wages	405,392	393,475	356,261	37,214
Fringe Benefits	47,232	108,834	107,131	1,703
Purchased Services	54,946	77,148	75,407	1,741
Materials and Supplies	23,455	52,956	52,063	893
Capital Outlay	417,301	356,388	355,652	736
Other	19,262	25,786	25,636	150
Total Security of Persons and Property	<u>967,588</u>	<u>1,014,587</u>	<u>972,150</u>	<u>42,437</u>
Debt Service:				
Principal Retirement	900,000	900,000	900,000	0
Interest and Fiscal Charges	16,828	16,828	16,828	0
Total Debt Service	<u>916,828</u>	<u>916,828</u>	<u>916,828</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,884,416</u>	<u>1,931,415</u>	<u>1,888,978</u>	<u>42,437</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,053,225)</u>	<u>(1,100,224)</u>	<u>(1,077,014)</u>	<u>23,210</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	450,000	450,000	450,000	0
Transfer In	11,215	11,215	11,215	0
Transfers Out	(176,485)	(176,485)	(176,485)	0
<i>Total Other Financing Sources (Uses)</i>	<u>284,730</u>	<u>284,730</u>	<u>284,730</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(768,495)	(815,494)	(792,284)	23,210
<i>Fund Balance Beginning of Year</i>	921,772	921,772	921,772	0
Prior Year Encumbrances Appropriated	310,646	310,646	310,646	0
<i>Fund Balance End of Year</i>	<u>\$463,923</u>	<u>\$416,924</u>	<u>\$440,134</u>	<u>\$23,210</u>

**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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
<b>Revenues</b>				
Special Assessments	\$83,078	\$83,078	\$160,343	\$77,265
<b>Expenditures</b>				
Current:				
General Government:				
Other	6,123	6,123	6,327	(204)
Debt Service:				
Principal Retirement:				
1996 Special Assessment	5,000	5,000	5,000	0
Various Purpose Bond B	50,000	50,000	50,000	0
Barber Road General Obligation	65,313	65,313	65,313	0
Barber Road Special Assessment	39,687	39,687	39,687	0
Total Principal Retirement	160,000	160,000	160,000	0
Interest and Fiscal Charges:				
1996 Special Assessment	3,300	3,300	3,300	0
Various Purpose Bond B	47,653	47,653	47,653	0
Barber Road General Obligation	37,723	37,723	37,723	0
Barber Road Special Assessment	22,922	22,922	22,922	0
Total Interest and Fiscal Charges	111,598	111,598	111,598	0
Total Debt Service	271,598	271,598	271,598	0
<i>Total Expenditures</i>	277,721	277,721	277,925	(204)
<i>Excess of Revenues Under Expenditures</i>	(194,643)	(194,643)	(117,582)	77,061
<b>Other Financing Sources (Uses)</b>				
Advances In	300,000	300,000	300,000	0
Advances Out	(200,000)	(200,000)	(200,000)	0
Transfers In	0	0	257,797	257,797
<i>Total Other Financing Sources (Uses)</i>	100,000	100,000	357,797	257,797
<i>Net Change in Fund Balance</i>	(94,643)	(94,643)	240,215	334,858
<i>Fund Balance Beginning of Year</i>	15,892	15,892	15,892	0
<i>Fund Balance (Deficit) End of Year</i>	(\$78,751)	(\$78,751)	\$256,107	\$334,858

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$5,047	\$48,916	\$43,869
Interest	3	32	29
<i>Total Revenues</i>	5,050	48,948	43,898
<b>Expenditures</b>			
Current:			
Transportation:			
State Highway:			
Materials and Supplies	49,000	48,897	103
<i>Net Change in Fund Balance</i>	(43,950)	51	44,001
<i>Fund Balance Beginning of Year</i>	8,235	8,235	0
<i>Fund Balance (Deficit) End of Year</i>	(\$35,715)	\$8,286	\$44,001

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$309,662	\$320,959	\$11,297
Intergovernmental	54,155	56,131	1,976
Other	51	52	1
<i>Total Revenues</i>	<u>363,868</u>	<u>377,142</u>	<u>13,274</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Fire Department:			
Salaries and Wages	369,621	324,883	44,738
Fringe Benefits	92,916	87,461	5,455
Materials and Supplies	10,670	10,670	0
Capital Outlay	5,520	5,520	0
Other	50,817	41,793	9,024
<i>Total Expenditures</i>	<u>529,544</u>	<u>470,327</u>	<u>59,217</u>
<i>Net Change in Fund Balance</i>	(165,676)	(93,185)	72,491
<i>Fund Balance Beginning of Year</i>	261,734	261,734	0
Prior Year Encumbrances Appropriated	<u>6,064</u>	<u>6,064</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$102,122</u></u>	<u><u>\$174,613</u></u>	<u><u>\$72,491</u></u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Emergency Medical Services Fund*  
*For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$283,998	\$255,497	(\$28,501)
Charges for Services	324,233	291,695	(32,538)
Intergovernmental	49,395	44,438	(4,957)
<i>Total Revenues</i>	<u>657,626</u>	<u>591,630</u>	<u>(65,996)</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Emergency Medical Services:			
Salaries and Wages	417,312	366,674	50,638
Fringe Benefits	107,542	77,440	30,102
Purchased Services	89,111	77,778	11,333
Materials and Supplies	17,880	16,254	1,626
Capital Outlay	9,600	6,480	3,120
Other	6,105	5,689	416
<i>Total Expenditures</i>	<u>647,550</u>	<u>550,315</u>	<u>97,235</u>
<i>Excess of Revenues Over Expenditures</i>	10,076	41,315	31,239
<b>Other Financing Sources</b>			
Transfers In	11,215	11,215	0
<i>Net Change in Fund Balance</i>	21,291	52,530	31,239
<i>Fund Balance Beginning of Year</i>	136,293	136,293	0
Prior Year Encumbrances Appropriated	7,961	7,961	0
<i>Fund Balance End of Year</i>	<u>\$165,545</u>	<u>\$196,784</u>	<u>\$31,239</u>

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$487	\$409	(\$78)
Intergovernmental	11,013	9,256	(1,757)
<i>Total Revenues</i>	<u>11,500</u>	<u>9,665</u>	<u>(1,835)</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Drug Abuse Resistance Education:			
Salaries and Wages	5,307	0	5,307
Purchased Services	75	0	75
Materials and Supplies	400	198	202
<i>Total Expenditures</i>	<u>5,782</u>	<u>198</u>	<u>5,584</u>
<i>Net Change in Fund Balance</i>	5,718	9,467	3,749
<i>Fund Balance Beginning of Year</i>	<u>906</u>	<u>906</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,624</u></u>	<u><u>\$10,373</u></u>	<u><u>\$3,749</u></u>



**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, 2011*

	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	800	0	800
<i>Net Change in Fund Balance</i>	(300)	0	300
<i>Fund Balance Beginning of Year</i>	1,072	1,072	0
<i>Fund Balance End of Year</i>	\$772	\$1,072	\$300

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$6,000	\$2,718	(\$3,282)
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	2,119	1,219	900
Materials and Supplies	4,600	2,472	2,128
<i>Total Expenditures</i>	6,719	3,691	3,028
<i>Net Change in Fund Balance</i>	(719)	(973)	(254)
<i>Fund Balance Beginning of Year</i>	2,327	2,327	0
Prior Year Encumbrances Appropriated	1,219	1,219	0
<i>Fund Balance End of Year</i>	\$2,827	\$2,573	(\$254)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Assistance Fund*  
*For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$2,500	\$0	(\$2,500)
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	1,980	0	1,980
<i>Net Change in Fund Balance</i>	520	0	(520)
<i>Fund Balance Beginning of Year</i>	4,780	4,780	0
<i>Fund Balance End of Year</i>	\$5,300	\$4,780	(\$520)

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$1,000	\$13,770	\$12,770
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	19,696	13,199	6,497
<i>Net Change in Fund Balance</i>	(18,696)	571	19,267
<i>Fund Balance Beginning of Year</i>	13,965	13,965	0
Prior Year Encumbrances Appropriated	3,897	3,897	0
<i>Fund Balance (Deficit) End of Year</i>	(\$834)	\$18,433	\$19,267

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$500	\$2,765	\$2,265
<b>Expenditures</b>			
Current:			
Public Health Services:			
Cemetery:			
Materials and Supplies	4,000	0	4,000
Other	100	34	66
<i>Total Expenditures</i>	4,100	34	4,066
<i>Net Change in Fund Balance</i>	(3,600)	2,731	6,331
<i>Fund Balance Beginning of Year</i>	7,793	7,793	0
<i>Fund Balance End of Year</i>	\$4,193	\$10,524	\$6,331

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$70,527	\$70,654	\$127
Intergovernmental	16,404	16,434	30
<i>Total Revenues</i>	<u>86,931</u>	<u>87,088</u>	<u>157</u>
<b>Expenditures</b>			
Current:			
General Government:			
Police and Fire Disability and Pension:			
Fringe Benefits	96,000	96,000	0
Other	1,555	1,445	110
<i>Total Expenditures</i>	<u>97,555</u>	<u>97,445</u>	<u>110</u>
<i>Net Change in Fund Balance</i>	(10,624)	(10,357)	267
<i>Fund Balance Beginning of Year</i>	<u>70,332</u>	<u>70,332</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$59,708</u></u>	<u><u>\$59,975</u></u>	<u><u>\$267</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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$10,000	\$17,939	\$7,939
<b>Expenditures</b>			
Current:			
General Government:			
Mayor's Court:			
Purchased Services	8,500	2,109	6,391
Materials and Supplies	250	207	43
Capital Outlay	4,000	0	4,000
<i>Total Expenditures</i>	12,750	2,316	10,434
<i>Net Change in Fund Balance</i>	(2,750)	15,623	18,373
<i>Fund Balance Beginning of Year</i>	31,670	31,670	0
<i>Fund Balance End of Year</i>	\$28,920	\$47,293	\$18,373

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$112,000	\$160,832	\$48,832
<b>Expenditures</b>			
Current:			
Public Health Services:			
Waterline Improvement:			
Purchased Services	43,000	5,954	37,046
Capital Outlay	174,150	0	174,150
Total Public Health Services	217,150	5,954	211,196
Debt Service:			
Principal Retirement	332,000	332,000	0
Interest and Fiscal Charges	6,453	6,453	0
Total Debt Service	338,453	338,453	0
<i>Total Expenditures</i>	555,603	344,407	211,196
<i>Excess of Revenues Under Expenditures</i>	(443,603)	(183,575)	260,028
<b>Other Financing Sources</b>			
General Obligation Notes Issued	0	285,000	285,000
<i>Net Change in Fund Balance</i>	(443,603)	101,425	545,028
<i>Fund Balance Beginning of Year</i>	308,414	308,414	0
Prior Year Encumbrances Appropriated	1,500	1,500	0
<i>Fund Balance (Deficit) End of Year</i>	(\$133,689)	\$411,339	\$545,028



**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$86,500	\$81,790	(\$4,710)
<b>Expenditures</b>			
Current:			
Public Health Services:			
Sewerline Improvement:			
Purchased Services	171,510	137,989	33,521
Capital Outlay	28,919	23,920	4,999
Other	2,640	0	2,640
<i>Total Expenditures</i>	203,069	161,909	41,160
<i>Net Change in Fund Balance</i>	(116,569)	(80,119)	36,450
<i>Fund Balance Beginning of Year</i>	300,508	300,508	0
Prior Year Encumbrances Appropriated	36,169	36,169	0
<i>Fund Balance End of Year</i>	\$220,108	\$256,558	\$36,450

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$183,875	\$176,823	(\$7,052)
Interest	163	157	(6)
<i>Total Revenues</i>	<u>184,038</u>	<u>176,980</u>	<u>(7,058)</u>
<b>Expenditures</b>			
Current:			
Transportation:			
Special Permissive License Plate Tax:			
Purchased Services	57,523	55,954	1,569
Materials and Supplies	20,008	19,944	64
Capital Outlay	341,488	250,217	91,271
<i>Total Expenditures</i>	<u>419,019</u>	<u>326,115</u>	<u>92,904</u>
<i>Net Change in Fund Balance</i>	(234,981)	(149,135)	85,846
<i>Fund Balance Beginning of Year</i>	101,002	101,002	0
Prior Year Encumbrances Appropriated	<u>41,519</u>	<u>41,519</u>	<u>0</u>
<i>Fund Deficit End of Year</i>	<u><u>(\$92,460)</u></u>	<u><u>(\$6,614)</u></u>	<u><u>\$85,846</u></u>

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Other	\$19,000	\$7,200	(\$11,800)
<b>Expenditures</b>			
Current:			
Leisure Time Activities:			
Community Recreation:			
Salaries and Wages	6,172	3,819	2,353
Fringe Benefits	953	556	397
Purchased Services	21,035	18,695	2,340
Materials and Supplies	4,928	4,708	220
<i>Total Expenditures</i>	33,088	27,778	5,310
<i>Net Change in Fund Balance</i>	(14,088)	(20,578)	(6,490)
<i>Fund Balance Beginning of Year</i>	29,016	29,016	0
Prior Year Encumbrances Appropriated	1,146	1,146	0
<i>Fund Balance End of Year</i>	\$16,074	\$9,584	(\$6,490)

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Other	\$2,001	\$0	(\$2,001)
<b>Expenditures</b>			
Current:			
Leisure Time Activities:			
Historical Greenwich Road:			
Purchased Services	3,450	2,641	809
<i>Net Change in Fund Balance</i>	(1,449)	(2,641)	(1,192)
<i>Fund Balance Beginning of Year</i>	2,349	2,349	0
<i>Fund Balance (Deficit) End of Year</i>	\$900	(\$292)	(\$1,192)

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$3,000	\$0	(\$3,000)
<b>Expenditures</b>			
Current:			
Community Environment:			
Recycling:			
Purchased Services	1,415	0	1,415
<i>Net Change in Fund Balance</i>	1,585	0	(1,585)
<i>Fund Balance Beginning of Year</i>	5,416	5,416	0
<i>Fund Balance End of Year</i>	\$7,001	\$5,416	(\$1,585)

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Community Environment:			
Scrap Tires:			
Purchased Services	933	68	865
<i>Net Change in Fund Balance</i>	(933)	(68)	865
<i>Fund Balance Beginning of Year</i>	933	933	0
<i>Fund Balance End of Year</i>	\$0	\$865	\$865

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Public Health Services:			
Brentwood Waterlines:			
Purchased Services	16,254	1,378	14,876
<i>Net Change in Fund Balance</i>	(16,254)	(1,378)	14,876
<i>Fund Balance Beginning of Year</i>	61,869	61,869	0
Prior Year Encumbrances Appropriated	700	700	0
<i>Fund Balance End of Year</i>	\$46,315	\$61,191	\$14,876

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Municipal Income Tax	\$80,000	\$80,000	\$0
Other	2,410	2,410	0
<i>Total Revenues</i>	<u>82,410</u>	<u>82,410</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
General Government:			
Purchased Services	30,000	0	30,000
Other	120	91	29
Total General Government	<u>30,120</u>	<u>91</u>	<u>30,029</u>
Debt Service:			
Principal Retirement:			
Road Program	35,000	35,000	0
Street Improvement	35,000	35,000	0
Gardner Engineering	10,000	10,000	0
Fire Station	70,000	70,000	0
Total Principal Retirement	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Interest and Fiscal Charges:			
Road Program	9,670	9,670	0
Street Improvement	10,658	10,658	0
Gardner Engineering	5,165	5,165	0
Fire Station	110,105	110,105	0
Total Interest and Fiscal Charges	<u>135,598</u>	<u>135,598</u>	<u>0</u>
<i>Total Expenditures</i>	<u>315,718</u>	<u>285,689</u>	<u>30,029</u>
<i>Excess of Revenues Under Expenditures</i>	(233,308)	(203,279)	30,029
<b>Other Financing Sources</b>			
Transfers In	26,651	210,103	183,452
<i>Net Change in Fund Balance</i>	(206,657)	6,824	213,481
<i>Fund Balance Beginning of Year</i>	<u>29,397</u>	<u>29,397</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$177,260)</u></u>	<u><u>\$36,221</u></u>	<u><u>\$213,481</u></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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<b>Other Financing Uses</b>			
Transfers Out	(32)	(32)	0
<i>Net Change in Fund Balance</i>	(32)	(32)	0
<i>Fund Balance Beginning of Year</i>	32	32	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$128,185	\$77,743	(\$50,442)
<b>Expenditures</b>			
Capital Outlay:			
Purchased Services	200	0	200
Capital Outlay	66,065	65,835	230
Total Capital Outlay	66,265	65,835	430
Debt Service:			
Principal Retirement	10,000	10,000	0
Interest and Fiscal Charges	6,763	6,763	0
Total Debt Service	16,763	16,763	0
<i>Total Expenditures</i>	83,028	82,598	430
<i>Net Change in Fund Balance</i>	45,157	(4,855)	(50,012)
<i>Fund Balance Beginning of Year</i>	34,675	34,675	0
Prior Year Encumbrances Appropriated	65	65	0
<i>Fund Balance End of Year</i>	\$79,897	\$29,885	(\$50,012)

**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	14,000	14,000	0
<i>Net Change in Fund Balance</i>	(14,000)	(14,000)	0
<i>Fund Balance Beginning of Year</i>	14,964	14,964	0
<i>Fund Balance End of Year</i>	\$964	\$964	\$0

**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, 2011*

	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	<u>506</u>	<u>506</u>	<u>0</u>
Debt Service:			
Principal Retirement	25,000	25,000	0
Interest and Fiscal Charges	<u>4,125</u>	<u>4,125</u>	<u>0</u>
Total Debt Service	<u>29,125</u>	<u>29,125</u>	<u>0</u>
<i>Total Expenditures</i>	<u>29,631</u>	<u>29,631</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(29,631)	(29,631)	0
<i>Fund Balance Beginning of Year</i>	<u>29,631</u>	<u>29,631</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$181,447	\$446,531	\$265,084
<b>Expenditures</b>			
Capital Outlay:			
Capital Outlay	526,194	526,194	0
<i>Net Change in Fund Balance</i>	(344,747)	(79,663)	265,084
<i>Fund Balance Beginning of Year</i>	59,786	59,786	0
Prior Year Encumbrances Appropriated	51,999	51,999	0
<i>Fund Balance (Deficit) End of Year</i>	(\$232,962)	\$32,122	\$265,084

**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, 2011*

	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:			
Purchased Services	1,500	0	1,500
Capital Outlay	<u>19,678</u>	<u>14,870</u>	<u>4,808</u>
<i>Total Expenditures</i>	<u>21,178</u>	<u>14,870</u>	<u>6,308</u>
<i>Net Change in Fund Balance</i>	(21,178)	(14,870)	6,308
<i>Fund Balance Beginning of Year</i>	<u>21,178</u>	<u>21,178</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$6,308</u></u>	<u><u>\$6,308</u></u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Waterlines Fund*  
*For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$0	\$1,090	\$1,090
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	1,090	1,090
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$1,090</u></u>	<u><u>\$1,090</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, 2011*

	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>	10,703	10,703	0
<i>Fund Balance End of Year</i>	<u>\$10,703</u>	<u>\$10,703</u>	<u>\$0</u>



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Connect Road Fund*  
*For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<b>Other Financing Uses</b>			
Transfers Out	(54,092)	(54,092)	0
<i>Net Change in Fund Balance</i>	(54,092)	(54,092)	0
<i>Fund Balance Beginning of Year</i>	54,092	54,092	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Gardner Phase I Fund*  
*For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<b>Other Financing Uses</b>			
Transfers Out	<u>(78,076)</u>	<u>(78,076)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(78,076)	(78,076)	0
<i>Fund Balance Beginning of Year</i>	<u>81,182</u>	<u>81,182</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,106</u></u>	<u><u>\$3,106</u></u>	<u><u>\$0</u></u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Gardner Phase II Fund*  
*For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<b>Other Financing Uses</b>			
Transfers Out	(60,636)	(60,636)	0
<i>Net Change in Fund Balance</i>	(60,636)	(60,636)	0
<i>Fund Balance Beginning of Year</i>	60,636	60,636	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Gardner Phase III Fund*  
*For the Year Ended December 31, 2011*

	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:			
Purchased Services	<u>19,003</u>	<u>19,001</u>	<u>2</u>
Debt Service:			
Principal Retirement	165,000	165,000	0
Interest and Fiscal Charges	<u>3,085</u>	<u>3,085</u>	<u>0</u>
Total Debt Service	<u>168,085</u>	<u>168,085</u>	<u>0</u>
<i>Total Expenditures</i>	<u>187,088</u>	<u>187,086</u>	<u>2</u>
<i>Excess of Revenues Under Expenditures</i>	(187,088)	(187,086)	2
<b>Other Financing Sources</b>			
General Obligation Notes Issued	<u>265,215</u>	<u>170,000</u>	<u>(95,215)</u>
<i>Net Change in Fund Balance</i>	78,127	(17,086)	(95,213)
<i>Fund Balance Beginning of Year</i>	2,135	2,135	0
Prior Year Encumbrances Appropriated	<u>19,001</u>	<u>19,001</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$99,263</u></u>	<u><u>\$4,050</u></u>	<u><u>(\$95,213)</u></u>

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Wadsworth Berry McGowan Fund*  
*For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<b>Other Financing Uses</b>			
Transfers Out	(85,968)	(85,968)	0
<i>Net Change in Fund Balance</i>	(85,968)	(85,968)	0
<i>Fund Balance Beginning of Year</i>	85,968	85,968	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Cleveland-Massillon Road Waterline Fund*  
*For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<b>Other Financing Uses</b>			
Transfers Out	(53,550)	(53,550)	0
<i>Net Change in Fund Balance</i>	(53,550)	(53,550)	0
<i>Fund Balance Beginning of Year</i>	53,550	53,550	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Newpark Drive Reconstruction Fund  
For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$760,123	\$0	(\$760,123)
<b>Expenditures</b>			
Capital Outlay:			
Purchased Services	26,200	0	26,200
Capital Outlay	178,000	0	178,000
<i>Total Expenditures</i>	204,200	0	178,000
<i>Excess of Revenues Over Expenditures</i>	555,923	0	(582,123)
<b>Other Financing Sources</b>			
General Obligation Notes Issued	1,585,072	0	(1,585,072)
<i>Net Change in Fund Balance</i>	2,140,995	0	(2,167,195)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$2,140,995	\$0	(\$2,167,195)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Water and Sewer Improvements Fund  
For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Municipal Income Tax	\$425,000	\$425,000	\$0
<b>Expenditures</b>			
Capital Outlay:			
Purchased Services	155,000	125,000	30,000
Capital Outlay	70,490	70,000	490
<i>Total Expenditures</i>	<u>225,490</u>	<u>195,000</u>	<u>490</u>
<i>Net Change in Fund Balance</i>	199,510	230,000	490
<i>Fund Balance Beginning of Year</i>	<u>300,325</u>	<u>300,325</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$499,835</u></u>	<u><u>\$530,325</u></u>	<u><u>\$490</u></u>



**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, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$811,320	\$0	(\$811,320)
<b>Expenses</b>			
Claims	62,133	25,182	36,951
<i>Excess of Revenues Over (Under)</i>			
<i>Expenses Before Transfers</i>	749,187	(25,182)	(774,369)
Transfers Out	(97,976)	(150,810)	(52,834)
<i>Net Change in Fund Equity</i>	651,211	(175,992)	(827,203)
<i>Fund Equity Beginning of Year</i>	139,082	139,082	0
Prior Year Encumbrances Appropriated	36,910	36,910	0
<i>Fund Equity End of Year</i>	\$827,203	\$0	(\$827,203)

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# STATISTICAL SECTION

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# 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><u>Financial Trends</u></b>	<b><u>S2-S11</u></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><u>Revenue Capacity</u></b>	<b><u>S12-S20</u></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><u>Debt Capacity</u></b>	<b><u>S21-S25</u></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><u>Economic and Demographic Information</u></b>	<b><u>S26-S28</u></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><u>Operating Information</u></b>	<b><u>S30-S37</u></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.	

**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.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities				
Invested in Capital Assets,				
Net of Related Debt	\$15,529,859	\$14,229,214	\$12,983,587	\$10,673,140
Restricted:				
Capital Projects	325,017	949,705	966,739	768,494
Debt Service	533,193	383,156	682,976	820,130
Police	83,564	66,161	33,363	45,893
Fire and EMS	1,186,143	1,632,559	922,576	735,962
Transportation	647,000	504,317	992,559	1,012,433
Sewerline/Waterline Maintenance	774,492	717,047	1,304,656	1,146,715
Other Purposes	52,709	113,047	160,556	393,029
Unclaimed Monies	5,320	5,320	0	0
Unrestricted	<u>4,156,351</u>	<u>2,972,863</u>	<u>1,570,092</u>	<u>1,365,408</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>\$23,293,648</u></u>	<u><u>\$21,573,389</u></u>	<u><u>\$19,617,104</u></u>	<u><u>\$16,961,204</u></u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$9,834,555	\$7,828,844	\$6,350,813	\$6,015,088
423,673	979,920	2,146,426	1,877,579
918,452	955,831	861,303	915,517
36,217	34,637	46,168	58,012
186,546	315,989	340,123	198,162
1,063,984	1,593,221	557,757	463,227
881,202	655,415	484,483	238,163
180,234	48,876	20,960	33,510
0	0	0	0
<u>2,070,283</u>	<u>2,185,965</u>	<u>1,662,417</u>	<u>666,646</u>
<u>\$15,595,146</u>	<u>\$14,598,698</u>	<u>\$12,470,450</u>	<u>\$10,465,904</u>

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

	2011	2010	2009
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services:			
General Government	\$302,108	\$276,251	\$300,905
Security of Persons and Property	598,990	297,053	360,415
Transportation	97,791	19,669	17,867
Community Environment	9,913	11,201	9,121
Public Health Services	98,585	583,767	229,682
Leisure Time Activities	8,123	113,014	9,285
Subtotal - Charges for Services	<u>1,115,510</u>	<u>1,300,955</u>	<u>927,275</u>
Operating Grants and Contributions:			
General Government	0	0	33,741
Security of Persons and Property	245,158	431,812	293,797
Transportation	776,542	1,040,826	861,965
Community Environment	0	0	0
Leisure Time Activities	0	0	0
Subtotal - Operating Grants and Contributions	<u>1,021,700</u>	<u>1,472,638</u>	<u>1,189,503</u>
Capital Grants and Contributions:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Transportation	257,935	3,971	1,156,369
Public Health Services	8,388	377,076	597,946
Leisure Time Activities	0	0	247,550
Subtotal - Capital Grants and Contributions	<u>266,323</u>	<u>381,047</u>	<u>2,001,865</u>
<i>Total Governmental Activities Program Revenues</i>	<u>2,403,533</u>	<u>3,154,640</u>	<u>4,118,643</u>
<b>Expenses</b>			
Governmental Activities:			
General Government	1,867,424	2,162,226	2,125,361
Security of Persons and Property	3,894,241	4,596,289	3,663,609
Transportation	1,361,018	942,026	1,350,060
Community Environment	136,519	207,963	215,613
Public Health Services	336,423	0	149,466
Leisure Time Activities	173,648	151,742	130,210
Interest and Fiscal Charges	280,450	241,181	219,038
<i>Total Governmental Activities Expenses</i>	<u>8,049,723</u>	<u>8,301,427</u>	<u>7,853,357</u>
<b>Net (Expense)/Revenue</b>	<u>(\$5,646,190)</u>	<u>(\$5,146,787)</u>	<u>(\$3,734,714)</u>



2008	2007	2006	2005	2004
\$301,207	\$227,855	\$252,100	\$369,512	\$193,091
396,414	408,448	460,447	427,016	384,907
44,801	15,047	12,295	19,795	40,639
14,141	19,018	32,387	0	0
313,884	321,192	214,416	317,382	229,228
7,983	9,893	1,349	47,823	58,631
<u>1,078,430</u>	<u>1,001,453</u>	<u>972,994</u>	<u>1,181,528</u>	<u>906,496</u>
1,520	9,030	48,886	29,435	13,221
190,692	57,822	89,332	139,065	35,910
835,367	751,886	908,733	635,167	635,810
0	4,293	0	2,878	0
0	0	7,353	0	0
<u>1,027,579</u>	<u>823,031</u>	<u>1,054,304</u>	<u>806,545</u>	<u>684,941</u>
27,549	47,346	0	0	0
0	125,852	0	0	0
12,282	0	512,808	134,890	671,481
53,216	0	503,239	60,701	697,612
0	146,993	0	0	0
<u>93,047</u>	<u>320,191</u>	<u>1,016,047</u>	<u>195,591</u>	<u>1,369,093</u>
<u>2,199,056</u>	<u>2,144,675</u>	<u>3,043,345</u>	<u>2,183,664</u>	<u>2,960,530</u>
1,960,544	1,797,290	2,258,088	1,657,936	1,496,946
3,635,906	3,486,686	3,697,437	2,749,595	2,907,755
1,890,748	1,305,616	1,105,515	1,168,903	1,306,330
264,377	266,813	310,737	245,311	251,646
134,428	167,598	101,908	128,117	86,907
187,932	172,172	230,960	179,714	149,725
130,774	174,121	169,150	166,384	167,244
<u>8,204,709</u>	<u>7,370,296</u>	<u>7,873,795</u>	<u>6,295,960</u>	<u>6,366,553</u>
<u>(\$6,005,653)</u>	<u>(\$5,225,621)</u>	<u>(\$4,830,450)</u>	<u>(\$4,112,296)</u>	<u>(\$3,406,023)</u>

(continued)

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

	2011	2010	2009
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities			
Taxes:			
Property Taxes Levied For:			
General Purposes	\$337,450	\$379,153	\$378,213
Fire	326,262	320,570	319,334
EMS	232,241	266,321	261,571
Police and Fire Disability and Pension	71,888	88,107	70,915
Fire/EMS Levy	745,316	699,056	700,260
Municipal Income Taxes levied for			
General Purposes	4,227,715	3,745,475	3,461,568
Debt Service	80,000	113,273	0
Capital Projects	0	0	0
Street Repair and Maintenance	0	0	0
Water and Sewer Improvements	406,234	310,855	135,842
Grants and Entitlements not Restricted to			
Specific Programs	753,015	908,884	811,264
Interest	6,412	9,242	75,019
Gain on Sale of Capital Assets	0	0	0
Other	179,916	262,136	176,628
<i>Total Governmental Activities</i>	<u>7,366,449</u>	<u>7,103,072</u>	<u>6,390,614</u>
<b>Change in Net Assets</b>	<u><u>\$1,720,259</u></u>	<u><u>\$1,956,285</u></u>	<u><u>\$2,655,900</u></u>

2008	2007	2006	2005	2004
\$357,431	\$430,607	\$420,666	\$391,304	\$364,278
423,795	422,687	368,796	387,997	358,948
371,831	319,338	306,426	301,426	289,622
67,018	81,662	77,621	73,369	68,302
530,585	0	0	0	0
3,903,789	2,759,385	3,383,613	2,548,525	2,483,503
0	252,565	337,550	259,260	67,904
0	157,456	79,365	60,989	16,050
0	542,585	784,923	602,001	147,741
0	0	0	0	0
1,577,087	953,675	857,119	1,278,637	1,096,348
101,997	282,650	276,651	113,769	55,784
0	0	0	0	26,184
38,178	19,459	65,968	99,565	112,326
<u>7,371,711</u>	<u>6,222,069</u>	<u>6,958,698</u>	<u>6,116,842</u>	<u>5,086,990</u>
<u>\$1,366,058</u>	<u>\$996,448</u>	<u>\$2,128,248</u>	<u>\$2,004,546</u>	<u>\$1,680,967</u>

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

	2011	2010	2009	2008
<b>General Fund</b>				
Nonspendable	\$32,783	\$27,921	\$27,037	N/A
Restricted	5,416	10,736	10,736	N/A
Committed	253,670	217,314	218,844	N/A
Assigned	91,109	97,352	552,453	N/A
Unassigned	2,347,598	1,130,346	384,481	N/A
Reserved	N/A	N/A	N/A	\$152,340
Unreserved	N/A	N/A	N/A	1,534,583
<b>Total General Fund</b>	<u>2,730,576</u>	<u>1,483,669</u>	<u>1,193,551</u>	<u>1,686,923</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$260,680	\$247,239	\$273,409	N/A
Restricted	2,340,485	3,254,262	2,208,636	N/A
Committed	767,541	372,084	62,195	N/A
Assigned	91,777	211,448	208,707	N/A
Unassigned	(43,893)	(184,108)	(1,759,933)	N/A
Reserved	N/A	N/A	N/A	342,587
Unreserved, Undesignated, Reported in:				
Special Revenue funds	N/A	N/A	N/A	2,122,723
Debt Service funds	N/A	N/A	N/A	63,349
Capital Projects funds (Deficit)	N/A	N/A	N/A	(182,235)
<b>Total All Other Governmental Funds</b>	<u>3,416,590</u>	<u>3,900,925</u>	<u>993,014</u>	<u>2,346,424</u>
<b>Total Governmental Funds</b>	<u>\$6,147,166</u>	<u>\$5,384,594</u>	<u>\$2,186,565</u>	<u>\$4,033,347</u>

Note: Due to the implementation of GASB Statement No. 54, in 2009, 2010 and 2011 the special permissive license plate tax, community center, Greenwich Road, recycling, scrap tire and Brentwood water funds are included with general fund on a GAAP basis. In 2008 and prior years, these fund balances was included in all other governmental funds.

2007	2006	2005	2004	2003	2002
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$29,733	\$153,661	\$192,524	\$44,672	\$42,751	\$34,892
1,871,927	1,795,049	787,233	750,252	706,069	563,433
1,901,660	1,948,710	979,757	794,924	748,820	598,325
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
219,485	269,137	1,140,679	1,158,506	132,269	1,055,321
1,830,304	2,041,482	1,269,915	859,357	681,639	472,305
61,381	40,203	56,643	65,404	(194)	0
38,243	333,382	283,899	(45,352)	1,293,887	(3,501,653)
2,149,413	2,684,204	2,751,136	2,037,915	2,107,601	(1,974,027)
\$4,051,073	\$4,632,914	\$3,730,893	\$2,832,839	\$2,856,421	(\$1,375,702)

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

	2011	2010	2009	2008
<b>Revenues</b>				
Property Taxes	\$1,683,465	\$1,730,639	\$1,690,813	\$1,758,595
Municipal Income Taxes	4,645,951	4,182,044	3,738,028	3,995,958
Charges for Services	665,220	919,612	706,886	819,646
Special Assessments	160,343	270,117	75,171	76,111
Licenses, Permits and Fees	33,694	73,657	74,823	102,918
Fines and Forfeitures	170,662	145,257	115,799	109,155
Intergovernmental	2,256,857	2,660,564	2,533,500	2,543,424
Interest	6,412	9,242	75,019	101,997
Other	179,916	262,136	176,628	38,178
<i>Total Revenues</i>	<u>9,802,520</u>	<u>10,253,268</u>	<u>9,186,667</u>	<u>9,545,982</u>
<b>Expenditures</b>				
Current:				
General Government	2,039,058	2,237,251	2,577,602	2,004,444
Security of Persons and Property	3,763,267	6,642,568	3,716,697	4,056,371
Transportation	1,382,450	1,715,431	1,708,913	1,758,624
Community Environment	136,317	209,513	221,965	258,713
Public Health Services	69,907	1,037,150	230,224	54,164
Leisure Time Activities	140,871	133,830	251,167	171,382
Basic Utility	0	0	0	0
Other	0	0	0	0
Capital Outlay	365,560	516,896	1,878,003	975,903
Debt Service:				
Principal Retirement	2,312,000	225,000	229,364	232,931
Principal Retirement - Current Refunding	0	0	0	0
Interest and Fiscal Charges	296,328	221,843	219,514	131,176
Bond Issuance Costs	0	126,198	0	0
<i>Total Expenditures</i>	<u>10,505,758</u>	<u>13,065,680</u>	<u>11,033,449</u>	<u>9,643,708</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(703,238)</u>	<u>(2,812,412)</u>	<u>(1,846,782)</u>	<u>(97,726)</u>
<b>Other Financing Sources (Uses)</b>				
Current Refunding	0	0	0	0
Sale of Capital Assets	0	0	0	80,000
General Obligation Bonds Issued	0	3,890,000	0	0
Notes Issued	1,315,000	1,967,000	0	0
Premium on Bonds	0	136,235	0	0
Premium on Notes	0	17,206	0	0
Inception of Capital Lease	0	0	0	0
Transfers In	1,010,988	655,094	1,043,419	1,627,890
Transfers Out	(860,178)	(655,094)	(1,043,419)	(1,627,890)
<i>Total Other Financing Sources (Uses)</i>	<u>1,465,810</u>	<u>6,010,441</u>	<u>0</u>	<u>80,000</u>
<i>Net Change in Fund Balances</i>	<u>\$762,572</u>	<u>\$3,198,029</u>	<u>(\$1,846,782)</u>	<u>(\$17,726)</u>
Debt Service as a Percentage of Noncapital Expenditures	27.5%	5.6%	5.9%	4.9%

2007	2006	2005	2004	2003	2002
\$1,164,082	\$1,172,254	\$1,102,775	\$1,088,710	\$1,222,603	\$1,237,773
3,880,264	3,949,257	3,365,754	2,641,551	2,625,238	2,497,599
720,637	497,209	768,912	560,027	419,741	116,729
71,790	40,373	100,833	55,660	12,756	8,107
102,217	99,401	125,671	66,295	101,487	89,412
170,967	228,170	160,972	256,268	224,804	198,056
1,925,630	2,378,753	1,667,640	1,761,685	1,336,911	1,711,539
282,650	276,651	113,769	55,784	18,544	87,903
19,459	65,968	99,565	112,326	290,026	463,231
<u>8,337,696</u>	<u>8,708,036</u>	<u>7,505,891</u>	<u>6,598,306</u>	<u>6,252,110</u>	<u>6,410,349</u>
1,819,921	1,828,117	1,543,564	1,449,123	1,532,231	1,680,515
3,198,169	2,959,561	2,780,456	2,779,708	2,639,560	2,297,744
2,155,630	1,003,741	1,174,789	1,102,624	902,554	741,305
256,666	310,102	254,385	287,058	290,668	196,305
92,725	42,742	35,125	59,445	6,281	601
159,719	51,096	165,894	137,530	197,901	106,894
0	0	0	0	0	6,726
0	0	0	0	30,172	11,141
802,520	1,006,410	181,315	324,995	536,282	3,990,369
262,917	260,033	260,311	577,835	5,000	5,000
0	0	50,000	0	0	0
171,270	175,213	161,998	170,754	299,338	229,592
0	0	0	0	0	0
<u>8,919,537</u>	<u>7,637,015</u>	<u>6,607,837</u>	<u>6,889,072</u>	<u>6,439,987</u>	<u>9,266,192</u>
(581,841)	1,071,021	898,054	(290,766)	(187,877)	(2,855,843)
0	(185,000)	(185,000)	0	0	0
0	0	0	26,184	0	969
0	0	0	0	0	0
0	0	185,000	235,000	4,420,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	16,000	0	6,000	0	0
613,230	682,724	460,251	1,433,843	725,160	2,041,492
<u>(613,230)</u>	<u>(682,724)</u>	<u>(460,251)</u>	<u>(1,433,843)</u>	<u>(725,160)</u>	<u>(2,041,492)</u>
0	(169,000)	0	267,184	4,420,000	969
<u>(\$581,841)</u>	<u>\$902,021</u>	<u>\$898,054</u>	<u>(\$23,582)</u>	<u>\$4,232,123</u>	<u>(\$2,854,874)</u>
6.2%	6.2%	7.3%	11.4%	5.2%	4.4%

**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
2011	\$220,399,790	\$43,550,250	\$754,142,971	\$5,777,560	\$6,565,409
2010	220,322,280	43,993,900	755,189,086	5,582,820	6,344,114
2009	219,772,920	43,273,710	751,561,800	5,339,870	6,068,034
2008	218,888,440	41,757,830	744,703,629	5,144,670	5,846,216
2007	216,297,250	40,422,950	733,486,286	6,507,780	7,395,205
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

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 was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010).

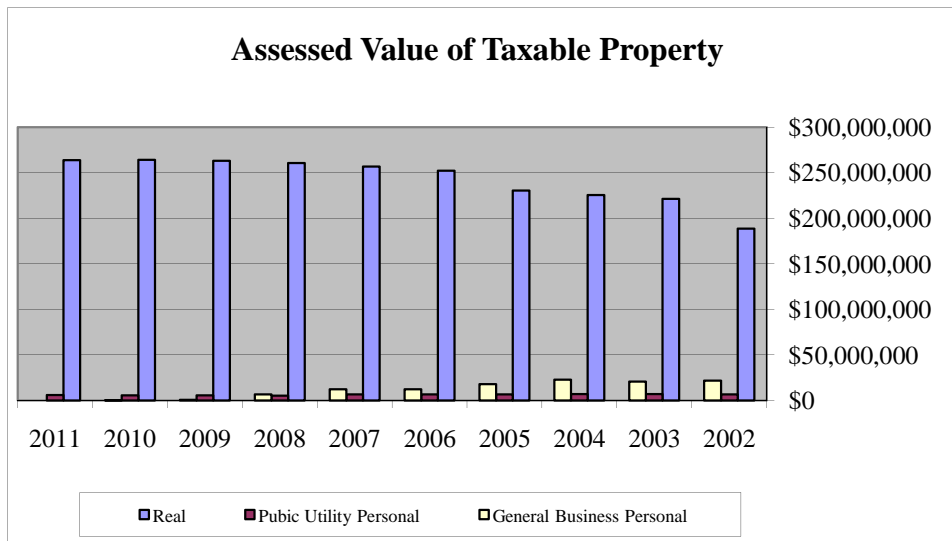
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

Source: Summit County, Fiscal Officer



**Tangible Personal Property**

General Business		Total			Full Tax Rate Per \$1,000 of Assessed Valuation	Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio		
\$0	\$0	\$269,727,600	\$760,708,381	35.46%	\$9.5000	\$7.3406
238,565	3,817,040	270,137,565	765,350,239	35.30	9.5000	7.3515
480,359	7,685,744	268,866,859	765,315,578	35.13	9.5000	7.3069
6,536,255	104,580,080	272,327,195	855,129,924	31.85	9.5000	7.3467
12,197,400	97,579,200	275,425,380	838,460,690	32.85	6.5000	4.4009
12,197,400	65,052,800	271,038,580	793,400,576	34.16	6.5000	4.4212
17,925,833	71,703,332	254,956,303	737,641,028	34.56	6.5000	4.6551
22,835,501	91,342,004	255,184,471	743,189,312	34.34	6.5000	4.7100
20,700,235	82,800,940	248,917,065	723,225,558	34.42	6.5000	4.6900
21,588,797	86,355,188	216,846,097	632,839,048	34.27	6.5000	5.0600



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

	2011	2010	2009	2008
<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	0.4622	0.4233	0.4226	0.4219
Commerical/Industrial and Public Utility Real	0.6722	0.5599	0.5606	0.5572
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1988 Fire				
Residential/Agricultural Real	0.7395	0.6772	0.6762	0.6751
Commerical/Industrial and Public Utility Real	1.0755	0.8958	0.8970	0.8915
General Business and Public Utility Personal	1.6000	1.6000	1.6000	1.6000
1996 Ambulance and EMS				
Residential/Agricultural Real	0.6313	0.5781	0.5772	0.5763
Commerical/Industrial and Public Utility Real	0.9049	0.7537	0.7547	0.7501
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1996 Fire				
Residential/Agricultural Real	0.6313	0.5781	0.5772	0.5763
Commerical/Industrial and Public Utility Real	0.9049	0.7537	0.7547	0.7501
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
2007 Fire				
Residential/Agricultural Real	3.0000	3.0000	3.0000	3.0000
Commerical/Industrial and Public Utility Real	3.0000	2.9765	2.9805	2.9622
General Business and Public Utility Personal	<u>3.0000</u>	<u>3.0000</u>	<u>3.0000</u>	<u>3.0000</u>
<b>Total Voted Millage by type of property</b>				
Residential/Agricultural Real	\$5.4643	\$5.2567	\$5.2532	\$5.2496
Commerical/Industrial and Public Utility Real	6.5575	5.9396	5.9475	5.9111
General Business and Public Utility Personal	<u>7.6000</u>	<u>7.6000</u>	<u>7.6000</u>	<u>7.6000</u>
<b>Total Millage by type of property</b>				
Residential/Agricultural Real	\$7.3643	\$7.1567	\$7.1532	\$7.1496
Commerical/Industrial and Public Utility Real	8.4575	7.8396	7.8475	7.8111
General Business and Public Utility Personal	<u>9.5000</u>	<u>9.5000</u>	<u>9.5000</u>	<u>9.5000</u>
<b>Total Weighted Average Tax Rate</b>	<u>\$7.3406</u>	<u>\$7.3515</u>	<u>\$7.3069</u>	<u>\$7.3467</u>
<b>Overlapping Rates by Taxing District</b>				
Norton City School District				
Residential/Agricultural Real	\$31.3055	\$29.2630	\$29.2311	\$29.1958
Commerical/Industrial and Public Utility Real	42.5417	37.1239	37.1675	36.9567
General Business and Public Utility Personal	59.9000	59.9000	59.9000	59.9000
Summit County				
Residential/Agricultural Real	12.6193	12.5601	12.5592	12.5574
Commerical/Industrial and Public Utility Real	12.6843	12.2165	12.2347	12.1034
General Business and Public Utility Personal	12.7000	12.7000	12.7000	12.7000
Akron/Summit Library				
Residential/Agricultural Real	2.1000	2.1000	2.0170	1.9921
Commerical/Industrial and Public Utility Real	2.1000	2.0972	2.0199	1.9799
General Business and Public Utility Personal	2.1000	2.1000	2.1000	2.0800
Summit Metropolitan Park District				
Residential/Agricultural Real	1.4600	1.4600	1.4600	1.4600
Commerical/Industrial and Public Utility Real	1.4600	1.4075	1.4102	1.3914
General Business and Public Utility Personal	1.4600	1.4600	1.4600	1.4600

Source: 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.

2007	2006	2005	2004	2003	2002
\$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
0.4180	0.4203	0.4590	0.4627	0.4639	0.5322
0.5643	0.5741	0.5884	0.5825	0.5627	0.6537
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.6688	0.6724	0.7344	0.7403	0.7422	0.8516
0.9029	0.9186	0.9415	0.9320	0.9003	1.0460
1.6000	1.6000	1.6000	1.6000	1.6000	1.6000
0.5709	0.5740	0.6269	0.6320	0.6336	0.7270
0.7596	0.7728	0.7921	0.7841	0.7575	0.8800
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.5709	0.5740	0.6269	0.6320	0.6336	0.7270
0.7596	0.7728	0.7921	0.7841	0.7575	0.8800
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
\$2.2286	\$2.2407	\$2.4472	\$2.4670	\$2.4733	\$2.8378
2.9864	3.0383	3.1141	3.0827	2.9780	3.4597
4.6000	4.6000	4.6000	4.6000	4.6000	4.6000
\$4.1286	\$4.1407	\$4.3472	\$4.3670	\$4.3733	\$4.7378
4.8864	4.9383	5.0141	4.9827	4.8780	5.3597
6.5000	6.5000	6.5000	6.5000	6.5000	6.5000
\$4.4009	\$4.4212	\$4.6551	\$4.7100	\$4.6900	\$5.0600
\$28.8335	\$28.9406	\$31.1576	\$26.4282	\$26.5082	\$29.3761
37.2881	37.8347	38.6235	33.4429	32.5120	37.1708
59.9000	59.9000	59.9000	55.0000	55.0000	55.0000
10.5997	9.0633	9.6107	9.6343	9.6215	10.5666
11.4020	10.0247	10.3113	10.2999	10.2128	11.0662
13.1100	12.2200	12.2200	12.2200	12.2200	12.2200
1.9206	1.9333	2.1358	0.7800	1.2633	1.0993
1.9896	1.9907	2.1400	0.7800	1.4346	1.2739
2.0300	2.0400	2.1400	0.7800	1.5900	1.3500
1.4573	0.6959	0.7517	0.7540	0.7526	0.7671
1.4600	0.7470	0.7743	0.7730	0.7652	0.7944
1.4600	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)	Percentage of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2011	\$1,973,642	\$1,867,333	94.61%	\$88,101	\$1,955,434
2010	1,974,665	1,873,101	94.86	71,363	1,944,464
2009	1,960,075	1,855,966	94.69	59,685	1,915,651
2008	1,940,960	1,859,423	95.80	33,625	1,893,048
2007	1,132,826	1,085,632	95.83	30,202	1,115,834
2006	1,119,491	1,071,160	95.68	33,666	1,104,826
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

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.

Percentage of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
99.08%	\$200,631	10.17%
98.47	182,423	9.24
97.73	152,552	7.78
97.53	108,128	5.57
98.50	60,217	5.32
98.69	65,655	5.86
98.57	60,368	5.62
95.87	45,331	4.13
98.81	52,891	5.11
94.70	54,205	5.30

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

<u>Tax Year</u>	<u>Tax Rate (3)</u>	<u>Total Tax Collected (1)</u>	<u>Taxes from Individual Payments</u>	<u>Percentage of Taxes from Individual Payments</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>
2011	2.00 %	\$4,577,929	\$1,329,387	29.04 %	\$2,872,936	62.76 %
2010	2.00	4,094,388	782,847	19.12	3,057,230	74.67
2009	2.00	3,734,277	702,980	18.83	2,625,335	70.30
2008	2.00	4,014,015	726,135	18.09	2,888,084	71.95
2007	2.00	3,979,767	626,813	15.75	2,873,790	72.21
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

(1) Cash Basis

(2) Effective January 1, 2005, City of Norton Electors voted to increase the City income tax by .50%

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<u>Taxes from Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>
\$395,974	8.65 %
254,261	6.21
405,962	10.87
399,796	9.96
479,164	12.04
465,285	11.75
418,865	11.04
346,644	13.05
288,654	11.10
320,918	12.28

**City of Norton, Ohio**  
*Principal Real Estate Property Taxpayers*  
 2011 and 2003(1)

Taxpayer	2011	
	Real Property Assessed Valuation	Percentage of Real Assessed Valuation
Albrecht, Incorporated	\$2,423,700	0.92 %
Columbia Woods Apartments, LLC	2,241,520	0.85
J R Engineering, Incorporated	1,796,070	0.68
World Real Estate Services, LTD	1,351,650	0.51
Seal Real Estate Holdings, LLC	1,065,420	0.40
Pittsburgh Plate Glass Company	981,450	0.37
Falkenstein Albert J. Trustee	827,820	0.31
Newpark Drive Limited Partnership	798,910	0.30
Barber Road Storage, LLC	797,050	0.31
Trinity Broadcasting Network, Incorporated	544,100	0.21
<b>Total</b>	<b>\$12,827,690</b>	<b>4.86 %</b>
<b>Total Real Assessed Valuation</b>	<b>\$263,950,040</b>	

Taxpayer	2003	
	Real Property Assessed Valuation	Percentage of Real Assessed Valuation
Columbia Woods Apartments, LLC	\$3,458,640	1.56 %
B&C Corporation	2,527,730	1.14
Albrecht, Incorporated	2,176,540	0.98
Seal Mack W.	1,959,100	0.88
Pittsburgh Plate Glass Company	1,260,100	0.57
Falkenstein, Albert J. & Margaret C.	973,800	0.44
Newpark Drive Limited Partnership	846,300	0.39
Brookside Land Company	756,260	0.35
Strachan, Wyman Et al	723,860	0.33
Norton Energy Storage, LLC	648,260	0.28
<b>Total</b>	<b>\$15,330,590</b>	<b>6.92 %</b>
<b>Total Real Assessed Valuation</b>	<b>\$221,462,060</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*

<u>Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of General Obligation Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>General Obligation Bonded Debt Per Capita</u>
2011	12,081	\$760,708,381	\$4,717,669	0.62 %	\$390.50
2010	12,081	765,350,239	4,972,443	0.65	411.59
2009	11,523	765,315,578	2,464,119	0.32	213.84
2008	11,523	855,129,924	2,641,884	0.31	229.27
2007	11,523	838,460,690	2,829,649	0.34	245.57
2006	11,523	793,400,576	3,012,414	0.38	261.43
2005	11,523	737,641,028	3,192,041	0.43	277.01
2004	11,523	743,189,312	3,371,668	0.45	292.60
2003	11,523	723,225,558	4,420,000	0.61	383.58
2002	11,523	632,839,048	0	0.00	0.00

Sources:

(1) U. S. Bureau of Census, 2002-2009 - 2000 Census of Population; 2010-2011 - 2010 Census of Population.

(2) Summit County Fiscal Officer

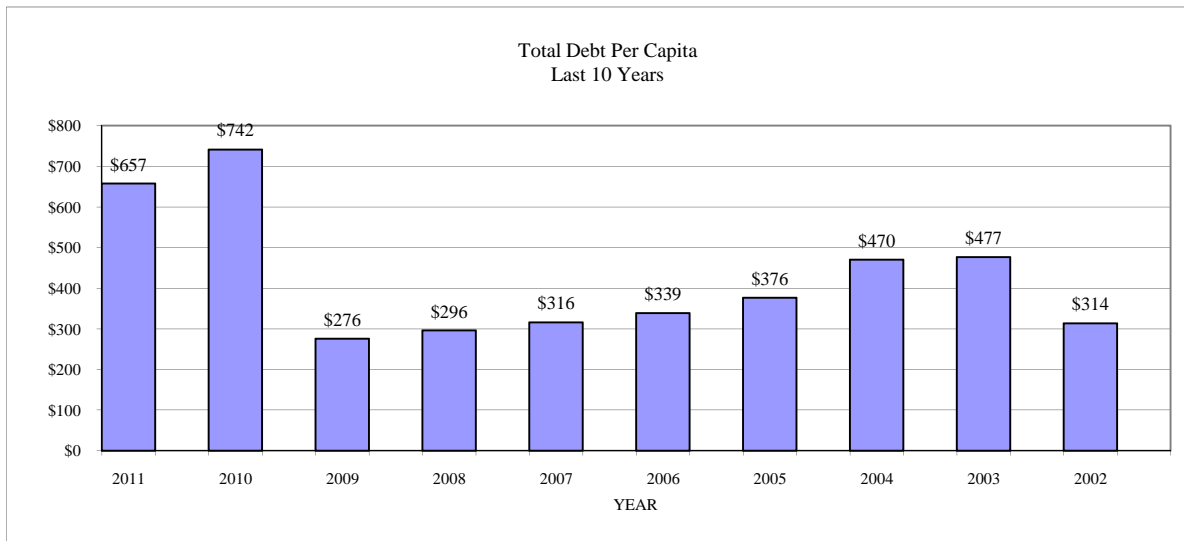
(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

Note: Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

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

Year	General Obligation Bonds	Long-Term Notes	Special Assessment Bonds	Capital Leases	Total Debt	Percentage of Personal Income	Per Capita
2011	\$4,717,669	\$1,315,000	\$1,910,222	\$0	\$7,942,891	2.53%	\$657
2010	4,972,443	1,979,422	2,006,706	0	8,958,571	3.59	742
2009	2,464,119	0	715,881	0	3,180,000	1.21	276
2008	2,641,884	0	758,116	9,364	3,409,364	1.30	296
2007	2,829,649	0	800,351	12,295	3,642,295	1.38	316
2006	3,012,414	35,000	842,586	15,212	3,905,212	1.48	339
2005	3,192,041	255,000	882,959	4,245	4,334,245	1.65	376
2004	3,371,668	1,116,000	923,332	9,556	5,420,556	2.09	470
2003	4,420,000	978,000	85,000	8,391	5,491,391	2.15	477
2002	0	3,525,000	90,000	0	3,615,000	1.44	314

Note: Population and Personal Income data are presented on page S26.



**City of Norton, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2011*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct</b>			
General Obligation Bonds	\$4,717,669	100.00%	\$4,717,669
Special Assessment Bonds	1,910,222	100.00	1,910,222
General Obligation Notes	<u>1,315,000</u>	100.00	<u>1,315,000</u>
<i>Total Direct Debt</i>	<u>7,942,891</u>		<u>7,942,891</u>
<b>Overlapping</b>			
Summit County			
General Obligation Bonds	51,525,000	2.15	1,107,788
Akron-Summit County Library System			
General Obligation Bonds	39,065,000	3.06	1,195,389
Metro Regional Transit Authority			
General Obligation Bonds	<u>300,000</u>	2.15	<u>6,450</u>
<i>Total Overlapping Debt</i>	<u>90,890,000</u>		<u>2,309,627</u>
<b>Total</b>	<u><u>\$98,832,891</u></u>		<u><u>\$10,252,518</u></u>

Source: 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, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Assessed Property Value	<u>\$269,727,600</u>	<u>\$270,137,565</u>	<u>\$268,866,859</u>	<u>\$272,327,195</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$28,321,398</u>	<u>\$28,364,444</u>	<u>\$28,231,020</u>	<u>\$28,594,355</u>
Debt Outstanding:				
General Obligation Bonds	4,632,903	4,883,216	2,464,119	2,641,884
Special Assessment Bonds	1,867,097	1,961,784	715,881	758,116
Manuscript Notes	0	0	0	560,000
Notes	<u>1,445,000</u>	<u>1,979,422</u>	<u>3,139,099</u>	<u>563,000</u>
Total Gross Indebtedness	7,945,000	8,824,422	6,319,099	4,523,000
Less:				
Special Assessment Bonds	(1,867,097)	(1,961,784)	(715,881)	(758,116)
Amount Available in Debt Service	<u>(36,221)</u>	<u>(29,397)</u>	<u>(6,753)</u>	<u>0</u>
Total Net Debt Applicable to Debt Limit	<u>6,041,682</u>	<u>6,833,241</u>	<u>5,596,465</u>	<u>3,764,884</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$22,279,716</u>	<u>\$21,531,203</u>	<u>\$22,634,555</u>	<u>\$24,829,471</u>
Legal Debt Margin as a Percentage of the Debt Limit	78.67%	75.91%	80.18%	86.83%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$14,835,018</u>	<u>\$14,857,566</u>	<u>\$14,787,677</u>	<u>\$14,977,996</u>
Total Gross Indebtedness	7,945,000	8,824,422	6,319,099	4,523,000
Less:				
Special Assessment Bonds	(1,867,097)	(1,961,784)	(715,881)	(758,116)
Amount Available in Debt Service	<u>(36,221)</u>	<u>(29,397)</u>	<u>(6,753)</u>	<u>0</u>
Net Debt Within 5 ½ % Limitations	<u>6,041,682</u>	<u>6,833,241</u>	<u>5,596,465</u>	<u>3,764,884</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$8,793,336</u>	<u>\$8,024,325</u>	<u>\$9,191,212</u>	<u>\$11,213,112</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	59.27%	54.01%	62.15%	74.86%

Source: City Financial Records

2007	2006	2005	2004	2003	2002
<u>\$275,425,380</u>	<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>
<u>\$28,919,665</u>	<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>
2,829,649	3,012,414	3,192,041	3,371,668	4,420,000	0
800,351	842,586	882,959	923,332	85,000	90,000
806,000	0	0	0	0	0
0	220,000	840,800	1,116,000	978,000	3,525,000
4,436,000	4,075,000	4,915,800	5,411,000	5,483,000	3,615,000
(800,351)	(842,586)	(882,959)	(923,332)	(85,000)	(90,000)
(30,914)	(16,888)	(46,698)	(56,402)	(10,768)	(11,270)
<u>3,604,735</u>	<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>
<u>\$25,314,930</u>	<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>
87.54%	88.70%	85.11%	83.46%	79.39%	84.57%
<u>\$15,148,396</u>	<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>
4,436,000	4,075,000	4,915,800	5,411,000	5,483,000	3,615,000
(800,351)	(842,586)	(882,959)	(923,332)	(85,000)	(90,000)
(30,914)	(16,888)	(46,698)	(56,402)	(10,768)	(11,270)
<u>3,604,735</u>	<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>
<u>\$11,543,661</u>	<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>
76.20%	78.43%	71.57%	68.43%	60.65%	70.54%

**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)
2011	12,081	\$313,707,327	\$25,967	\$55,252	44.6
2010	12,081	249,605,541	20,661	55,252	44.6
2009	11,523	263,208,366	22,842	47,085	40
2008	11,523	263,208,366	22,842	47,085	40
2007	11,523	263,208,366	22,842	47,085	40
2006	11,523	263,208,366	22,842	47,085	40
2005	11,523	263,208,366	22,842	47,085	40
2004	11,523	259,025,517	22,479	47,085	40
2003	11,523	254,831,145	22,115	47,085	40
2002	11,523	250,648,296	21,752	47,085	40

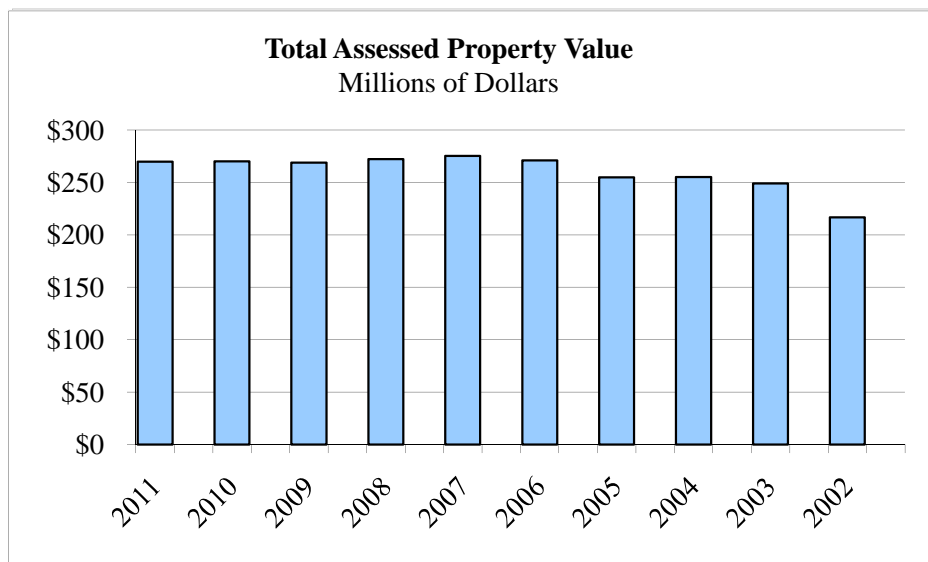
(1) Source: U. S. Census, 2001-2009 - 2000 Census of Population;  
2010-2011 - 2010 Census of Population

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

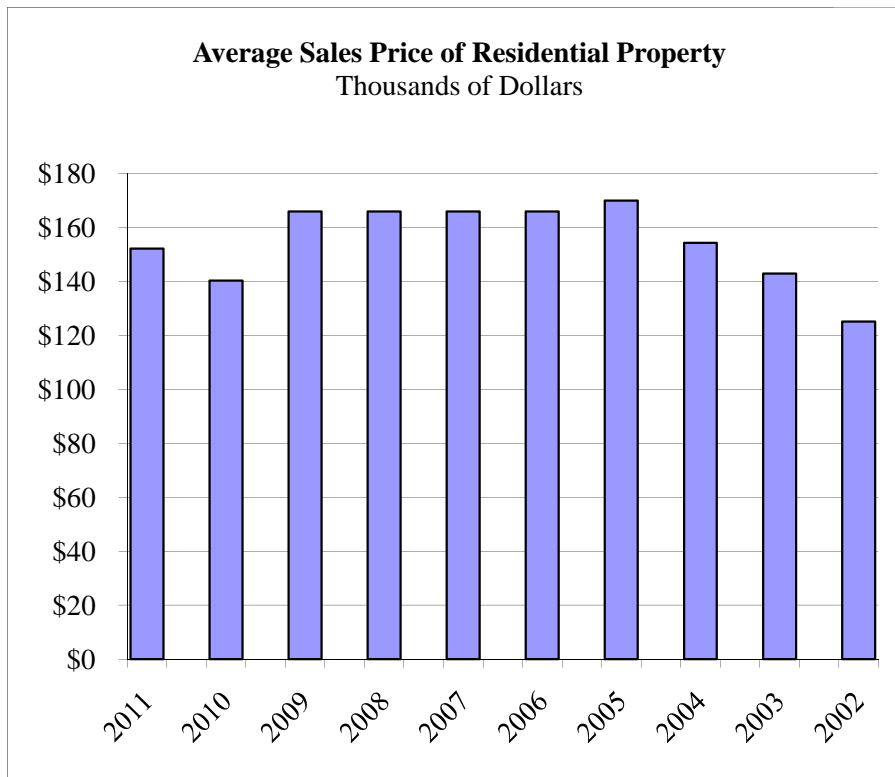
(3) Source: U.S. Bureau of Labor Statistics

(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)
11.24 %	2,596	8.50 %	\$152,129	\$269,727,600
11.24	2,543	9.90	140,246	270,137,565
11.79	2,587	10.80	165,941	268,866,859
11.79	2,505	7.50	165,941	272,327,195
11.79	2,587	6.10	165,941	275,425,380
11.79	2,495	6.10	165,941	271,038,580
11.79	2,446	6.10	169,926	254,956,303
11.79	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



**City of Norton, Ohio**

Principal Employers

2011 and 2002

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**2011 (1)**

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Employers

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Awken LTD

City of Norton

Fomo Products, Incorporated

Fred Martin Motor Company

Fred W Albrecht Grocery Company

Ganley Ford

JR Engineering

Lenic Norton, Incorporated

Norton City School District

S.A. Comunale Company

Total Employees of Top Ten Employers 2,430

Percentage of Total City Employment  
at Top Ten Employers 42.64%

Total Employment within the City 5,699

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**2002**

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Employers

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Adjusta Post Manufacturing Company

Albert Screen Print

City of Norton

Fomo Products, Incorporated

JR Wheel

Norton City School District

S.A. Comunale Company

Total Employees of Top Employers 1,274

Total Employment within the City N/A

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

(1) Figures reflected are from the most recent and  
completed filing year available.



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**City of Norton, Ohio**  
*Operating Indicators by Function/Program*  
*Last Ten Years*

Function/Program	2011	2010	2009	2008	2007
<b>General Government</b>					
<i><b>Council and Clerk</b></i>					
Number of Ordinances	58	101	77	79	72
Number of Resolutions	39	18	38	31	19
Number of Planning Commission docket items	45	16	71	47	27
Zoning Board of Appeals docket items	13	11	25	35	25
Park and Cemetery Board docket items	9	1	38	16	35
<i><b>Finance Department</b></i>					
Number of checks/ vouchers issued	1,700	2,172	2,397	1,841	1,797
General Fund Interest earnings for fiscal year (cash basis)	\$6,111	\$9,494	\$57,073	\$116,367	\$272,512
Agency Ratings - Fitch	A+	A	A	A	A
Health Insurance Costs (cash basis in thousands)	\$564	\$538	\$694	\$666	\$700
Health Insurance Costs vs General Fund Expenditures %	9.7%	9.5%	10.8%	14.1%	9.9%
General Fund Receipts (cash basis in thousands)	\$6,738	\$6,173	\$6,603	\$5,827	\$5,892
General Fund Expenditures (cash basis in thousands)	\$5,788	\$5,689	\$6,425	\$4,728	\$7,090
General Fund Cash Balances (in thousands)	\$1,655	\$545	\$719	\$767	\$156
<i><b>Municipal Court</b></i>					
Number of Misdemeanor Cases	98	108	83	99	124
Number of OVI cases	71	63	14	22	25
Number of Traffic cases	1,766	1,195	1,401	1,280	1,473
<i><b>Building Department Indicators</b></i>					
Residential/Commercial Permits Issued	119	144	203	356	189
Zoning Permits	49	65	64	65	66
Electric Permits	76	110	107	150	162
Heating Permits	53	68	61	77	58
Number of permits issued	297	387	435	648	475
Permit Revenue	\$20,631	\$32,477	\$29,216	\$53,652	\$48,397

2006	2005	2004	2003	2002
74	72	85	99	64
29	32	53	20	19
21	23	40	41	28
23	26	27	30	40
N/A	N/A	N/A	N/A	N/A
1,927	1,896	1,769	1,930	1,692
\$228,507	\$92,392	\$30,597	\$18,544	\$24,274
A	A	A	A	None
\$571	\$498	\$608	N/A	N/A
13.9%	10.3%	14.1%	N/A	N/A
\$5,328	\$5,238	\$4,416	\$4,297	\$4,456
\$4,122	\$4,856	\$4,302	\$4,203	\$4,391
\$1,584	\$438	\$191	\$122	\$68
175	178	139	N/A	N/A
52	51	64	N/A	N/A
2,935	2,135	2,689	N/A	N/A
241	269	306	197	N/A
84	78	79	58	N/A
206	206	211	191	N/A
74	108	120	114	N/A
605	661	716	560	0
\$61,643	\$69,236	\$80,614	\$86,287	\$77,456

(continued)

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

Function/Program	2011	2010	2009	2008	2007
<b>Security of Persons &amp; Property</b>					
<i>Police</i>					
Felony Arrests	110	75	111	130	106
Misdemeanor Arrests	380	498	559	507	521
Arson	2	1	1	1	2
Assault	31	36	45	65	65
Residential Burglary	45	41	43	54	30
Domestic Violence	75	78	76	107	84
Drug Offense	101	101	46	44	28
Homicide	0	0	0	0	0
Larceny	227	255	232	296	269
Vandalism/Criminal Damaging	75	46	63	42	75
Robbery	1	2	2	3	4
Sex Offense	3	2	15	13	10
Auto Theft/Stolen Plates	17	18	31	58	41
Traffic Crashes	339	374	388	490	487
Traffic Fatalities	0	0	2	1	2
Driving While Intoxicated	159	269	102	67	95
Traffic Citations Issued	2,972	2,702	2,666	2,064	2,603
Warrant Arrests	217	182	254	291	303
<i>Fire</i>					
EMS Calls	980	1,046	1,005	966	968
Ambulance Billing Collections (net)	\$291,695	\$264,759	\$292,858	\$273,510	\$200,624
Revenue per run	298	253	291	283	207
Fire Calls	378	379	378	373	332
<b>Public Health and Welfare</b>					
Cemetery burials	6	1	0	1	3
Cemetery foundations	5	0	1	3	0
Cemetery cremations	0	0	0	0	0
Cemetery (re)sale of lots	7	4	12	0	8
Cemetery receipts	\$6,285	\$2,546	\$4,130	\$1,150	\$4,355
Health Advisory Board docket items	15	0	29	19	19

N/A = Information is not available

Source: City Records

2006	2005	2004	2003	2002
114	131	138	106	127
754	683	763	574	549
1	2	1	2	0
67	56	63	76	71
39	39	44	32	44
119	140	121	119	120
70	48	12	9	7
0	1	0	0	0
312	311	330	323	306
77	80	77	98	145
5	5	11	5	6
19	13	15	5	14
50	42	50	62	59
448	551	528	597	561
1	2	4	2	3
163	144	175	131	120
4,860	3,870	4,341	3,483	3,090
408	457	386	408	362
934	942	928	967	1,017
\$199,799	\$231,593	\$208,873	\$226,005	\$208,620
214	246	225	234	205
233	287	215	215	236
1	0	1	4	N/A
1	1	2	5	N/A
0	0	0	1	N/A
0	0	3	22	N/A
\$666	\$155	\$1,825	\$6,965	N/A
N/A	N/A	N/A	N/A	N/A

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

Function/Program	2011	2010	2009	2008
<b>General Government</b>				
Square Footage Occupied	4,080	4,080	4,080	4,080
Administrative Vehicles	0	0	0	1
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	12	9	10	8
<b>Fire</b>				
Stations	2	2	2	2
<b>Recreation</b>				
Number of Parks	7	7	7	7
Number of Tennis Courts	4	4	4	4
Number of Baseball Diamonds	5	5	5	5
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	15	15	15	13
City Cemeteries	2	2	2	2
<b>Wastewater</b>				
Sanitary Sewers (miles)	9.00	8.40	8.40	8.40
<b>Water Department</b>				
Water Lines (miles)	14.80	14.50	12.50	12.50

Source: City Records

2007	2006	2005	2004	2003	2002
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
10	10	10	10	N/A	N/A
2	2	2	2	2	2
7	7	7	7	6	6
4	4	4	4	4	4
5	3	3	3	3	3
3	3	3	3	3	3
1	1	1	1	1	1
6,800	6,800	6,800	6,800	6,800	6,800
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**  
*City Government Employees by Function/Program*  
*Last Ten Years*

Function/Program	2011	2010	2009	2008	2007
<b>General Government</b>					
Mayor	2	2	2	2	2
Council	8	8	8	8	8
Finance	3	3	5	5	4
City Administrator	1	1	1	1	1
Law	2	1	1	1	1
Administration	2	2	2	2	3
Engineer	1	0	0	1	1
Planning	0	0	0	0	1
Civil Service	0	0	0	0	1
Court	2	2	3	3	3
<b>Security of Persons and Property</b>					
Police	27	30	30	30	30
Fire Full Time	2	4	3	3	4
Fire Part Time	32	30	29	27	33
Fire - Secretary - Other	1	1	1	1	1
<b>Community Development</b>					
Building	1	1	2	2	2
<b>Transportation</b>					
Service	9	10	11	12	12
Totals:	<u>93</u>	<u>95</u>	<u>98</u>	<u>98</u>	<u>107</u>

**Source:** City Payroll Department

**Method:** Using 1.0 for each employee at December 31



2006	2005	2004	2003	2002
2	2	2	2	2
8	8	8	8	8
5	5	5	5	5
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
30	30	30	30	30
4	4	4	3	3
30	30	30	30	30
1	1	1	1	1
2	2	2	2	2
12	13	14	14	14
105	106	107	106	106

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# Dave Yost • 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  
NOVEMBER 13, 2012**