

Norton City School District
Report Letters

June 30, 2011



Dave Yost • Auditor of State

Board of Education
Norton City School District
4128 S. Cleveland-Massillon Road
Norton, Ohio 44203

We have reviewed the *Independent Auditor's Report* of the Norton City School District, Summit County, prepared by Rea & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

April 10, 2012

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NORTON CITY SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	1-2
Independent Auditor’s Report on Compliance and Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3-4
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards.....	6
Schedule of Findings and Questioned Costs	7
Independent Accountant’s Report on Applying Agreed-Upon Procedures.....	8

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February 15, 2012

To the Board of Education
Norton City School District
Summit County, Ohio
4128 Cleveland-Massillon Rd.
Norton, Ohio 44203

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norton City School District (the School District) as of and for the year ended June 30, 2011, and have issued our report thereon dated February 15, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

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 to be material weaknesses, as defined above.

Norton City School District
Report on Internal Control over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the School District in a separate letter dated February 15, 2012.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Kea & Associates, Inc.

February 15, 2012

The Board of Education
Norton City School District
Summit County, Ohio
4128 Cleveland-Massillon Rd.
Norton, Ohio 44203

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the Norton City School District (the School District) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The School District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that are could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District as of and for the year ended June 30, 2011, and have issued our report thereon dated February 15, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

NORTON CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Program Year	Federal Receipts	Federal Disbursements
U. S. Department of Education				
(Passed through the Ohio Department of Education):				
<i>Title I, Part A Cluster</i>				
Title I	84.010	2010	\$ 0	\$ 30,037
Title I	84.010	2011	200,103	263,358
ARRA-Title I	84.389	2010	6,361	11,405
ARRA-Title I	84.389	2011	22,060	34,582
Total Title I, Part A Cluster			228,524	339,382
<i>Special Education Cluster</i>				
Special Education-Grants to States	84.027	2011	421,752	441,657
ARRA-Special Education-Grants to States	84.391	2010	46,333	77,445
ARRA-Special Education-Grants to States	84.391	2011	4,054	4,054
Total IDEA-B			472,139	523,156
Special Education--Preschool Grants	84.173	2011	3,715	3,715
ARRA-Special Education- Preschool Grants	84.392	2010	6,403	94
ARRA-Special Education- Preschool Grants	84.392	2011	2,602	2,602
Total Preschool Grants			12,720	6,411
Total Special Education Cluster			484,859	529,567
Title II-D	84.318	2010	481	123
Title II-D	84.318	2011	716	900
Total Title II-D			1,197	1,023
Title II-A	84.367	2010	0	5,770
Title II-A	84.367	2011	43,235	53,359
Total Title II-A			43,235	59,129
ARRA-State Fiscal Stabilization Fund	84.394	2011	550,253	550,253
Total U.S. Department of Education			1,308,068	1,479,354
U. S. Department of Agriculture				
(Passed through the Ohio Department of Education):				
<i>Child Nutrition Cluster</i>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2011	49,657	49,657
Cash Assistance:				
National School Lunch Program	10.555	2011	289,205	289,205
National School Breakfast Program	10.553	2011	43,527	43,527
Cash Assistance Subtotal:			289,205	289,205
Total Child Nutrition Cluster			382,389	382,389
Total U.S. Department of Agriculture			382,389	382,389
Total Federal Assistance			\$ 1,690,457	\$ 1,861,743

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NORTON CITY SCHOOL DISTRICT

SUMMIT COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—CASH BASIS

JUNE 30, 2011

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE 2: NUTRITION CLUSTER

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is part of the Nutrition Cluster. It is reported in the schedule of expenditures of federal awards at the value of the commodities received as assessed by the U.S. Department of Agriculture. At June 30, 2011, the School District had no significant food commodities inventory.

NOTE 3: TRANSFERS

The District must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education's (ODE) approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. During fiscal year 2011, the ODE authorized the following transfers:

<u>CFDA</u> <u>Number</u>	<u>Program Title</u>	<u>Program</u> <u>Year</u>	<u>Transfers</u> <u>Out</u>	<u>Transfers</u> <u>In</u>
84.010	Title I Grants to Local Educational Agencies	2010	\$ 10,199	
84.010	Title I Grants to Local Educational Agencies	2011		\$ 10,199
84.367	Title IIA Improving Teacher Quality State Grants	2010	\$ 2,535	
84.367	Title IIA Improving Teacher Quality State Grants	2011		\$ 2,535

**NORTON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list): State Fiscal Stabilization	Program: State Fiscal Stabilization CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

February 15, 2012

Norton City School District
4128 Cleveland-Massillon Rd.
Norton, Ohio 44203

To the Board of Education:

Ohio Rev. Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Norton City School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on April 18, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.
2. We also noted on April 18, 2011 the Board also amended its anti-harassment policy to include a requirement that the district administration semiannually provide the president of the Board a written summary of all reported incidents and post the summary on its web site, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Rea & Associates, Inc.

Norton City School District
Norton, Ohio



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011

Norton City School District

Norton, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

Prepared by:
Stephanie Hagenbush and
Treasurer's Office Staff

Norton City School District
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2011

Table of Contents

Introductory Section	Page
Letter of Transmittal.....	v
Principal Officials Roster	xii
Organizational Chart	xiii
Certificate of Achievement.....	xiv
 Financial Section	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
 Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets.....	14
Statement of Activities	15
 Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund.....	20
Statement of Fund Net Assets - Internal Service Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Fund	22
Statement of Cash Flows - Internal Service Fund	23

Norton City School District
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2011

Table of Contents
 (Continued)

	Page
Statement of Fiduciary Net Assets - Fiduciary Funds	24
Statement of Changes in Fiduciary Net Assets - Private Purpose Trust Fund	25
Notes to the Basic Financial Statements.....	26
Combining Statements and Individual Fund Schedules:	
Combining Statements - Governmental Funds:	
Governmental Fund Descriptions.....	56
Combining Balance Sheet - Nonmajor Special Revenue Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	62
Individual Fund Schedules of Revenues, Expenditures and Changes in in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund	67
Uniform School Supplies Fund	68
Adult Education Fund	68
Public School Support Fund.....	69
Underground Storage Tanks Fund	69
Permanent Improvement Fund	70
Food Services Fund	71
Miscellaneous Local Grants Fund	72
District Managed Student Activity Fund.....	73
Management Information System Fund	73
Data Communications Fund	74
School Net Professional Development Fund.....	74
Miscellaneous State Grants Fund	75
Education Jobs Fund	75
IDEA Grant Fund	76
State Fiscal Stabilization Fund	76
Title II-D Fund	77
Title I Fund	77
EHA Preschool Grant Fund.....	78
Title II-A Fund	78

Norton City School District
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2011

Table of Contents
 (Continued)

	Page
Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual:	
Self Insurance Fund.....	80
Scholarships Fund	81
Statement of Changes in Assets and Liabilities - Agency Fund.....	82
Statistical Section	
Financial Trends:	
Net Assets by Component - Last Ten Fiscal Years	S-2
Changes in Net Assets of Governmental Activities	
- Last Ten Fiscal Years.....	S-4
Program Revenues of Governmental Activities by Function	
- Last Ten Fiscal Years.....	S-8
Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	S-10
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	S-12
Revenue Capacity:	
Assessed and Estimated Actual Value of Taxable Property	
- Last Ten Years	S-14
Property Tax Rates - Direct and Overlapping Governments	
- Last Ten Years	S-15
Property Tax Levies and Collections - Last Ten Calendar Years	S-16
Principal Taxpayers.....	S-17
Debt Capacity:	
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	S-18
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years.....	S-19
Computation of Legal Debt Margin - Last Ten Fiscal Years	S-20
Computation of Direct and Overlapping Debt	S-22
Economic and Demographic Information:	
Demographic and Economic Statistics - Last Ten Years	S-23
Principal Employers	S-24

Norton City School District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011

Table of Contents
(Continued)

Page

Operating Information:

School District Employees by Function/Program	
- Last Eight Fiscal Years	S-25
Operating Statistics - Last Ten Fiscal Years	S-26
Building Statistics - Last Ten Fiscal Years	S-27
Teachers' Salaries - Last Ten Fiscal Years	S-29
Enrollment Statistics – Last Ten Fiscal Years	S-30
Average Number of Students per Teacher – Last Ten Fiscal Years.....	S-31
Attendance and Graduation Rates – Last Ten Fiscal Years	S-32

INTRODUCTORY SECTION



Treasurer's Office
4128 Cleveland-Massillon Rd
Norton, Ohio 44203
(330) 825-2114
Fax (330) 825-4537

Stephanie Hagenbush
Treasurer

Mary Renick
Assistant Treasurer

Laura Danko
EMIS Coordinator

Cindy Dohner
Financial Secretary

Sherry McNab
Accounts Payable

February 15, 2012

Norton Board of Education Members and
The Citizens of the Norton City School District:

The Norton City School District's (the "School District") Comprehensive Annual Financial Report (CAFR) compiled for the fiscal year July 1, 2010, through June 30, 2011 is respectfully submitted. Prepared by the Treasurer's office for the purpose of informing the Norton City School District's taxpayers, this comprehensive report's design provides complete and accurate disclosure of the School District's material financial operations for the fiscal year ended June 30, 2011.

The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District's management. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the School District.

The information submitted conforms to the accounting principles generally accepted (GAAP) in the United States of America, as set forth by the Governmental Accounting Standards Board (GASB), as is applicable to governmental entities and includes an unqualified opinion from an Independent Certified Public Accountant. Copies of this report, on file in the Treasurer's Office, are available for review upon written request to the Treasurer.

HISTORY OF THE NORTON COMMUNITY AND SCHOOLS

The City of Norton, located in southwestern Summit County, covers approximately nineteen square miles of land and has a current population of 11,523 (census 2000). The area was originally part of Wolf Creek Township and, when first settled, was part of the Western Reserve. Named for Connecticut Proprietor, Birdseye Norton, it was organized as a separate township in April 1818. The township consisted of several semi-villages: Norton Center, Loyal Oak, Western Star, Hametown, Sherman, Johnson's Corners and New Portage. Norton Township was established as one of the leading agricultural townships with some industry in coal mining.

In accordance with the law of 1785, that every 16th section of land be reserved for the "maintenance of public schools within each township," Norton established the first school in 1818-1819. It was a log-built structure with records of approximately 30 total students. In 1831, there were two buildings used for schooling when farming slowed down during the winter months. In 1892, a two-room wooden high school was built preparing the first graduation Class of 1895 that consisted of three members. In 1915, this two-room building was replaced with a modern brick structure that housed two elementary grades in four classrooms and three rooms for the high school.

In 1953, a new high school building was erected and the old high school building became the junior high building. The original building was designed to house 500 pupils, and in the 1950's, enrollment increased to 1,100. In 1956 the 19 room elementary building was completed, and several school additions followed at the Sherman and Grill Elementary buildings. Passage of a bond issue in 1966 made possible additions to the High School and completion of the new Middle School. In 1960 school enrollment increased to 1,474.

For fiscal year 2010-2011 the student head count totaled 2,680 with a projection of 2,560 for the 2011-2012 school year. Resident students enroll in five schools: Norton High School (grades 9-12) built in 1953, Norton Middle School (grades 5-8) built in 1966, Norton Cornerstone (grades K-4) built in 1914, Norton Primary (grades K-4) built in 1956, and Grill School (grades K-4) built in 1928 for general education. Other facilities operated by the School District include the Central Administration Office, Bus Garage, Vocational Building, Football Stadium, and other athletic fields.

The recognizable growth in the student population is attributable to recorded census population increases in Norton Township. In 1840 the population recorded was 1,497 and had increased 38 percent to 2,066 by 1880. In 1890 farms adjacent to Norton were purchased for the purpose of manufacturing, and thereupon, the city of Barberton was founded in 1891. Norton's location, close to Barberton and Akron industries, facilitated growth. The population of Norton in the 1900's continued to grow and change with census recordings in 1920 totaling 2,935 that had increased to 7,454 by 1950. Realizing its potential, Norton Township incorporated in March of 1961 and by 1969, Norton had assumed city status.

The Norton City School District is a member of the Four Cities Educational Compact that provides various vocational education programs to high school students attending the Norton, Barberton, Copley-Fairlawn and Wadsworth City school districts. Available within the Four Cities Compact Schools are: industry-certified occupational programs, cluster-based work force development programs, career readiness programs, Family and Consumer Science programs and supplemental vocational program services. Norton schools added a Sports Medicine program in fiscal year 2002. Also offered, are Masonry, Life Planning, Parenting, Family Relations, Personal Development (Family and Consumer Science), Administrative Assistants, Cooperative Business Education (CBE), and Diversified Cooperative Trade (DCT) (supplemental vocational programs).

SCHOOL DISTRICT ORGANIZATION

The School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code for the purpose of providing educational services authorized by charter and further mandated by State and/or Federal Agencies.

The Norton Board of Education (Board) consists of five members elected by its citizens. The Board serves as the taxing authority, the contracting body and implements the School District policies. Annually the Board adopts the School District's operating budget, tax budget and is responsible for the authorization of all of the School District's expenditures pursuant to Ohio Revised Code Sections 5705.38, 5705.28, and 5705.41, respectively.

The Superintendent functions as the Chief Executive Officer of the School District with responsibility for the education and support operations of the School District in accordance with Section 3319.01 of the Ohio Revised Code and is directly responsible to the Board of Education. Mr. David Dunn was hired as Superintendent August 1, 2007 and was awarded a new three year contract running from August 1, 2010 through July 31, 2013.

The Treasurer is the Chief Financial Officer of the School District with statutory obligations set forth in sections 3313.22 through 3313.32 of the Ohio Revised Code and is directly responsible to the Board of Education. Ms. Stephanie Hagenbush was appointed as Treasurer in January 2006. Ms. Hagenbush was recently awarded a contract that will expire July 31, 2015.

REPORTING ENTITY

The School District has reviewed its reporting entity definition in order to insure conformance with Governmental Accounting Standards Board statements. In evaluating how to define the School District for financial reporting purposes, management has considered all boards, funds, agencies, departments and organizations making up the Norton City School District (the primary government).

Other governmental entities (i.e. City of Norton, Norton Branch of Summit County Library) conducting business activities within School District boundaries are excluded from the accompanying financial statements. The School District's Board does not appoint the boards of those entities, nor are they fiscally dependent on the School District. The School District cannot legally access their resources, has no obligation to finance deficits or provide financial support, and is not obligated for their debts.

ECONOMIC CONDITION AND FUTURE OUTLOOK

The City of Norton is located at the intersection of U.S. Route 21 and Interstate 76. The community's economy, historically, was agricultural based with some coal mining industry. While there is still some farming today, it has decreased considerably as the City's economic base has become predominantly residential. The City of Norton offers an excellent opportunity for potential business growth as well as residential expansion due to the City Council's recent enactment of attaining sewer and water from the City of Barberton. Four of the largest employers in the School District in terms of numbers of employees are:

Norton City School District
SA Commune Company
Fred Martin Motor Group
City of Norton

Norton's proximity to major cities makes it a desirable community in which to live, providing easy access to cultural, social, educational, and economic resources. It is within minutes of state universities and private colleges, international and private airports, numerous inland lakes and reservoirs, the fisheries of Lake Erie, metropolitan and state parks, and the Cuyahoga Valley National Recreation Area. The City provides its residents with: quality police and fire services; participation in the Summit County 911 Service; and, efficient maintenance of 89 miles of Norton's roads by the City's Service Department. The Norton Municipal Park system offers convenient locations for picnicking and youth league baseball. Also, there is a Community Center available for rental to the residents.

The continued economic growth and expansion of Norton is anticipated due to its convenient location and with the planned installation of additional City sewer and water services. With current construction of new housing developments, the School District will inevitably experience an increase in student population. Throughout its history, the School District has been fortunate that city residents place a high value on education with a continued commitment of local support.

The School District's vision is "*Every Child Every Day*," providing our students with a quality education. The financial stability of the School District is vital in this pursuit and is credited to the loyal support of its community. Confronted with the many challenges and opportunities of a public education facility, the School District's Board and its employees continue to move forward in the education process of their students in their "*Pursuit of Excellence*".

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Ohio Improvement Process

The School District has chosen to participate in the Ohio Improvement Process. This structured process, based on the use of a connected set of tools, is Ohio's strategy for developing a true statewide system of support that can be used to redefine expectations for how people operate collectively and strategically across all levels of the education system. The goal is to improve the processes and results as they relate to teaching and learning. During fiscal year 2004-05 the School District earned an "excellent" status, which means according to state standards the Norton students are performing at or above the highest level attainable. The School District maintained this rating for four consecutive years. In fiscal year 2010-2011 the School District attained the status "excellent" for the seventh consecutive year.

Fiscal Forecast

The Five Year Forecast is updated as significant changes take place, but by law, must be approved by the Board of Education and submitted to the state twice a year, in October and May. At the end of fiscal year 2011, the forecast showed an unencumbered balance of \$3,917,817. However, as the costs of doing business continue to grow, the controversy over state funding, and the increasing numbers of unfunded state and federal mandates, a resulting effect of the School District expenditures exceeding its revenues will begin to produce a future deficit as projected in the School District's financial forecast.

FINANCIAL INFORMATION & RELEVANT FINANCIAL POLICIES

Accounting System

This is the ninth year that the School District has prepared financial statements following GASB Statement No. 34 "Basic Financial Statements – Management's Discussion and Analysis – State and Local Governments." GASB Statement No. 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

Government-wide financial statements – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business type activities.

Fund financial statements – These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparison – This statement presents a comparison of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances.

As determined by criteria established by GASB Statement No. 34, the School District does not report any activities that qualify as enterprise or business type activities. As part of this new reporting model, management is also responsible for preparing a “Management’s Discussion and Analysis” of the School District. This discussion follows the Independent Auditor’s Report, providing an assessment of the School District’s finances for fiscal year 2011 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the School District.

Internal Controls

The establishment and maintenance of an internal control structure, designed for safeguarding from loss, theft or misuse of the School District’s assets, is the responsibility of management. An effective fiscal management system incorporating internal accounting controls ensures the School District’s assets, liabilities, revenues and expenditures are properly classified and accurately recorded into the School District accounting records for the appropriate fiscal period in compliance with GAAP. The design of the internal control structure provides reasonable, but not absolute, assurance that these objectives were met. The concept of reasonable assurance assumes: the costs of the controls should not exceed the benefits presumably derived from its implementation; and the estimates and judgments relative to cost and benefit valuation are determined by management. Management believes the School District’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The School District maintains its accounts, appropriations, and other financial records in accordance with the procedures established and prescribed by the Ohio Revised Code and the Ohio Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The School District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and therefore, are not re-appropriated.

All disbursements and transfers of cash between funds require appropriation authority from the Board. The Treasurer must certify purchase order requests and ensure that the necessary funds are available. Then, purchase orders are encumbered, and released to vendors. Management may make budgetary modifications as long as the total fund appropriation is not affected.

The accounting system used by the School District provides interim financial reports that detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date.

The Principal at each building directs site-based financial management. Building teams are formed to assist in formulating the School District’s interpretation of the Ohio Improvement Process and pertinent budget issues identified by the staff, parents or students. Each building has an annual budget for instructional support and office operations.

School District Administrators and Principals receive financial reports monthly showing the status of the budget accounts for which they are responsible. The School District utilizes the State's software program allowing building level input of purchase requisitions. The Building Administrator and/or Business Manager and the Superintendent approve the requisitions, the Treasurer certifies the availability of funds, and then requisitions are electronically converted to purchase orders and encumbered.

In addition to the distribution of month-end reports to its management, and to ensure prescribed budgetary compliance within all levels of the School District, the Treasurer's office publishes annually the School District's financial handbook detailing the School District's adopted procedures for proper receipting and expending of School District funds. This handbook is distributed to new employees and is available online to all employees.

The basis of accounting and the various funds utilized by the Norton City School District are fully described in Note 1 of the basic financial statements.

As an additional safeguard, a blanket bond covers all employees, and a separate, higher limit bond covers certain individuals in policy-making roles.

Single Audit Act

As a recipient of federal and state financial assistance, the School District is responsible for ensuring that an adequate internal control structure is in place and is in compliance with applicable laws and regulations relative to those programs.

Financial Highlights - Internal Service Fund

The only internal service fund carried on the financial records relates to health care. This fund accounts for the revenues and expenses related to the provision of medical, surgical, prescription drug, vision and dental benefits to the School District's employees. The balance at June 30, 2011 was sufficient to meet all claims outstanding at year-end.

Financial Highlights - Fiduciary Fund

The trust fund carried on the financial records of the School District is a scholarship private purpose trust fund that has assets totaling \$110,064 as of June 30, 2011.

OTHER INFORMATION

Independent Audit

Provisions of State statute require an independent auditor subject the School District's financial statements to an annual examination. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirements of the Federal Office of Management and Budget Circular A-133. Rea & Associates, Inc. Certified Public Accountants, performed the audit for the period ended June 30, 2011. Those provisions have been satisfied and the opinion of the Independent Auditors is included in the financial section of this CAFR.

GFOA Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Norton City School District for its CAFR for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both GAAP and applicable legal requirements.

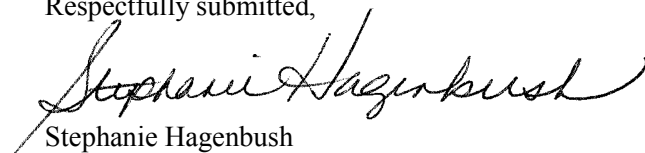
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

The preparation and publication of the 2011 CAFR of the Norton City School District was facilitated through the assistance of many people. My sincere appreciation is extended to the staff of the Treasurer's office for their dedication, support, and encouragement throughout this process. In addition, sincere thanks are also extended to various administrators and employees of the School District, the Summit County Fiscal Officer's office staff and other outside agencies whose efforts contributed to the fair presentation of the statistical data.

Finally, sincere appreciation is expressed to the Norton City Schools Board of Education for their support and commitment to continuing efforts made in improvements of financial management and reporting as we continue in our effort to reach "*Every Child Every Day*".

Respectfully submitted,


Stephanie Hagenbush
Treasurer

Norton City School District
Principal Officials Roster
Year Ended June 30, 2011

Board of Education

Mr. Jim Bennett	President
Mrs. Diane Farmer	Vice President
Mrs. Laura Leonti	Member
Mrs. Cindy Webel	Member
Mrs. Elisa Worthington	Member

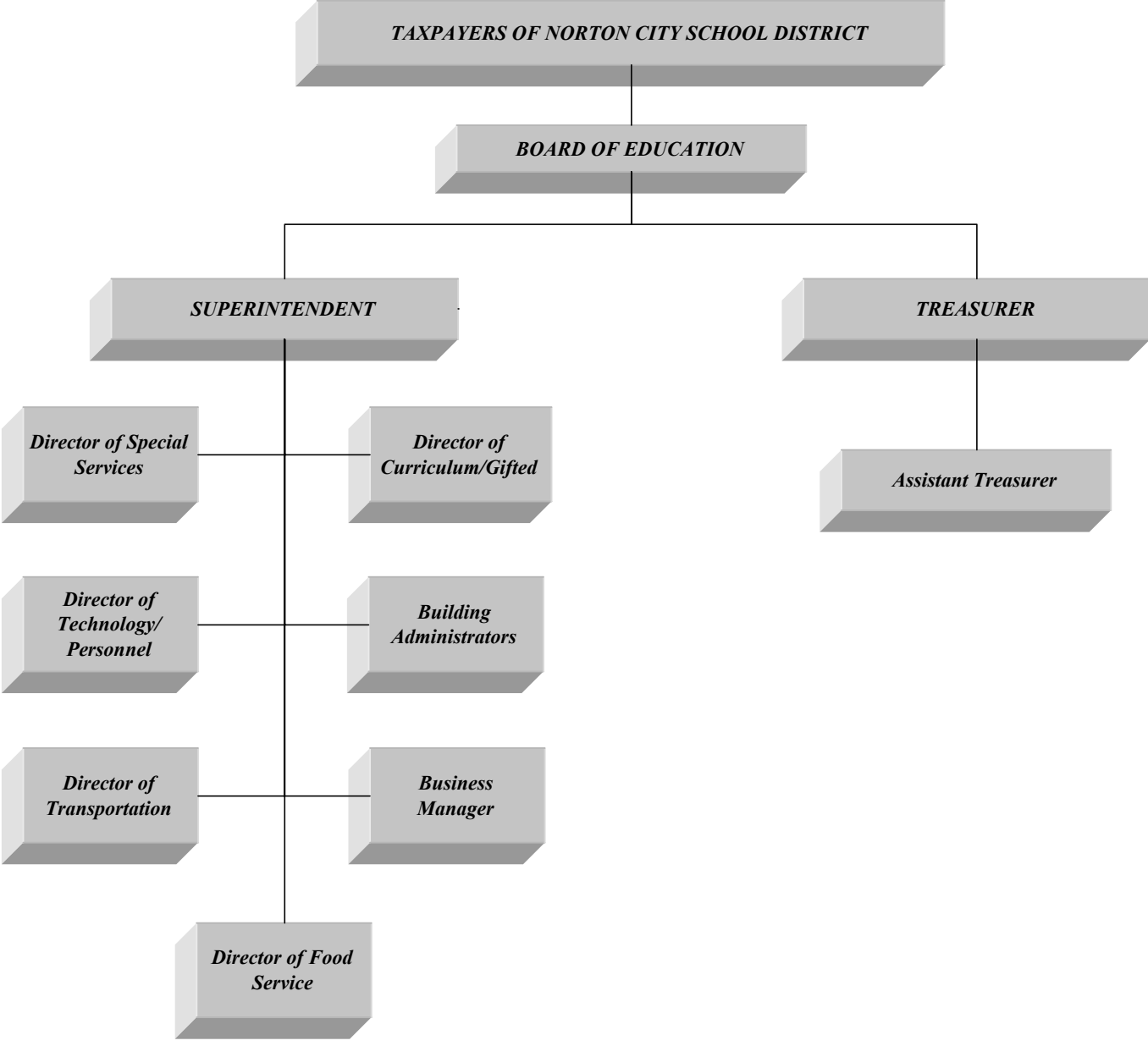
Treasurer/Chief Fiscal Officer

Mrs. Stephanie Hagenbush

Administration

Mr. David Dunn	Superintendent
Mr. Ken Caldwell	Business Manager
Mrs. Sharon Herchik	Director of Curriculum
Ms. Valerie Riedthaler	Coordinator of Special Education
Mrs. Angela Wagler	Technology Coordinator
Ms. Judy Johnsen	Food Service Supervisor
Mr. Paul Stoneking	Transportation Supervisor
Mr. Randy Whited	Facilities Supervisor

***Norton City School District
Organizational Chart***



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Norton City School District
Ohio

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

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

February 15, 2012

The Board of Education
Norton City School District
4128 Cleveland-Massillon Rd.
Norton, Ohio 44203

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norton City School District (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Norton City School District's basic financial statements. The combining and individual nonmajor fund statements and other schedules, listed in the table of contents as supplementary information, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rea & Associates, Inc.

Norton City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

This discussion and analysis of Norton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- Net assets of governmental activities decreased \$1,120,263, representing a 10.0% decrease from fiscal year 2010.
- General revenues accounted for \$17,155,106 in revenue or 73.4% of all revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for \$6,228,944 or 26.6% of total revenues of \$23,384,050.
- Compared to fiscal year 2011, the total assets of governmental activities decreased by \$1,409,657.
- The School District had \$24,504,313 in expenses related to governmental activities; only \$6,228,944 of these expenses was offset by program specific revenues that include charges for services, operating grants, contributions and interest. General revenues of \$17,155,106 contributed to support these programs.
- The School District had two major governmental funds, the general fund and the permanent improvement capital projects fund. The general fund's balance decreased \$349,408 from \$3,856,095 as of June 30, 2010 to \$3,506,687 at June 30, 2011. The permanent improvement capital projects fund balance increased \$382,728 from \$2,158,962 at June 30, 2010 to \$2,541,690 at June 30, 2011.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2011?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis, of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the School District's activities are considered to be all Governmental Activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the general fund and the permanent improvement capital projects fund.

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

Norton City School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2011
 Unaudited

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

		Table 1 Net Assets	
		<u>Governmental Activities</u>	
		<u>2011</u>	<u>2010</u>
Assets			
Current and other assets	\$	17,358,543	\$ 18,591,482
Capital assets, net of depreciation		<u>3,327,380</u>	<u>3,504,098</u>
Total assets		<u>20,685,923</u>	<u>22,095,580</u>
Liabilities			
Current and other liabilities		9,497,103	9,929,950
Long-term liabilities:			
Due within one year		255,291	142,043
Due in more than one year		<u>847,648</u>	<u>817,443</u>
Total liabilities		<u>10,600,042</u>	<u>10,889,436</u>
Net Assets			
Invested in capital assets, net of debt		3,268,872	3,408,970
Restricted		3,215,453	2,947,167
Unrestricted		<u>3,601,556</u>	<u>4,850,007</u>
Total net assets	\$	<u>10,085,881</u>	\$ <u>11,206,144</u>

Over time, net assets can serve as a useful indicator of a government's financial position. During fiscal year 2011, the School District had a decrease in net assets of \$1,120,263.

Capital assets, net of related debt reported on the government-wide statements represents a large component of net assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles, all of which are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$3,215,453, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$616,936 is restricted for food services, \$2,572,093 is restricted for capital projects, and \$26,424 is restricted for other purposes. The remaining balance of net assets of \$3,601,556 is unrestricted.

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 2 shows changes in net assets for fiscal year 2011 compared to fiscal year 2010.

Table 2
Changes in Net Assets

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Revenues		
Program revenues:		
Charges for services	\$ 4,104,067	\$ 3,869,782
Operating grants, contributions and interest	2,124,877	2,412,995
General revenues:		
Property taxes	8,509,525	8,457,132
Grants and entitlements	8,628,017	8,830,829
Investment earnings	17,030	14,863
Miscellaneous	534	186,413
Total revenues	<u>23,384,050</u>	<u>23,772,014</u>
Program Expenses		
Instruction:		
Regular	11,320,512	10,750,218
Special	2,138,015	2,104,045
Vocational	853,375	816,198
Adult/continuing	2,952	1,692
Student intervention services	329,227	278,036
Support services:		
Pupil	737,222	824,072
Instructional staff	1,399,762	1,162,866
Board of education	93,231	30,634
Administration	1,801,356	1,665,850
Fiscal	577,535	573,719
Business	306,628	314,132
Operation and maintenance of plant	1,884,584	1,935,597
Pupil transportation	1,506,979	1,625,865
Central	76,944	78,009
Operation non-instructional services	4,455	2,980
Operation of food services	925,626	872,285
Extracurricular activities	541,994	527,622
Interest and fiscal charges	3,916	5,706
Total expenses	<u>24,504,313</u>	<u>23,569,526</u>
Change in net assets	(1,120,263)	202,488
Net assets beginning of year	<u>11,206,144</u>	<u>11,003,656</u>
Net assets end of year	<u>\$ 10,085,881</u>	<u>\$ 11,206,144</u>

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Governmental Activities

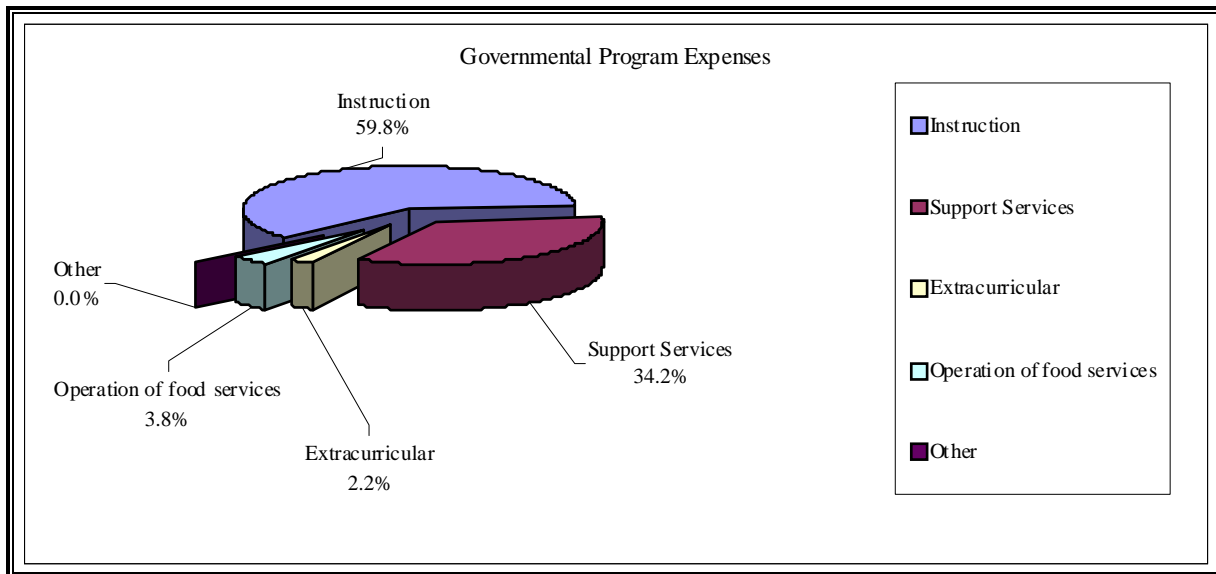
Norton City School District depends on both property taxes and State funding.

Several revenue sources fund our governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over \$8.5 million in 2011. General revenues from grants and entitlements, such as the school foundation program, generated over \$8.6 million. Due to the combination of taxes and intergovernmental funding representing nearly 73.3% of all revenues, the School District monitors both of these sources very closely for fluctuations.

A review of Table 2 reflects that the total cost of instructional services was \$14,644,081, or 59.8% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. As compared to the prior year, these expenses increased \$693,892, or 4.97%. These expenses increased due to an increase in students and related expenses.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching pupils. These expenses represent \$2,136,984 of the total governmental program expenses, or 8.72%. These expenses increased over the prior year in the amount of \$150,046, or 7.55% due to an increase in instructional staff and an increase in students from the prior year.

Below is a graphical display of the program expenses in a more aggregate total than the table above.



Norton City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Board of Education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost was \$2,778,750, or 11.3% of governmental program expenses. Expenses of these programs increased \$194,415, or 7.5%, as compared to fiscal year 2010, driven mostly by increases in administration expenses.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$1,884,584, or 7.7% of the governmental program expenses. Expenses for providing this program decreased \$51,013, or 2.6% as compared to the prior year. The primary cause of this decrease was due to a decrease in operating expenses.

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$1,506,979, or 6.1% of the total governmental program expenditures. Expenses for providing this program decreased \$118,886, or 7.3% as compared to the prior year.

Overall, the School District's fiscal year expenses exceeded revenues by \$1,120,263. This is due to an increase in students and related expenditures.

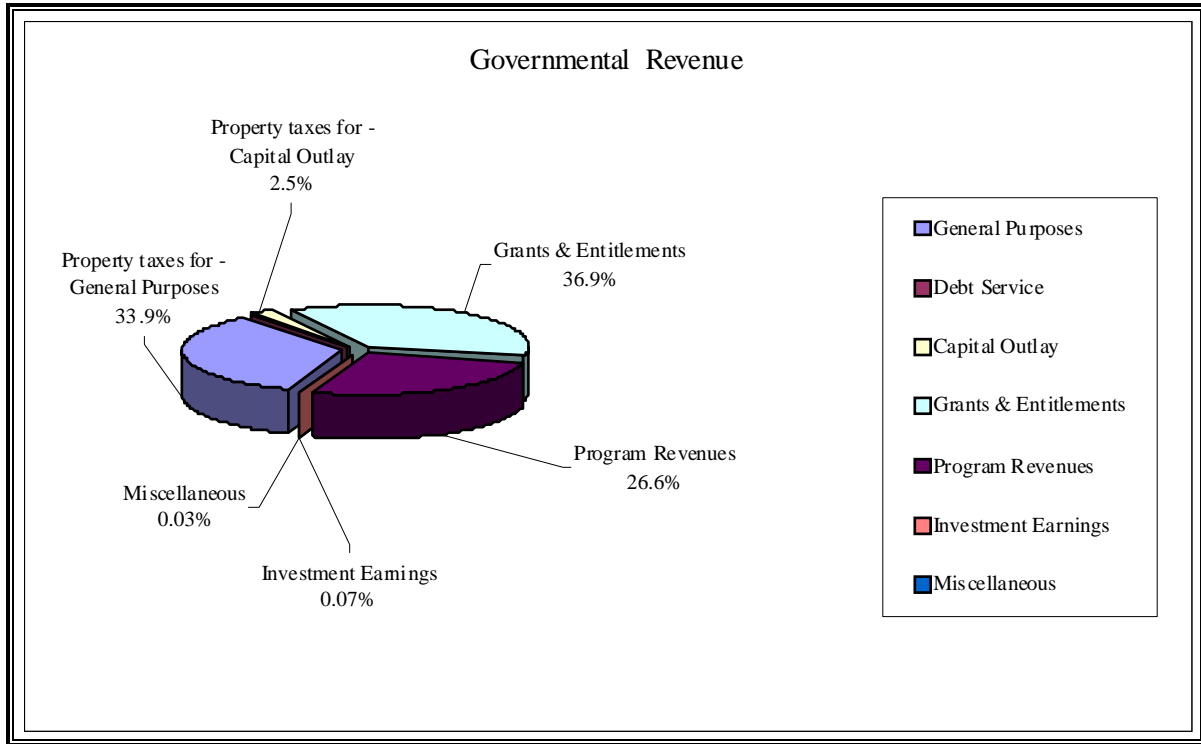
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services as compared to fiscal year 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 3
Governmental Activities

	Total Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2011</u>	Net Cost of Services <u>2010</u>
Program Expenses:				
Instruction:				
Regular	\$ 11,320,512	\$ 10,750,218	\$ (7,414,594)	\$ (7,166,636)
Special	2,138,015	2,104,045	(1,548,397)	(1,306,807)
Vocational	853,375	816,198	(853,375)	(811,573)
Adult/continuing	2,952	1,692	(2,952)	(1,692)
Student intervention services	329,227	278,036	(304,857)	(261,277)
Support services:				
Pupil	737,222	824,072	(663,273)	(754,697)
Instructional staff	1,399,762	1,162,866	(1,112,983)	(570,810)
Board of education	93,231	30,634	(93,231)	(30,634)
Administration	1,801,356	1,665,850	(1,695,879)	(1,554,501)
Fiscal	577,535	573,719	(577,535)	(573,719)
Business	306,628	314,132	(306,628)	(314,132)
Operation and maintenance of plant	1,884,584	1,935,597	(1,879,521)	(1,929,647)
Pupil transportation	1,506,979	1,625,865	(1,361,891)	(1,592,928)
Central	76,944	78,009	(71,944)	(73,009)
Operation non-instructional services	4,455	2,980	(4,455)	(2,980)
Operation of food services	925,626	872,285	14,740	47,737
Extracurricular activities	541,994	527,622	(394,678)	(383,738)
Interest and fiscal charges	3,916	5,706	(3,916)	(5,706)
Total expenses	<u>\$ 24,504,313</u>	<u>\$ 23,569,526</u>	<u>\$ (18,275,369)</u>	<u>\$ (17,286,749)</u>

Norton City School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2011
 Unaudited



Program revenues include charges for services, grants, contributions and interest that are program specific. Surrounding schools whose resident students are educated by the Norton City School District pay the School District \$5,732 per pupil under Ohio's open enrollment entitlement.

Property taxes made up 36.4% of total revenues for governmental activities for the Norton City Schools in fiscal year 2011. Program revenues for governmental activities provided 26.6% of governmental revenues with 73.4% of all governmental activities supported through property taxes, grants and entitlement, and other general revenues. The 36.9% provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$23,379,512 and total expenditures other financing uses were \$23,411,944. The net change in fund balance was significant in the general fund with a decrease of \$349,408. This decrease is attributed to increases in instruction and support service expenditures. The net change in fund balance in the permanent improvement capital projects fund increased \$382,728. This increase is attributed to current year revenues exceeding current year expenditures and due to the fact that the School District is in the planning stage for future projects and not incurring large expenses.

The net change in fund balance for other governmental funds was a decrease of \$65,752. For the current fiscal year, other governmental funds consist of special revenue funds only.

Norton City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

General Fund Budgeting Highlights

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

For the general fund, the original budgeted revenue and other financing source estimate was \$19,543,925. This amount was changed during the year, resulting in a final revenue budget of \$19,379,151. Actual revenue reported was \$19,943,946 the change was \$564,795 greater than the final budget and was \$400,021 greater than the original budgeted amounts.

The original and final expenditures estimate of \$22,392,106 was significantly higher than the actual. The actual expenditures were \$20,776,283, with a significant change in the amount of \$1,615,823 from the original and final budgeted amounts. This was the result of conservative spending by the district.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$3,327,380 invested in land and land improvements, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal year 2011 balances compared to fiscal year 2010:

Table 4
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 71,000	\$ 71,000
Land improvements	509,858	559,285
Buildings and improvements	2,060,828	2,117,789
Furniture and equipment	262,367	318,328
Vehicles	423,327	437,696
Total capital assets	<u>\$ 3,327,380</u>	<u>\$ 3,504,098</u>

The total decrease in the value of assets, as compared to the prior year, is due to the current year's depreciation on the School District's assets. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Norton City School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2011
 Unaudited

Debt

Table 5 summarizes the capital leases outstanding:

Table 5
 Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Capital Leases	\$ 58,508	\$ 95,128
Total outstanding debt	<u>\$ 58,508</u>	<u>\$ 95,128</u>

The capital leases are to be repaid from the general fund, which the School District has budgeted to meet these requirements.

At June 30, 2011, the School District's overall legal debt margin was \$27,072,063 with an unvoted debt margin of \$300,801. The School District is not currently rated by Standard & Poor's or Moody's Investors Service. See Note 13 to the basic financial statements for detail on the School District's long-term obligations.

Current Issues Affecting Financial Condition

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Due to the unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. In conclusion, the School District's system of budgeting and internal controls is well regarded.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions or need additional financial information, contact Stephanie Hagenbush, Treasurer/Chief Fiscal Officer of the Norton City School District, 4128 South Cleveland Massillon Road, Norton, Ohio 44203 by phone (330) 825-2114 or e-mail shagenbush@norton.summit.k12.oh.us.

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Norton City School District
Statement of Net Assets
June 30, 2011

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 7,628,126
Cash and cash equivalents:	
In segregated accounts	525,722
Receivables:	
Taxes	8,770,885
Accounts	232,307
Intergovernmental	154,816
Accrued interest	3,697
Prepaid items	6,439
Inventory held for resale	7,390
Materials and supplies inventory	29,161
Capital assets:	
Land	71,000
Depreciable capital assets, net	<u>3,256,380</u>
Total capital assets	<u>3,327,380</u>
Total assets	<u>20,685,923</u>
<u>Liabilities:</u>	
Accounts payable	215,665
Accrued wages	1,473,340
Intergovernmental payable	582,280
Deferred revenue	7,222,696
Unearned revenue	3,122
Long-term liabilities:	
Due within one year	255,291
Due in more than one year	<u>847,648</u>
Total liabilities	<u>10,600,042</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	3,268,872
Restricted for:	
Capital projects	2,572,093
Food services	616,936
Other purposes	26,424
Unrestricted	<u>3,601,556</u>
Total net assets	<u>\$ 10,085,881</u>

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 11,320,512	\$ 3,107,447	\$ 798,471	\$ (7,414,594)
Special	2,138,015	165,640	423,978	(1,548,397)
Vocational	853,375	-	-	(853,375)
Adult/continuing	2,952	-	-	(2,952)
Student intervention services	329,227	-	24,370	(304,857)
Support services:				
Pupils	737,222	-	73,949	(663,273)
Instructional staff	1,399,762	-	286,779	(1,112,983)
Board of education	93,231	-	-	(93,231)
Administration	1,801,356	-	105,477	(1,695,879)
Fiscal	577,535	-	-	(577,535)
Business	306,628	-	-	(306,628)
Operation and maintenance of plant	1,884,584	5,063	-	(1,879,521)
Pupil transportation	1,506,979	145,088	-	(1,361,891)
Central	76,944	-	5,000	(71,944)
Operation of non-instructional services	4,455	-	-	(4,455)
Operation of food services	925,626	540,260	400,106	14,740
Extracurricular activities	541,994	140,569	6,747	(394,678)
Interest and fiscal charges	3,916	-	-	(3,916)
Total governmental activities	<u>\$ 24,504,313</u>	<u>\$ 4,104,067</u>	<u>\$ 2,124,877</u>	<u>(18,275,369)</u>

General Revenues:

Property taxes levied for:		
General purposes		7,922,474
Capital outlay		587,051
Grants and entitlements not restricted to specific programs		8,628,017
Investment earnings		17,030
Miscellaneous		534
Total general revenues		<u>17,155,106</u>
Change in net assets		(1,120,263)
Net assets at beginning of year		<u>11,206,144</u>
Net assets at end of year		<u>\$ 10,085,881</u>

See accompanying notes to the basic financial statements.

Norton City School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 4,413,936	\$ 2,467,203	\$ 729,563	\$ 7,610,702
<u>Receivables:</u>				
Taxes	8,167,215	603,670	-	8,770,885
Accounts	232,307	-	-	232,307
Intergovernmental	10,279	-	144,537	154,816
Interfund	143,667	-	-	143,667
Accrued interest	3,361	-	-	3,361
Prepaid items	5,857	-	582	6,439
Inventory held for resale	-	-	7,390	7,390
Materials and supplies inventory	26,656	-	2,505	29,161
Equity in pooled cash and cash equivalents (restricted)	15,427	-	-	15,427
Total assets	<u>\$ 13,018,705</u>	<u>\$ 3,070,873</u>	<u>\$ 884,577</u>	<u>\$ 16,974,155</u>
<u>Liabilities and fund balances:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 190,453	\$ 1,896	\$ 23,316	\$ 215,665
Accrued wages	1,438,011	-	35,329	1,473,340
Interfund payable	-	-	143,667	143,667
Intergovernmental payable	547,734	-	34,546	582,280
Deferred revenue	7,335,820	527,287	100,137	7,963,244
Total liabilities	<u>9,512,018</u>	<u>529,183</u>	<u>336,995</u>	<u>10,378,196</u>
<u>Fund balances:</u>				
Nonspendable	47,940	-	10,477	58,417
Restricted	-	2,541,690	651,781	3,193,471
Committed	11,000	-	-	11,000
Assigned	3,447,747	-	-	3,447,747
Unassigned	-	-	(114,676)	(114,676)
Total fund balances	<u>3,506,687</u>	<u>2,541,690</u>	<u>547,582</u>	<u>6,595,959</u>
Total liabilities and fund balances	<u>\$ 13,018,705</u>	<u>\$ 3,070,873</u>	<u>\$ 884,577</u>	<u>\$ 16,974,155</u>

See accompanying notes to the basic financial statements.

Norton City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2011

Total governmental funds balances		\$ 6,595,959
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,327,380
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 459,092	
Tuition and fees	2,592	
Intergovernmental	278,864	
Total		740,548
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		524,933
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	\$ (1,044,431)	
Capital leases	(58,508)	
Total		<u>(1,102,939)</u>
Net assets of governmental activities		<u><u>\$ 10,085,881</u></u>

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,863,748	\$ 582,767	\$ -	\$ 8,446,515
Intergovernmental	8,747,712	120,306	1,768,074	10,636,092
Interest	15,180	-	904	16,084
Tuition and fees	3,353,691	-	-	3,353,691
Extracurricular activities	59,112	-	140,569	199,681
Gifts and donations	11,244	-	7,247	18,491
Charges for services	147,880	-	539,068	686,948
Rent	5,063	-	-	5,063
Miscellaneous	755	-	16,192	16,947
Total revenues	<u>20,204,385</u>	<u>703,073</u>	<u>2,472,054</u>	<u>23,379,512</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,110,586	90,164	573,521	10,774,271
Special	1,654,221	-	400,052	2,054,273
Vocational	799,393	-	-	799,393
Adult/continuing	2,952	-	-	2,952
Student intervention services	304,673	-	24,554	329,227
Support services:				
Pupils	638,524	-	78,625	717,149
Instructional staff	975,881	30,847	305,714	1,312,442
Board of education	91,037	-	-	91,037
Administration	1,611,316	-	117,703	1,729,019
Fiscal	548,962	11,593	-	560,555
Business	268,743	-	-	268,743
Operation and maintenance of plant	1,693,857	11,200	-	1,705,057
Pupil transportation	1,350,628	-	-	1,350,628
Central	68,503	-	5,000	73,503
Operation of non-instructional services	256	-	3,195	3,451
Operation of food services	-	-	884,681	884,681
Extracurricular activities	387,225	-	144,761	531,986
Capital outlay	6,500	176,541	-	183,041
Debt service:				
Principal retirement	36,620	-	-	36,620
Interest and fiscal charges	3,916	-	-	3,916
Total expenditures	<u>20,553,793</u>	<u>320,345</u>	<u>2,537,806</u>	<u>23,411,944</u>
Net change in fund balances	(349,408)	382,728	(65,752)	(32,432)
Fund balances at beginning of year, restated	<u>3,856,095</u>	<u>2,158,962</u>	<u>613,334</u>	<u>6,628,391</u>
Fund balances at end of year	<u>\$ 3,506,687</u>	<u>\$ 2,541,690</u>	<u>\$ 547,582</u>	<u>\$ 6,595,959</u>

See accompanying notes to the basic financial statements.

Norton City School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ (32,432)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 183,041	
Depreciation expense	<u>(359,759)</u>	
Excess of depreciation expense over capital asset additions		(176,718)

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

Property taxes	\$ 63,010	
Intergovernmental	268,333	
Tuition and fees	(328,434)	
Miscellaneous	<u>(221)</u>	
Net change in deferred revenues during the year		2,688

Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 36,620

Some items 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. These activities consist of:

Increase in compensated absences		(180,073)
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The internal service fund used by management to charge the costs of medical, prescription drug, dental and vision claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.

(770,348)

Change in net assets of governmental activities \$ (1,120,263)

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 7,730,372	\$ 7,730,372	\$ 7,727,540	\$ (2,832)
Intergovernmental	8,928,868	8,742,692	8,742,642	(50)
Interest	15,000	15,000	11,819	(3,181)
Tuition and fees	2,718,830	2,718,830	3,292,774	573,944
Gifts and donations	55	55	-	(55)
Charges for services	130,800	130,800	129,888	(912)
Rent	-	5,300	5,263	(37)
Miscellaneous	-	16,102	15,738	(364)
Total revenues	19,523,925	19,359,151	19,925,664	566,513
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	11,094,742	10,730,541	9,972,374	758,167
Special	1,667,567	1,740,922	1,633,032	107,890
Vocational	945,345	923,696	853,076	70,620
Adult/continuing	3,256	3,034	2,855	179
Student intervention services	300,017	324,233	304,673	19,560
Support services:				
Pupils	732,275	706,834	658,542	48,292
Instructional staff	1,123,453	1,092,786	959,269	133,517
Board of education	30,368	44,794	40,291	4,503
Administration	1,709,381	1,726,998	1,611,838	115,160
Fiscal	628,039	638,379	577,732	60,647
Business	396,306	388,246	352,482	35,764
Operation and maintenance of plant	1,541,356	1,955,540	1,826,256	129,284
Pupil transportation	1,766,435	1,624,449	1,497,666	126,783
Central	86,466	81,009	76,161	4,848
Extracurricular activities	362,337	386,382	385,816	566
Capital outlay	4,763	24,263	24,220	43
Total expenditures	22,392,106	22,392,106	20,776,283	1,615,823
Excess of revenues under expenditures	(2,868,181)	(3,032,955)	(850,619)	2,182,336
<u>Other financing sources:</u>				
Refund of prior year expenditures	18,000	18,000	16,601	(1,399)
Insurance recoveries	2,000	2,000	1,681	(319)
Total other financing sources	20,000	20,000	18,282	(1,718)
Net change in fund balance	(2,848,181)	(3,012,955)	(832,337)	2,180,618
Fund balances at beginning of year	4,389,863	4,389,863	4,389,863	-
Prior year encumbrances appropriated	375,705	375,705	375,705	-
Fund balances at end of year	\$ 1,917,387	\$ 1,752,613	\$ 3,933,231	\$ 2,180,618

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Fund Net Assets
Internal Service Fund
June 30, 2011

	<u>Self Insurance</u>
<u>Assets:</u>	
Current:	
Equity in pooled cash and cash equivalents	\$ 1,997
Cash and cash equivalents in segregated accounts	525,722
Interest receivable	<u>336</u>
Total assets	<u><u>\$ 528,055</u></u>
<u>Liabilities:</u>	
Current:	
Unearned revenue	<u>\$ 3,122</u>
<u>Net assets:</u>	
Unrestricted	<u>524,933</u>
Total liabilities and net assets	<u><u>\$ 528,055</u></u>

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2011

	<u>Self Insurance</u>
<u>Operating revenues:</u>	
Charges for services	<u>\$ 25,174</u>
<u>Operating expenses:</u>	
Purchased services	<u>797,372</u>
Operating loss	<u>(772,198)</u>
<u>Non-operating revenues:</u>	
Interest	<u>1,850</u>
Change in net assets	(770,348)
Net assets at beginning of year	<u>1,295,281</u>
Net assets at end of year	<u><u>\$ 524,933</u></u>

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2011

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 30,235
Cash payments to suppliers for goods and services	(797,572)
Cash payments for claims	(346,261)
Net cash used for operating activities	<u>(1,113,598)</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	1,514
Net cash provided by investing financing	<u>1,514</u>
Net decrease in cash and cash equivalents	(1,112,084)
Cash and cash equivalents at beginning of year	1,639,803
Cash and cash equivalents at end of year	<u>\$ 527,719</u>
Reconciliation of operating loss to net <u>cash used for operating activities:</u>	
Operating loss	<u>\$ (772,198)</u>
Adjustments to reconcile operating loss to net cash used for operating activities:	
Increase (decrease) in liabilities:	
Accounts payable	(200)
Claims payable	(346,261)
Unearned revenue	5,061
Total adjustments	<u>(341,400)</u>
Net cash used for operating activities	<u>\$ (1,113,598)</u>

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	
	<u>Scholarships</u>	<u>Agency</u>
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 44,925	\$ 53,947
Cash and cash equivalents:		
In segregated accounts	65,098	-
Interest receivable	41	-
Total assets	<u>\$ 110,064</u>	<u>\$ 53,947</u>
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 180
Due to students	-	<u>53,767</u>
Total liabilities	<u>-</u>	<u>\$ 53,947</u>
<u>Net assets:</u>		
Held in trust for scholarships	<u>\$ 110,064</u>	

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust <u>Scholarships</u>
<u>Additions:</u>	
Interest	\$ 318
Gifts and donations	3,990
Total additions	<u>4,308</u>
<u>Deductions:</u>	
Payments in accordance with trust agreements	<u>10,662</u>
Change in net assets	(6,354)
Net assets at beginning of year	<u>116,418</u>
Net assets at end of year	<u><u>\$ 110,064</u></u>

See accompanying notes to the basic financial statements.

Norton City School District

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT

The Norton City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 150 non-certificated employees and 191 certificated teaching and support personnel, including 17 administrators that provide services to 2,680 students and other community members.

Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student-related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no material component units.

The School District is associated with the Northeast Ohio Network for Educational Technology, Ohio Schools' Council and the Four Cities Educational Compact, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 15.

Notes to the Basic Financial Statements

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

A. Basis of Presentation - Fund Accounting

The School District'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 School District 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. However, the services provided and used are not eliminated in the process of consolidation.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District'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 and 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 that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. 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 fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds focus 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 School District's has two major governmental funds:

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

Permanent Improvement Fund: The permanent improvement capital projects fund is used to account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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

Proprietary Fund Type

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Notes to the Basic Financial Statements

Internal Service Fund: The internal service fund accounts for the financing of services provided by one department or agency to other departments or agency of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for revenue received from other funds and the settlement expenses for medical, surgical, prescription drug, and dental and vision claims of School District employees.

Fiduciary Fund Types

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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust fund, which accounts for several scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund reports resources that belong to the student bodies of the various schools.

C. Measurement Focus and Basis of Accounting

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

The private purpose trust fund is reported using the economic resources measurement focus.

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 the fund are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

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

Revenue - 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the school district, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Notes to the Basic Financial Statements

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 June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the 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.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating grants and contributions" program revenue account.

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.

D. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

Norton City School District

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Investments To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements, certificates of deposit, and interest in STAROhio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board has passed a resolution to allow interest to also be recorded in other funds as listed in Note 5.

Some of the School District's monies for the internal service funds health coverage are held separate from the School District's central bank account and are reflected as "Cash and cash equivalents in segregated accounts". The School District also holds monies separate from the School District's central bank account for monies held for future scholarships, which are reported in the scholarships private purpose trust fund.

F. Prepaids Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

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

H. Inventory On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventories on the fund financial statements are stated at cost on a first-in, first-out basis. Inventories of the general fund consist of expendable supplies held for consumption. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale. Inventories reported on the fund financial statements are expensed when purchased.

Notes to the Basic Financial Statements

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets in the general fund include the amount required to be reserved for unclaimed monies. See Note 18 for additional information regarding statutory reserves.

J. Capital Assets

General capital assets are those assets resulting 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The School District's policy is not to capitalize interest costs incurred as part of construction.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10 - 30 years
Buildings and improvements	30 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	10 - 15 years

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

For the governmental fund financial statements, the matured portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

L. 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 borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs, and for operating or capital costs for any new and innovative programs designed to enhance or promote education within the School District.

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

M. 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, judgments, compensated absences, and special termination benefits 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. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

N. Fund Balance

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

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 category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. 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.

Notes to the Basic Financial Statements

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

Assigned fund balance classifications are intended to be used by the School District 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 policies of the School District Board of Education.

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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District 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.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are classified as non-operating.

P. Interfund Transactions

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net assets.

Q. Estimates

The preparation of 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.

Norton City School District

NOTE 2 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District 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:

Fund Balances	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>				
Materials and supplies inventory	\$ 26,656	\$ -	\$ 9,895	\$ 36,551
Prepays	5,857	-	582	6,439
Unclaimed monies	<u>15,427</u>	<u>-</u>	<u>-</u>	<u>15,427</u>
Total nonspendable	<u>47,940</u>	<u>-</u>	<u>10,477</u>	<u>58,417</u>
<u>Restricted for</u>				
Food service	-	-	627,826	627,826
Local grants	-	-	22,824	22,824
State grants	-	-	1,131	1,131
Capital improvements	<u>-</u>	<u>2,541,690</u>	<u>-</u>	<u>2,541,690</u>
Total restricted	<u>-</u>	<u>2,541,690</u>	<u>651,781</u>	<u>3,193,471</u>
<u>Committed</u>				
Underground storage tanks	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
<u>Assigned for</u>				
Public school support	70,232	-	-	70,232
Encumbrance	419,516	-	-	419,516
Next years budget	<u>2,957,999</u>	<u>-</u>	<u>-</u>	<u>2,957,999</u>
Total assigned	<u>3,447,747</u>	<u>-</u>	<u>-</u>	<u>3,447,747</u>
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(114,676)</u>	<u>(114,676)</u>
Total fund balances	<u>\$ 3,506,687</u>	<u>\$ 2,541,690</u>	<u>\$ 547,582</u>	<u>\$ 6,595,959</u>

Notes to the Basic Financial Statements

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

A. Change in accounting principles

For the fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

B. Restatement of prior year’s fund balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balance at June 30, 2010	\$ 3,704,140	\$ 2,158,962	\$ 765,289	\$ 6,628,391
Change in fund structure	<u>151,955</u>	<u>-</u>	<u>(151,955)</u>	<u>-</u>
Adjusted fund balance at July 1, 2010	<u>\$ 3,856,095</u>	<u>\$ 2,158,962</u>	<u>\$ 613,334</u>	<u>\$ 6,628,391</u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above 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 presentation for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than

Norton City School District

- assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ (349,408)
Net adjustment for revenue accruals	(129,049)
Net adjustment for expenditure accruals	65,811
Encumbrances (Budget basis) outstanding at year-end	(455,241)
Perspective differences from funds budgeted as special revenue funds:	
Revenues	(131,390)
Expenditures	<u>166,940</u>
Budget basis	<u>\$ (832,337)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Notes to the Basic Financial Statements

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Norton City School District

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

A. Deposits:

For the fiscal year ended June 30, 2011, the School District reported \$15,427 in "Equity in pooled cash and cash equivalents (restricted)" on the balance sheet. This amount represents a reserve for unclaimed monies.

The carrying value of the School District's deposits totaled \$7,323,630, and the bank balances of the deposits totaled \$7,630,316; all of which was not exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

B. Investments:

As of June 30, 2011, the School District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 795,000	Daily	AAA ⁽¹⁾
STAROhio	<u>199,188</u>	58.3 ⁽³⁾	AAAm ⁽²⁾
	<u>\$ 994,188</u>		

⁽¹⁾ Standard and Poor's rating of underlying investment

⁽²⁾ Standard and Poor's rating

⁽³⁾ Days (Average)

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Notes to the Basic Financial Statements

Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

All interest is legally required to be placed in the general fund, the food service special revenue fund and the scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2011 amount to \$15,180, which includes \$5,842 assigned from other School District funds.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$795,000 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, are Federal Home Loan Mortgage Corporation (FHLMC) bonds. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

NOTE 6 - PROPERTY TAX

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

Norton City School District

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Calendar year 2010 is the last year for the collection of tangible personal property taxes from telephone companies. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Notes to the Basic Financial Statements

The amount available as an advance at year-end was \$1,012,714 in the general fund and \$76,383 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

<u>Property Category</u>	<u>2010 Assessed Value</u>	<u>2009 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 257,996,960	\$ 257,874,390
Commercial , industrial and mineral	42,745,480	43,185,750
Public utilities	58,260	55,010
<u>Tangible Personal Property</u>		
General	-	327,860
Public utilities	6,489,340	6,269,080
Total	<u>\$ 307,290,040</u>	<u>\$ 307,712,090</u>

NOTE 7 - RECEIVABLES

Receivables at year-end consisted of taxes, interfund, accrued interest, accounts, intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The general fund and nonmajor governmental funds reported intergovernmental receivables in the amounts of \$10,279 and \$144,537, respectively.

Norton City School District

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Capital assets, not being depreciated:				
Land	<u>\$ 71,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,000</u>
Capital assets, being depreciated:				
Land improvements	1,387,549	-	-	1,387,549
Buildings and improvements	7,257,189	67,495	-	7,324,684
Furniture and equipment	1,700,250	28,808	(90,193)	1,638,865
Vehicles	<u>1,965,967</u>	<u>86,738</u>	<u>-</u>	<u>2,052,705</u>
Total capital assets, being depreciated	<u>12,310,955</u>	<u>183,041</u>	<u>(90,193)</u>	<u>12,403,803</u>
Less: Accumulated depreciation				
Land improvements	(828,264)	(49,427)	-	(877,691)
Buildings and improvements	(5,139,400)	(124,456)	-	(5,263,856)
Furniture and equipment	(1,381,922)	(84,769)	90,193	(1,376,498)
Vehicles	<u>(1,528,271)</u>	<u>(101,107)</u>	<u>-</u>	<u>(1,629,378)</u>
Total accumulated depreciation	<u>(8,877,857)</u>	<u>(359,759)</u>	<u>90,193</u>	<u>(9,147,423)</u>
Total capital assets being depreciated, net	<u>3,433,098</u>	<u>(176,718)</u>	<u>-</u>	<u>3,256,380</u>
Governmental activities capital assets, net	<u>\$ 3,504,098</u>	<u>\$ (176,718)</u>	<u>\$ -</u>	<u>\$ 3,327,380</u>

Notes to the Basic Financial Statements

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 81,520
Special	4,948
Vocational	23,847
Support services:	
Pupils	3,811
Instructional staff	15,443
Board of education	2,194
Administration	2,338
Fiscal	1,097
Business	34,167
Operation and maintenance of plant	81,738
Pupil transportation	94,231
Operation of non-instructional services	1,004
Operation of food services	9,840
Extracurricular activities	3,581
Total depreciation expense	<u>\$ 359,759</u>

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

Inter-fund receivables and payables result from the time lag between dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. In a prior year, the general fund advanced money to two nonmajor special revenue funds. The advances to the special revenue funds were used to fund state and federal grants where the money has not yet been received. All of these advances are expected to be repaid during the next fiscal year.

Due to general fund from:	
Nonmajor governmental funds	\$ 143,667

Norton City School District

NOTE 10 – RISK MANAGEMENT

A. Property and Liability

The School District 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

B. Health Insurance

The School District has ceased being self-insured. On July 1, 2010, the School District became a participant in the Summit Regional Healthcare Consortium (SRHCC) to provide medical/surgical, dental, vision, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The SRHCC is a shared risk pool comprised of five Summit County school districts. The employer participants pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$200,000 per participant and an aggregate stop-loss provision of \$2,000,000.

Premium contributions are determined annually in a manner that ensures the pool is funded up to the aggregate stop loss attachment point of \$2,000,000. In the event of termination, all participating school districts' claims would be paid without regard to their individual account balances. The SRHCC Board of Directors has authority to return monies to an exiting school district subsequent to the settlement of all claims and expenditures.

In the prior fiscal year, the School District used an internal service fund to record and report its self-funded health care insurance program.

Changes in the fund's claims liability during 2010 and 2011 were:

	Year ended <u>6/30/2010</u>	Year ended <u>6/30/2011</u>
Unpaid claims, beginning of fiscal year	\$ 357,081	\$ 346,261
Incurred claims (including IBNRs)	2,681,307	-
Claim payments	<u>(2,692,127)</u>	<u>(346,261)</u>
Unpaid claims, end of fiscal year	<u>\$ 346,261</u>	<u>\$ -</u>

The School District 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.

Notes to the Basic Financial Statements

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information.

That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$389,080, \$459,313 and \$292,599 respectively; 54.5 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,358,515, \$1,307,198, and \$1,285,061 respectively, 83.2 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$21,417 made by the School District and \$15,298 made by the plan members.

Notes to the Basic Financial Statements

NOTE 12 - POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$91,806, \$63,390, and \$174,211 respectively; 71.7 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$25,038, \$27,314, and \$24,142 respectively; 54.5 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

Norton City School District

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$104,501, \$100,554, and \$98,851 respectively; 83.2 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 13 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

The changes in long-term obligations of the School District during the fiscal year were as follows:

	Balance <u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30</u>	Due within <u>one year</u>
<u>Other obligations</u>					
Compensated absences	\$ 864,358	\$ 249,247	\$ (69,174)	\$ 1,044,431	\$ 216,801
Capital leases payable	<u>95,128</u>	<u>-</u>	<u>(36,620)</u>	<u>58,508</u>	<u>38,490</u>
Total long-term liabilities	<u>\$ 959,486</u>	<u>\$ 249,247</u>	<u>\$ (105,794)</u>	<u>\$ 1,102,939</u>	<u>\$ 255,291</u>

Compensated absences will be paid from the fund from which the employee is paid. In prior years, this fund has primarily been the general fund. Capital lease obligations will be paid from the general fund.

NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During a prior fiscal year, the School District entered into capitalized leases for the acquisition of copiers. The terms of the agreements provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by generally accepted accounting standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Notes to the Basic Financial Statements

Capital assets acquired by the 2008 lease have been capitalized as equipment in the amount of \$179,827, which is equal to the present value of the future minimum lease payments on the government-wide financial statements. Principal payments in the current fiscal year totaled \$36,620 for both leases.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

Fiscal <u>Year</u>	Lease <u>Payments</u>
2012	\$ 40,536
2013	<u>20,268</u>
Total minimum lease payments	60,804
Less: amount representing interest	<u>(2,296)</u>
Total	<u>\$ 58,508</u>

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Information Technology Center (ITC) used by the School District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Metropolitan Regional Service Council acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in the consortium are required to pay fees, charges, and assessments as charged. NEOnet is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from various funds. During fiscal year 2011, the School District contributed \$145,739 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Metropolitan Regional Service Council, who serves as the fiscal agent, at 420 Washington Ave., Suite 200, Cuyahoga Falls, Ohio 44221.

Norton City School District

The Four Cities Educational Compact is a jointly governed organization that provides for the vocational and special education needs of the students of four participating school districts. The four-member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the four districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class.

Wadsworth City School District serves as the fiscal agent for this organization, collecting fees and distributing payments. The committee exercises total control over the operation of the compact, including budgeting, appropriating, contracting and designating management. All revenues are generated from charges for services. Financial information can be obtained by contacting the Treasurer at the Wadsworth City School District, 360 College St., Wadsworth, Ohio 44281.

The Ohio Schools' Council Association (Council) is a jointly governed organization among school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year.

The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2011, the School District paid \$1,007 to the Council in the form of program fees, respectively. Financial information can be obtained by contacting David Cottrell, the Executive Directive/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

NOTE 16 – ACCOUNTABILITY AND COMPLIANCE

- A. Deficit Fund Balances** As of June 30, 2011, five nonmajor special revenue funds had deficit fund balances. This deficit was caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had a deficit at year-end:

<u>Fund</u>	<u>Deficit</u>
District Managed Student Activity	\$ 5,789
IDEA Grant	8,393
Title II-D	184
Title I	96,656
Title II-A	3,654

- B. Compliance** Contrary to Ohio Revised Code Section 5705.10, the School District had a negative cash balance at year end in the Title I fund.
-

Notes to the Basic Financial Statements

The negative cash balance in the Title I fund at June 30, 2011 is due to the timing of the drawdown for the grant. The drawdown request for this fund was not completed as of June 30, 2011; however the request was completed during the grant's available period. The general fund did have adequate resources available to advance to the Title I fund at year end, however no advance was made to cover the deficit fund balance.

NOTE 17 - CONTINGENT LIABILITIES

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the School District's management believes that such disallowances, if any, will be immaterial.

NOTE 18 - SET-ASIDES

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and for fiscal year ending June 30, 2010 this amount was carried forward to be used for the same purpose in fiscal year 2011.

The following information describes the change in the year-end set-aside amounts for textbooks and capital maintenance.

	Textbook Reserve	Capital Maintenance Reserve	Total
Set-aside reserve balance as of June 30, 2010	\$ (893,569)	\$ -	\$ (893,569)
Current year set-aside requirement	405,023	405,023	810,046
Current year offsets	-	(692,750)	(692,750)
Qualifying disbursements	<u>(201,480)</u>	<u>(385,238)</u>	<u>(586,718)</u>
Total	<u>\$ (690,026)</u>	<u>\$ (672,965)</u>	<u>\$ (1,362,991)</u>
Set-aside balance carried forward to future fiscal years	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Norton City School District

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to (\$690,026) for the textbook set-aside. Effective July 1, 2011, the textbook set aside is no longer required as the obligation was repealed by the 129th General Assembly in Amended Substitute House Bill Number 30. This balance is therefore not presented as being carried forward to future fiscal year. Although, the District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.

Combining Statements for Nonmajor Governmental Funds

Governmental Fund Descriptions

Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. A description of the School District's special revenue funds follows:

Food Services: To account for all revenues and expenditures restricted to the provision of food services, including breakfast and lunch, for School District students and staff.

Miscellaneous Local Grants: To account for funds received from private organizations that are restricted for specific purposes.

District Managed Student Activity: To account for those student activity programs which are restricted for student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

Management Information System: To account for state funds restricted to assist the School District in implementing a staff, student, and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Data Communications: To account for revenues restricted from the state to be used to install and provide support costs for data communication links to connect any school to the local A-site.

School Net Professional Development: To account for revenues restricted to provide professional development programs related to technology.

Miscellaneous State Grants: A fund used to account for various monies restricted from state agencies which are not classified elsewhere.

Education Jobs: To account for federal funds restricted to pay salaries and benefits, and rehire, retain, or hire employees. The funds are specifically targeted at providing educational and related services for early childhood, elementary, and secondary education.

IDEA Grant: To account for restricted federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

State Fiscal Stabilization: To account for restricted federal funds provided to support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early childhood education programs and services.

Title II-D: To account for restricted federal funds used for professional development and improving student achievement through the use of advanced technology in elementary and secondary schools.

Title I: To account for restricted federal funds provided to meet the special needs of educationally deprived children.

EHA Preschool Grant: To account for restricted federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

Title II-A: To account for restricted monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

Norton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	<u>Food Services</u>	<u>Miscellaneous Local Grants</u>	<u>District Managed Student Activity</u>	<u>Management Information System</u>	<u>Data Communications</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 646,744	\$ 23,862	\$ 57,826	\$ -	\$ -
Receivables:					
Intergovernmental	4,385	-	-	-	-
Prepaid items	582	-	-	-	-
Inventory held for resale	7,390	-	-	-	-
Materials and supplies inventory	2,505	-	-	-	-
Total assets	<u>\$ 661,606</u>	<u>\$ 23,862</u>	<u>\$ 57,826</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities and fund balance:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 597	\$ 1,038	\$ 13,615	\$ -	\$ -
Accrued wages	2,838	-	-	-	-
Interfund payable	-	-	50,000	-	-
Intergovernmental payable	19,868	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>23,303</u>	<u>1,038</u>	<u>63,615</u>	<u>-</u>	<u>-</u>
<u>Fund balance:</u>					
Nonspendable	10,477	-	-	-	-
Restricted	627,826	22,824	-	-	-
Unassigned	-	-	(5,789)	-	-
Total fund balance	<u>638,303</u>	<u>22,824</u>	<u>(5,789)</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 661,606</u>	<u>\$ 23,862</u>	<u>\$ 57,826</u>	<u>\$ -</u>	<u>\$ -</u>

<u>School Net Professional Development</u>	<u>Miscellaneous State Grants</u>	<u>Education Jobs</u>	<u>IDEA Grant</u>	<u>State Fiscal Stabilization</u>	<u>Title II-D</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>
\$ 224	\$ 907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	19,905	-	184	106,351	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 224</u>	<u>\$ 907</u>	<u>\$ -</u>	<u>\$ 19,905</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 106,351</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,823	\$ -
-	-	-	-	-	-	32,491	-
-	-	-	19,905	-	184	65,578	-
-	-	-	8,393	-	-	6,285	-
-	-	-	-	-	184	93,830	-
-	-	-	<u>28,298</u>	-	<u>368</u>	<u>203,007</u>	-
-	-	-	-	-	-	-	-
224	907	-	-	-	-	-	-
-	-	-	(8,393)	-	(184)	(96,656)	-
<u>224</u>	<u>907</u>	<u>-</u>	<u>(8,393)</u>	<u>-</u>	<u>(184)</u>	<u>(96,656)</u>	<u>-</u>
<u>\$ 224</u>	<u>\$ 907</u>	<u>\$ -</u>	<u>\$ 19,905</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 106,351</u>	<u>\$ -</u>

Norton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ -	\$ 729,563
Receivables:		
Intergovernmental	13,712	144,537
Prepaid items	-	582
Inventory held for resale	-	7,390
Materials and supplies inventory	-	2,505
Total assets	<u>\$ 13,712</u>	<u>\$ 884,577</u>
<u>Liabilities and fund balance:</u>		
<u>Liabilities:</u>		
Accounts payable	\$ 3,243	\$ 23,316
Accrued wages	-	35,329
Interfund payable	8,000	143,667
Intergovernmental payable	-	34,546
Deferred revenue	6,123	100,137
Total liabilities	<u>17,366</u>	<u>336,995</u>
<u>Fund balance:</u>		
Nonspendable	-	10,477
Restricted	-	651,781
Unassigned	(3,654)	(114,676)
Total fund balance	<u>(3,654)</u>	<u>547,582</u>
Total liabilities and fund balance	<u>\$ 13,712</u>	<u>\$ 884,577</u>

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Norton City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2011

	<u>Food Services</u>	<u>Miscellaneous Local Grants</u>	<u>District Managed Student Activity</u>	<u>Management Information System</u>	<u>Data Communications</u>
<u>Revenues:</u>					
Intergovernmental	\$ 399,202	\$ 3,164	\$ -	\$ 5,000	\$ 11,375
Interest	904	-	-	-	-
Extracurricular activities	-	-	140,569	-	-
Gifts and donations	-	500	6,747	-	-
Charges for services	539,068	-	-	-	-
Miscellaneous	1,192	15,000	-	-	-
Total revenues	<u>940,366</u>	<u>18,664</u>	<u>147,316</u>	<u>5,000</u>	<u>11,375</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	12,952	-	-	11,375
Special	-	-	-	-	-
Student intervention services	-	-	-	-	-
Support services:					
Pupils	-	-	-	-	-
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	-
Central	-	-	-	5,000	-
Operation of non- instructional services	-	-	-	-	-
Operation of food services	884,681	-	-	-	-
Extracurricular activities	-	-	144,761	-	-
Total expenditures	<u>884,681</u>	<u>12,952</u>	<u>144,761</u>	<u>5,000</u>	<u>11,375</u>
Net change in fund balances	55,685	5,712	2,555	-	-
Fund balances (deficit) at beginning of year, restated	<u>582,618</u>	<u>17,112</u>	<u>(8,344)</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ 638,303</u>	<u>\$ 22,824</u>	<u>\$ (5,789)</u>	<u>\$ -</u>	<u>\$ -</u>

<u>School Net Professional Development</u>	<u>Miscellaneous State Grants</u>	<u>Education Jobs</u>	<u>IDEA Grant</u>	<u>State Fiscal Stabilization</u>	<u>Title II-D</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>
\$ 1,250	\$ -	\$ -	\$ 492,044	\$ 550,253	\$ 1,197	\$ 241,045	\$ 12,720
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,250</u>	<u>-</u>	<u>-</u>	<u>492,044</u>	<u>550,253</u>	<u>1,197</u>	<u>241,045</u>	<u>12,720</u>
1,026	-	-	-	525,699	1,023	-	-
-	-	-	88,238	-	-	309,936	1,878
-	-	-	-	24,554	-	-	-
-	-	-	78,625	-	-	-	-
-	-	-	239,033	-	-	28,928	4,460
-	-	-	111,708	-	-	4,649	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,195	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,026</u>	<u>-</u>	<u>-</u>	<u>517,604</u>	<u>550,253</u>	<u>1,023</u>	<u>346,708</u>	<u>6,338</u>
224	-	-	(25,560)	-	174	(105,663)	6,382
-	907	-	17,167	-	(358)	9,007	(6,382)
<u>\$ 224</u>	<u>\$ 907</u>	<u>\$ -</u>	<u>\$ (8,393)</u>	<u>\$ -</u>	<u>\$ (184)</u>	<u>\$ (96,656)</u>	<u>\$ -</u>

Norton City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2011

	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>Revenues:</u>		
Intergovernmental	\$ 50,824	\$ 1,768,074
Interest	-	904
Extracurricular activities	-	140,569
Gifts and donations	-	7,247
Charges for services	-	539,068
Miscellaneous	-	16,192
Total revenues	<u>50,824</u>	<u>2,472,054</u>
<u>Expenditures:</u>		
Current:		
Instruction:		
Regular	21,446	573,521
Special	-	400,052
Student intervention services	-	24,554
Support services:		
Pupils	-	78,625
Instructional staff	33,293	305,714
Administration	1,346	117,703
Central	-	5,000
Operation of non- instructional services	-	3,195
Operation of food services	-	884,681
Extracurricular activities	-	144,761
Total expenditures	<u>56,085</u>	<u>2,537,806</u>
Net change in fund balance	(5,261)	(65,752)
Fund balances (deficit) at beginning of year	<u>1,607</u>	<u>613,334</u>
Fund balances (deficit) at end of year	<u>\$ (3,654)</u>	<u>\$ 547,582</u>

**Individual Fund Schedules of Revenues, Expenditures and Changes
in Fund Balance – Budget (Non-GAAP Basis) and Actual
Governmental Funds – Major and Nonmajor**

Major General Fund

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

Funds being reported as part of the General Fund

The following funds are legally budgeted as separate special revenue funds but are being reported as part of the general fund for GAAP reporting purposes.

Uniform School Supplies: To account for the purchase and sale of school supplies as adopted by the Board of Education for resale to students of the School District.

Adult Education: To account for the revenues and expenditures related to the provision of credit and non-credit classes to the general public.

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

Underground Storage Tanks: To account for the committed financial responsibility rules of the State Fire Marshall to cover deductibles.

Major Permanent Improvement Fund

The permanent improvement fund is used to account for property taxes restricted for the acquisition, construction, or improvement of capital facilities within the School District.

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

	General Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 7,730,372	\$ 7,727,540	\$ (2,832)
Intergovernmental	8,742,692	8,742,642	(50)
Interest	15,000	11,819	(3,181)
Tuition and fees	2,718,830	3,292,774	573,944
Gifts and donations	55	-	(55)
Charges for services	130,800	129,888	(912)
Rent	5,300	5,263	(37)
Miscellaneous	16,102	15,738	(364)
Total revenues	19,359,151	19,925,664	566,513
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	10,730,541	9,972,374	758,167
Special	1,740,922	1,633,032	107,890
Vocational	923,696	853,076	70,620
Adult/continuing	3,034	2,855	179
Student intervention services	324,233	304,673	19,560
Support services:			
Pupils	706,834	658,542	48,292
Instructional staff	1,092,786	959,269	133,517
Board of education	44,794	40,291	4,503
Administration	1,726,998	1,611,838	115,160
Fiscal	638,379	577,732	60,647
Business	388,246	352,482	35,764
Operation and maintenance of plant	1,955,540	1,826,256	129,284
Pupil transportation	1,624,449	1,497,666	126,783
Central	81,009	76,161	4,848
Extracurricular activities	386,382	385,816	566
Capital outlay	24,263	24,220	43
Total expenditures	22,392,106	20,776,283	1,615,823
Excess of revenues under expenditures	(3,032,955)	(850,619)	2,182,336
<u>Other financing sources:</u>			
Refund of prior year expenditures	18,000	16,601	(1,399)
Insurance recoveries	2,000	1,681	(319)
Total other financing sources	20,000	18,282	(1,718)
Net change in fund balance	(3,012,955)	(832,337)	2,180,618
Fund balances at beginning of year	4,389,863	4,389,863	-
Prior year encumbrances appropriated	375,705	375,705	-
Fund balances at end of year	\$ 1,752,613	\$ 3,933,231	\$ 2,180,618

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 63,000	\$ 61,034	\$ (1,966)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	101,474	100,298	1,176
Vocational	16,535	8,383	8,152
Total expenditures	118,009	108,681	9,328
Net change in fund balance	(55,009)	(47,647)	7,362
Fund balance at beginning of year	28,891	28,891	-
Prior year encumbrances appropriated	26,118	26,118	-
Fund balance at end of year	\$ -	\$ 7,362	\$ 7,362

Adult Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	18,860	-	18,860
Net change in fund balance	(18,860)	-	18,860
Fund balance at beginning of year	18,860	18,860	-
Fund balance at end of year	\$ -	\$ 18,860	\$ 18,860

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 59,756	\$ 59,112	\$ (644)
Gifts and donations	11,244	11,244	-
Total revenues	<u>71,000</u>	<u>70,356</u>	<u>(644)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	141,854	82,123	59,731
Support services:			
Administration	8,193	4,940	3,253
Pupil transportation	633	-	633
Total expenditures	<u>150,680</u>	<u>87,063</u>	<u>63,617</u>
Net change in fund balance	(79,680)	(16,707)	62,973
Fund balance at beginning of year	77,271	77,271	-
Prior year encumbrances appropriated	2,409	2,409	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 62,973</u>	<u>\$ 62,973</u>

Underground Storage Tanks Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	11,000	-	11,000
Net change in fund balance	(11,000)	-	11,000
Fund balance at beginning of year	11,000	11,000	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 572,534	\$ 572,445	\$ (89)
Intergovernmental	135,719	120,306	(15,413)
Total revenues	<u>708,253</u>	<u>692,751</u>	<u>(15,502)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	114,972	114,972	-
Support services:			
Instructional staff	53,155	53,155	-
Fiscal	11,773	11,593	180
Pupil transportation	86,738	86,738	-
Capital outlay	2,579,085	155,119	2,423,966
Total expenditures	<u>2,845,723</u>	<u>421,577</u>	<u>2,424,146</u>
Net change in fund balance	(2,137,470)	271,174	2,408,644
Fund balance at beginning of year	2,057,229	2,057,229	-
Prior year encumbrances appropriated	80,241	80,241	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,408,644</u>	<u>\$ 2,408,644</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

Food Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 340,432	\$ 340,388	\$ (44)
Interest	-	904	904
Customer services	541,068	539,068	(2,000)
Miscellaneous	1,500	1,426	(74)
Total revenues	<u>883,000</u>	<u>881,786</u>	<u>(1,214)</u>
<u>Expenditures:</u>			
Current:			
Food service operations	1,463,021	826,808	636,213
Excess of revenues over (under) expenditures	<u>(580,021)</u>	<u>54,978</u>	<u>634,999</u>
<u>Other financing uses:</u>			
Refund of prior year receipts	<u>(234)</u>	<u>(234)</u>	<u>-</u>
Net change in fund balance	(580,255)	54,744	634,999
Fund balance at beginning of year	579,258	579,258	-
Prior year encumbrances appropriated	997	997	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 634,999</u>	<u>\$ 634,999</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

Miscellaneous Local Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,164	\$ 3,164	\$ -
Gifts and donations	836	500	(336)
Miscellaneous	15,000	15,000	-
Total revenues	<u>19,000</u>	<u>18,664</u>	<u>(336)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	<u>36,113</u>	<u>12,952</u>	<u>23,161</u>
Net change in fund balance	(17,113)	5,712	22,825
Fund balance at beginning of year	14,401	14,401	-
Prior year encumbrances appropriated	<u>2,712</u>	<u>2,712</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 22,825</u>	<u>\$ 22,825</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

District Managed Student Activity Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 129,895	\$ 140,569	\$ 10,674
Gifts and donations	6,747	6,747	-
Total revenues	<u>136,642</u>	<u>147,316</u>	<u>10,674</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	182,891	183,860	(969)
Excess of revenues under expenditures	(46,249)	(36,544)	9,705
<u>Other financing sources:</u>			
Refund of prior year expenditures	358	358	-
Net change in fund balance	(45,891)	(36,186)	9,705
Fund balance at beginning of year	20,479	20,479	-
Prior year encumbrances appropriated	25,412	25,412	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 9,705</u>	<u>\$ 9,705</u>

Management Information System Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,000	\$ 5,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	5,000	5,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

Data Communications Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,375	\$ 11,375	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	11,375	11,375	-
Net change in fund balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

School Net Professional Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,250	\$ 1,250	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,250	1,026	224
Net change in fund balance	-	224	224
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ 224	\$ 224

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

Miscellaneous State Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	907	-	907
Net change in fund balance	(907)	-	907
Fund balances at beginning of year	907	907	-
Fund balances at end of year	\$ -	\$ 907	\$ 907

Education Jobs Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 510,798	\$ -	\$ (510,798)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	510,798	-	510,798
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

IDEA Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 492,044	\$ 472,139	\$ (19,905)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	91,971	91,971	-
Support services:			
Pupils	78,625	78,625	-
Instructional staff	240,414	240,414	-
Administration	112,146	112,146	-
Total expenditures	<u>523,156</u>	<u>523,156</u>	<u>-</u>
Net change in fund balance	(31,112)	(51,017)	(19,905)
Fund balance at beginning of year	31,112	31,112	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ (19,905)</u>	<u>\$ (19,905)</u>

State Fiscal Stabilization Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 550,253	\$ 550,253	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	525,699	525,699	-
Student intervention services	24,554	24,554	-
Total expenditures	<u>550,253</u>	<u>550,253</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

Title II-D Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,411	\$ 1,197	\$ (214)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,053	1,023	30
Net change in fund balance	358	174	(184)
Fund balance at beginning of year	(476)	(476)	-
Prior year encumbrances appropriated	118	118	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ (184)</u>	<u>\$ (184)</u>

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 364,107	\$ 228,524	\$ (135,583)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	372,503	307,620	64,883
Support services:			
Instructional staff	29,030	28,928	102
Administration	4,649	4,649	-
Operation of non-instructional services	3,205	3,195	10
Total expenditures	409,387	344,392	64,995
Net change in fund balance	(45,280)	(115,868)	(70,588)
Fund balance at beginning of year	39,303	39,303	-
Prior year encumbrances appropriated	5,977	5,977	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ (70,588)</u>	<u>\$ (70,588)</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

EHA Preschool Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 12,720	\$ 12,720	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	1,951	1,951	-
Support services:			
Instructional staff	4,460	4,460	-
Total expenditures	6,411	6,411	-
Net change in fund balance	6,309	6,309	-
Fund balance at beginning of year	(6,403)	(6,403)	-
Prior year encumbrances appropriated	94	94	-
Fund balance at end of year	\$ -	\$ -	\$ -

Title II-A Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 76,624	\$ 43,235	\$ (33,389)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	30,553	27,733	2,820
Support services:			
Instructional staff	44,376	40,362	4,014
Administration	10,000	1,346	8,654
Total expenditures	84,929	69,441	15,488
Net change in fund balance	(8,305)	(26,206)	(17,901)
Fund balance at beginning of year	7,887	7,887	-
Prior year encumbrances appropriated	418	418	-
Fund balance at end of year	\$ -	\$ (17,901)	\$ (17,901)

Internal Service Fund

**Individual Fund Schedule of Revenues, Expenses and Changes in
Fund Equity – Budget (Non-GAAP Basis) and Actual
Self Insurance Fund**

Fiduciary Funds

**Individual Fund Schedule of Revenues, Expenses and Changes in
Fund Equity – Budget (Non-GAAP Basis) and Actual
Scholarships Private Purpose Trust Fund**

Statement of Changes in Assets and Liabilities – Agency Fund

Norton City School District
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP) and Actual
Internal Service Fund
For the Fiscal Year Ended June 30, 2011

Self Insurance Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 59,820	\$ 30,235	\$ (29,585)
<u>Expenses:</u>			
Purchased services:			
Central support services	1,701,623	1,146,762	554,861
Excess of revenues under expenses	(1,641,803)	(1,116,527)	525,276
<u>Non-operating revenues:</u>			
Interest	2,000	1,514	(486)
Net change in fund equity	(1,639,803)	(1,115,013)	524,790
Fund equity at beginning of year	1,632,786	1,632,786	-
Prior year encumbrances appropriated	7,017	7,017	-
Fund equity at end of year	<u>\$ -</u>	<u>\$ 524,790</u>	<u>\$ 524,790</u>

Norton City School District
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP) and Actual
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2011

Scholarships Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 445	\$ 332	\$ (113)
Gifts and donations	4,000	3,990	(10)
Total revenues	<u>4,445</u>	<u>4,322</u>	<u>(123)</u>
<u>Expenses:</u>			
Payments in accordance with trust agreement	<u>119,888</u>	<u>12,260</u>	<u>107,628</u>
Net change in fund equity	(115,443)	(7,938)	107,505
Fund equity at beginning of year	114,764	114,764	-
Prior year encumbrances appropriated	<u>1,597</u>	<u>1,597</u>	<u>-</u>
Fund equity at end of year	<u>\$ 918</u>	<u>\$ 108,423</u>	<u>\$ 107,505</u>

Norton City School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2011

	Beginning Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2011</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 51,132	\$ 66,303	\$ 63,488	\$ 53,947
<u>Liabilities:</u>				
Accounts payable	\$ 1,522	\$ 180	\$ 1,522	\$ 180
Due to students	49,610	67,825	63,668	53,767
Total liabilities	\$ 51,132	\$ 68,005	\$ 65,190	\$ 53,947

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2 - S13
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source.	S14 - S17
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S18 - S22
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S23 - S24
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S25 - S32

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.

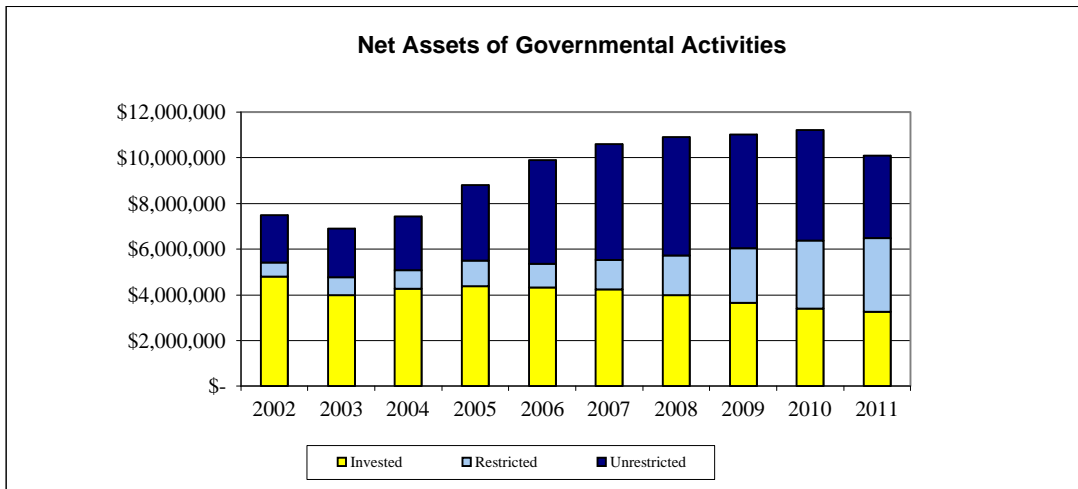
Norton City School District

Net Assets by Component (1)

Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:					
Invested in capital assets, net of related debt	\$ 4,809,335	\$ 3,980,868	\$ 4,265,882	\$ 4,372,617	\$ 4,321,392
Restricted for:					
Capital projects	275,964	374,087	377,760	684,779	540,433
Debt service	-	48,708	15,349	2,453	4,703
Food services	-	-	-	-	-
School supplies	-	-	-	-	-
Underground storage tanks	-	-	-	-	-
Other purposes	331,982	355,316	410,085	438,169	480,162
Unrestricted (deficit)	2,057,686	2,130,609	2,356,025	3,290,328	4,528,059
Total governmental activities net assets	\$ 7,474,967	\$ 6,889,588	\$ 7,425,101	\$ 8,788,346	\$ 9,874,749
Primary government:					
Invested in capital assets, net of related debt	\$ 4,809,335	\$ 3,980,868	\$ 4,265,882	\$ 4,372,617	\$ 4,321,392
Restricted	607,946	778,111	803,194	1,125,401	1,025,298
Unrestricted (deficit)	2,057,686	2,130,609	2,356,025	3,290,328	4,528,059
Total primary government net assets	\$ 7,474,967	\$ 6,889,588	\$ 7,425,101	\$ 8,788,346	\$ 9,874,749

(1) Accrual basis of accounting.



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 4,251,688	\$ 3,974,054	\$ 3,659,174	\$ 3,408,970	\$ 3,268,872
733,759	1,111,071	1,715,846	2,185,081	2,572,093
4,703	4,703	4,703	-	-
-	-	-	565,020	616,936
-	-	-	42,985	-
-	-	-	11,000	-
540,919	642,502	638,074	143,081	26,424
5,057,457	5,152,849	4,985,859	4,850,007	3,601,556
<u>\$ 10,588,526</u>	<u>\$ 10,885,179</u>	<u>\$ 11,003,656</u>	<u>\$ 11,206,144</u>	<u>\$ 10,085,881</u>

\$ 4,251,688	\$ 3,974,054	\$ 3,659,174	\$ 3,408,970	\$ 3,268,872
1,279,381	1,758,276	2,358,623	2,947,167	3,215,453
5,057,457	5,152,849	4,985,859	4,850,007	3,601,556
<u>\$ 10,588,526</u>	<u>\$ 10,885,179</u>	<u>\$ 11,003,656</u>	<u>\$ 11,206,144</u>	<u>\$ 10,085,881</u>

Norton City School District

Changes in Net Assets of Governmental Activities (1)

Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Regular instruction	\$ 8,715,332	\$ 9,004,244	\$ 9,176,819	\$ 9,599,189	\$ 10,095,929
Special instruction	1,379,132	1,368,574	1,421,802	1,506,388	1,500,754
Vocational instruction	751,858	716,261	839,228	870,552	756,342
Adult/continuing instruction	4,146	1,653	842	575	355
Student intervention services	-	-	-	-	-
Other instruction	35,787	166,237	147,727	307,566	269,789
Pupil support	699,775	839,294	713,899	745,018	810,870
Instructional staff support	753,463	721,001	630,319	592,410	678,445
Board of education	27,945	42,363	5,571	84,202	16,283
Administration	1,482,425	1,467,880	1,479,088	1,452,860	1,517,744
Fiscal	502,957	523,185	543,841	489,406	488,161
Business	298,014	357,272	322,587	296,888	378,646
Operation and maintenance of plant	2,184,104	2,159,874	1,711,278	1,743,837	2,328,056
Pupil transportation	1,271,955	1,058,785	1,023,012	1,177,982	1,309,633
Central	59,020	64,172	64,805	69,815	73,612
Operation of non-instructional services	6,795	10,923	3,332	2,526	5,036
Operation of food services	707,156	696,460	674,911	694,481	774,662
Extracurricular activities	439,649	540,724	406,468	422,265	487,038
Interest and fiscal charges	17,202	11,748	11,013	8,741	4,858
Total expenses	\$ 19,336,715	\$ 19,750,650	\$ 19,176,542	\$ 20,064,701	\$ 21,496,213

Program Revenues

Charges for services:

Regular instruction	\$ 357,999	\$ 1,421,437	\$ 1,692,597	\$ 2,084,493	\$ 1,659,294
Special instruction	256,345	260,830	118,424	-	341,416
Vocational instruction	14,190	4,106	-	-	3,914
Instructional staff support	3,400	13,101	4,043	785	1,315
Administration	-	7,079	-	-	-
Operation and maintenance of plant	-	-	2,652	3,099	3,425
Pupil transportation	-	-	-	-	-
Operation of food service	536,241	525,549	502,312	523,888	593,051
Extracurricular activities	98,159	77,564	214,412	221,840	126,657
Operating grants and contributions:					
Regular instruction	135,716	178,510	321,723	237,078	253,023
Special instruction	124,846	118,944	216,830	261,140	207,341
Vocational instruction	-	-	2,395	1,717	883
Other instruction	-	-	-	-	12,296
Student intervention services	-	-	-	-	-
Pupil support	40,786	6,508	10,237	146,312	132,319
Instructional staff support	63,124	77,254	90,557	103,043	69,501
Administration	56,585	78,726	-	120,240	129,102
Business	-	21,000	106,844	-	-
Operation and maintenance of plant	6,327	-	-	-	536
Pupil transportation	42,820	34,640	19,999	-	9,876
Central	9,521	9,579	9,468	7,861	8,380
Operation of non-instructional services	1,429	-	2,401	-	811

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	10,704,032	\$ 10,722,198	\$ 10,644,647	\$ 10,750,218	\$ 11,320,512
	1,527,876	1,716,479	1,873,425	2,104,045	2,138,015
	791,623	751,190	931,855	816,198	853,375
	1,167	1,907	4,087	1,692	2,952
	-	-	278,751	278,036	329,227
	315,352	302,020	-	-	-
	797,913	754,478	724,112	824,072	737,222
	905,399	995,596	1,031,316	1,162,866	1,399,762
	43,158	37,251	33,614	30,634	93,231
	1,559,502	1,654,583	1,570,572	1,665,850	1,801,356
	507,517	512,986	600,106	573,719	577,535
	349,689	302,407	287,777	314,132	306,628
	2,023,579	2,087,838	2,031,679	1,935,597	1,884,584
	1,359,161	1,539,668	1,421,743	1,625,865	1,506,979
	77,665	74,388	79,908	78,009	76,944
	1,004	1,003	4,734	2,980	4,455
	788,395	813,046	830,670	872,285	925,626
	499,769	509,362	513,452	527,622	541,994
	3,147	5,130	7,562	5,706	3,916
\$	<u>22,255,948</u>	<u>\$ 22,781,530</u>	<u>\$ 22,870,010</u>	<u>\$ 23,569,526</u>	<u>\$ 24,504,313</u>

\$	2,240,450	\$ 2,208,226	\$ 2,486,074	\$ 2,804,000	\$ 3,107,447
	219,257	397,126	108,061	347,067	165,640
	6,993	5,031	4,697	4,625	-
	498	822	3,002	249	-
	-	-	-	-	-
	7,967	7,510	2,502	5,950	5,063
	-	-	-	-	145,088
	586,080	605,856	590,778	565,350	540,260
	142,033	134,373	115,870	142,541	140,569
	188,588	187,571	312,407	779,582	798,471
	303,700	360,793	280,015	450,171	423,978
	-	-	-	-	-
	21,086	20,944	-	-	-
	-	-	-	16,759	24,370
	94,264	67,792	73,028	69,375	73,949
	128,107	183,948	166,843	591,807	286,779
	111,932	140,427	90,744	111,349	105,477
	-	-	-	-	-
	-	-	-	-	-
	9,426	-	-	32,937	-
	8,508	9,078	7,601	5,000	5,000
	-	-	-	-	-

(Continued)

Norton City School District

Changes in Net Assets of Governmental Activities (1)

Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operation of food services	187,044	179,099	205,929	190,055	235,093
Extracurricular activities	-	-	15,291	4,267	525
Capital grants and contributions:					
Pupil transportation	-	34,781	16,963	17,276	10,273
<i>Total program revenues</i>	<u>\$ 1,934,532</u>	<u>\$ 3,048,707</u>	<u>\$ 3,553,077</u>	<u>\$ 3,923,094</u>	<u>\$ 3,799,031</u>
Net expense	<u>\$ (17,402,183)</u>	<u>\$ (16,701,943)</u>	<u>\$ (15,623,465)</u>	<u>\$ (16,141,607)</u>	<u>\$ (17,697,182)</u>
<i>General revenues</i>					
Property taxes levied for:					
General purposes	\$ 6,604,598	\$ 7,058,412	\$ 6,702,989	\$ 8,080,902	\$ 9,054,931
Debt service	45,536	103,965	15,160	48,304	45,852
Capital outlay	582,777	619,338	549,102	629,404	644,642
Grants and entitlements not restricted to specific programs	9,248,968	8,631,148	8,821,958	8,388,771	8,500,989
Investment earnings	151,532	73,455	52,399	112,629	313,951
Miscellaneous	153,436	292,876	17,370	244,842	223,220
<i>Total general revenues</i>	<u>\$ 16,786,847</u>	<u>\$ 16,779,194</u>	<u>\$ 16,158,978</u>	<u>\$ 17,504,852</u>	<u>\$ 18,783,585</u>
<i>Change in net assets</i>	<u>\$ (615,336)</u>	<u>\$ 77,251</u>	<u>\$ 535,513</u>	<u>\$ 1,363,245</u>	<u>\$ 1,086,403</u>

(Continued)

(1) Accrual basis of accounting.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
263,654	272,904	299,965	354,672	400,106
372	1,710	13,029	1,343	6,747
12,456	7,871	16,358	-	-
<u>\$ 4,345,371</u>	<u>\$ 4,611,982</u>	<u>\$ 4,570,974</u>	<u>\$ 6,282,777</u>	<u>\$ 6,228,944</u>
<u>\$ (17,910,577)</u>	<u>\$ (18,169,548)</u>	<u>\$ (18,299,036)</u>	<u>\$ (17,286,749)</u>	<u>\$ (18,275,369)</u>
\$ 8,558,045	\$ 8,219,152	\$ 8,244,523	\$ 7,877,854	\$ 7,922,474
-	-	-	-	-
619,430	593,125	604,470	579,278	587,051
8,734,624	9,073,682	9,151,286	8,830,829	8,628,017
458,823	352,961	102,202	14,863	17,030
253,432	227,281	315,032	186,413	534
<u>\$ 18,624,354</u>	<u>\$ 18,466,201</u>	<u>\$ 18,417,513</u>	<u>\$ 17,489,237</u>	<u>\$ 17,155,106</u>
<u>\$ 713,777</u>	<u>\$ 296,653</u>	<u>\$ 118,477</u>	<u>\$ 202,488</u>	<u>\$ (1,120,263)</u>

Norton City School District

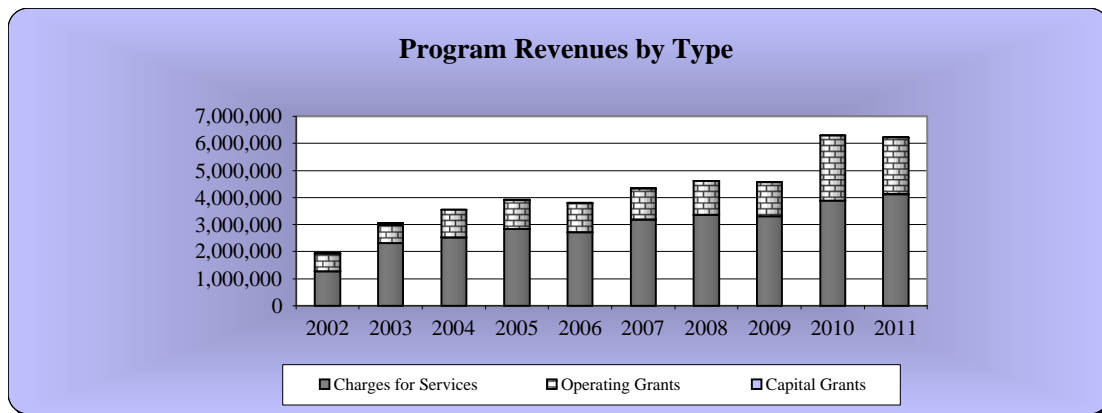
Program Revenues of Governmental Activities by Function (1)

Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:					
<i>Function</i>					
Regular instruction	\$ 493,715	\$ 1,599,947	\$ 2,014,320	\$ 2,321,571	\$ 1,912,317
Special instruction	381,191	379,774	335,254	261,140	548,757
Vocational instruction	14,190	4,106	2,395	1,717	4,797
Other instruction	-	-	-	-	12,296
Student intervention services	-	-	-	-	-
Pupil support	40,786	6,508	10,237	146,312	132,319
Instructional staff support	66,524	90,355	94,600	103,828	70,816
Administration	56,585	85,805	106,844	120,240	129,102
Business	-	21,000	-	-	-
Operation and maintenance of plant	6,327	-	2,652	3,099	3,961
Pupil transportation	42,820	69,421	36,962	17,276	20,149
Central	9,521	9,579	9,468	7,861	8,380
Operation of non-instructional services	1,429	-	2,401	-	811
Operation of food services	723,285	704,648	708,241	713,943	828,144
Extracurricular activities	98,159	77,564	229,703	226,107	127,182
Total program revenues	\$ 1,934,532	\$ 3,048,707	\$ 3,553,077	\$ 3,923,094	\$ 3,799,031

(Continued)

(1) Accrual basis of accounting.



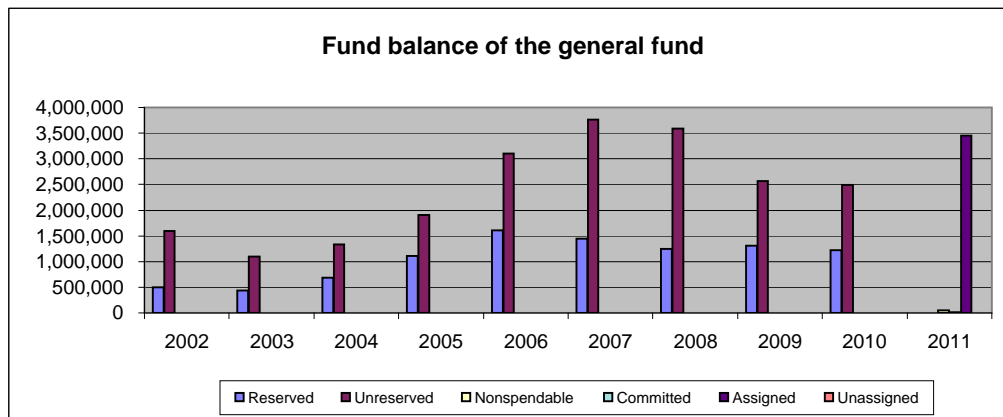
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 2,429,038	\$ 2,395,797	\$ 2,798,481	\$ 3,583,582	\$ 3,905,918
522,957	757,919	388,076	797,238	589,618
6,993	5,031	4,697	4,625	-
21,086	20,944	-	-	-
-	-	-	16,759	24,370
94,264	67,792	73,028	69,375	73,949
128,605	184,770	169,845	592,056	286,779
111,932	140,427	90,744	111,349	105,477
-	-	-	-	-
7,967	7,510	2,502	5,950	5,063
21,882	7,871	16,358	32,937	145,088
8,508	9,078	7,601	5,000	5,000
-	-	-	-	-
849,734	878,760	890,743	920,022	940,366
142,405	136,083	128,899	143,884	147,316
<u>\$ 4,345,371</u>	<u>\$ 4,611,982</u>	<u>\$ 4,570,974</u>	<u>\$ 6,282,777</u>	<u>\$ 6,228,944</u>

Norton City School District
Fund Balances, Governmental Funds (1)
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Reserved	503,312	440,320	684,937	1,104,090	1,604,746
Unreserved	1,591,318	1,102,648	1,334,500	1,905,356	3,100,105
<i>Total general fund</i>	<u>2,094,630</u>	<u>1,542,968</u>	<u>2,019,437</u>	<u>3,009,446</u>	<u>4,704,851</u>
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Reserved	300,385	158,729	277,616	614,734	220,760
Unreserved, undesignated, Reported in:					
Special revenue funds	252,284	311,768	327,394	290,062	433,219
Debt service funds	4,703	55,459	4,703	4,703	4,703
Capital projects funds	33,938	270,017	166,789	196,760	362,389
Total all other\ governmental funds	<u>591,310</u>	<u>795,973</u>	<u>776,502</u>	<u>1,106,259</u>	<u>1,021,071</u>
<i>Total governmental funds</i>	<u>\$ 2,685,940</u>	<u>\$ 2,338,941</u>	<u>\$ 2,795,939</u>	<u>\$ 4,115,705</u>	<u>\$ 5,725,922</u>

(Continued)

(1) The School District implemented GASB 54 in fiscal year 2011.



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ -	\$ -	\$ -	\$ -	\$ 47,940
-	-	-	-	11,000
-	-	-	-	3,447,747
1,439,581	1,250,282	1,307,692	1,216,893	-
3,764,904	3,593,408	2,570,406	2,487,247	-
<u>5,204,485</u>	<u>4,843,690</u>	<u>3,878,098</u>	<u>3,704,140</u>	<u>3,506,687</u>
-	-	-	-	10,477
-	-	-	-	3,193,471
-	-	-	-	(114,676)
195,353	141,679	198,258	158,393	-
470,380	570,540	568,539	708,629	-
4,703	4,703	4,703	-	-
606,753	1,015,798	1,557,783	2,057,229	-
<u>1,277,189</u>	<u>1,732,720</u>	<u>2,329,283</u>	<u>2,924,251</u>	<u>3,089,272</u>
<u>\$ 6,481,674</u>	<u>\$ 6,576,410</u>	<u>\$ 6,207,381</u>	<u>\$ 6,628,391</u>	<u>\$ 6,595,959</u>

Norton City School District
Changes in Fund Balances, Governmental Funds (1)
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
Taxes	\$ 7,378,369	\$ 7,877,702	\$ 7,212,007	\$ 8,749,520	\$9,750,612	\$ 9,247,786	\$ 8,718,480	\$8,876,408	\$ 8,300,757	\$ 8,446,515
Intergovernmental	10,221,987	9,329,822	9,669,168	9,457,485	9,514,985	9,801,988	10,240,225	10,389,728	11,202,833	10,636,092
Interest	136,929	59,978	43,599	112,629	289,058	425,876	330,152	95,267	8,678	16,084
Tuition and fees	265,164	1,511,325	1,730,844	1,978,323	2,118,303	2,195,173	2,469,991	2,424,439	2,994,879	3,353,691
Extracurricular activities	238,837	219,150	280,693	279,425	177,176	198,768	177,100	161,081	196,204	199,681
Gifts and donations	26,243	64,699	65,934	53,252	66,237	51,989	48,685	40,134	30,093	18,491
Charges for services	539,641	528,739	576,306	524,673	574,984	567,142	654,358	578,779	549,968	686,948
Rent	2,415	2,758	2,652	3,099	3,425	7,967	7,510	2,503	5,950	5,063
Miscellaneous	124,778	200,294	106,097	264,799	231,531	322,491	307,328	358,400	252,412	16,947
<i>Total revenues</i>	<u>18,934,363</u>	<u>19,794,467</u>	<u>19,687,300</u>	<u>21,423,205</u>	<u>22,726,311</u>	<u>22,819,180</u>	<u>22,953,829</u>	<u>22,926,739</u>	<u>23,541,774</u>	<u>23,379,512</u>
Expenditures										
Current:										
Instruction:										
Regular	8,697,751	9,241,788	8,879,162	9,373,521	9,834,960	10,556,261	10,807,707	10,951,543	10,568,682	10,774,271
Special	1,381,199	1,450,656	1,388,815	1,471,124	1,472,022	1,514,673	1,728,835	1,907,001	2,087,751	2,054,273
Vocational	722,660	759,539	794,851	835,886	730,151	767,128	729,807	934,370	783,303	799,393
Adult/continuing	4,146	1,653	842	575	355	1,167	1,907	4,087	1,692	2,952
Student intervention services	-	-	-	-	-	-	-	278,751	278,036	329,227
Other	35,787	166,237	147,727	307,566	269,789	315,352	302,020	-	-	-
Support services:										
Pupil	934,375	851,076	719,563	730,493	793,580	784,148	766,319	749,256	807,771	717,149
Instructional staff	750,519	699,535	613,177	576,299	661,199	874,626	1,000,635	1,083,614	1,131,474	1,312,442
Board of education	28,098	41,034	7,007	84,202	15,734	40,964	35,057	31,420	28,440	91,037
Administration	1,456,769	1,505,272	1,421,284	1,374,162	1,441,901	1,470,332	1,679,729	1,606,341	1,644,993	1,729,019
Fiscal	496,683	525,049	529,292	497,276	473,055	500,765	517,575	604,563	571,479	560,555
Business	297,993	351,943	329,826	295,116	379,555	346,611	258,875	259,021	273,206	268,743
Operation and maintenance of plant	1,772,897	1,728,571	1,583,297	1,569,271	2,100,733	1,908,182	2,032,636	1,996,823	1,839,378	1,705,057
Pupil transportation	1,179,126	1,061,598	914,243	1,062,259	1,189,540	1,251,530	1,442,696	1,369,981	1,511,716	1,350,628
Central	59,904	65,030	63,910	69,247	70,915	76,656	75,799	83,133	78,274	73,503
Operation of non-instructional services	1,694	382	2,328	1,522	4,032	-	-	3,731	1,977	3,451
Operation of food services	931,824	676,038	666,605	672,020	754,062	772,515	808,259	842,041	857,433	884,681
Extracurricular activities	439,060	552,598	400,647	421,459	473,253	503,890	512,670	513,455	523,497	531,986
Capital outlay	720,204	369,792	832,067	490,728	366,658	342,141	278,318	20,430	92,090	183,041
Debt service:										
Principal retirement	71,899	74,578	95,904	76,035	77,480	35,589	53,874	49,114	34,841	36,620
Interest and fiscal charges	19,561	14,429	13,250	11,005	7,108	3,147	5,130	7,562	5,706	3,916
<i>Total expenditures</i>	<u>20,002,149</u>	<u>20,136,798</u>	<u>19,403,797</u>	<u>19,919,766</u>	<u>21,116,082</u>	<u>22,065,677</u>	<u>23,037,848</u>	<u>23,296,237</u>	<u>23,121,739</u>	<u>23,411,944</u>

(Continued)

Norton City School District

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(1,067,786)</u>	<u>(342,331)</u>	<u>283,503</u>	<u>1,503,439</u>	<u>1,610,229</u>	<u>753,503</u>	<u>(84,019)</u>	<u>(369,498)</u>	<u>420,035</u>	<u>(32,432)</u>
Other financing sources (uses)										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Inception of capital lease	-	-	173,829	-	-	-	179,827	-	-	-
Transfers in	-	10,103	-	-	-	-	-	21,174	4,703	-
Transfers out	-	(10,103)	-	-	-	-	-	(21,174)	(4,703)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>173,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,827</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ (1,067,786)</u>	<u>\$ (342,331)</u>	<u>\$ 457,332</u>	<u>\$ 1,503,439</u>	<u>\$1,610,229</u>	<u>\$ 753,503</u>	<u>\$ 95,808</u>	<u>\$ (369,498)</u>	<u>\$ 420,035</u>	<u>\$ (32,432)</u>
 Debt service as a percentage of noncapital expenditures	 0.5%	 0.5%	 0.6%	 0.4%	 0.4%	 0.2%	 0.3%	 0.2%	 0.2%	 0.2%

(1) Modified accrual basis of accounting.

Norton City School District

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years

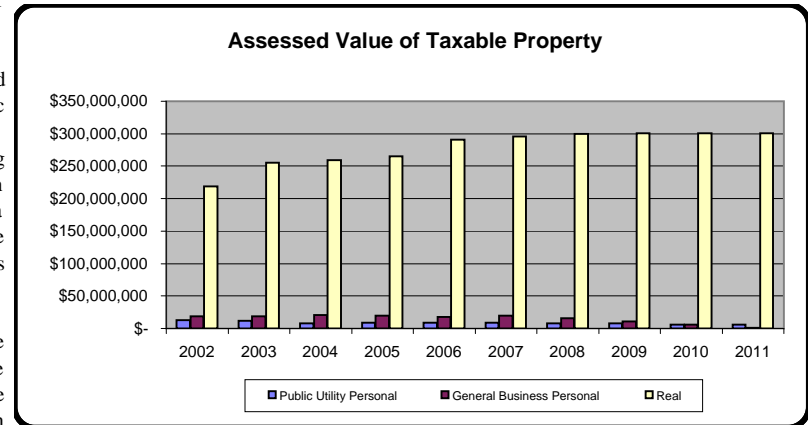
Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total			Weighted Average Tax Rate
	Assessed Value		Estimated Actual Value	Public Utility		General Business		Assessed Value	Estimated Actual Value	Ratio	
	Residential/Agricultural	Commercial/Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2002	\$ 187,555,690	\$ 31,346,640	\$ 625,435,229	\$ 8,294,520	\$ 9,425,591	\$ 20,398,661	\$ 81,594,644	\$ 247,595,511	\$ 716,455,463	34.56%	34.56%
2003	217,133,400	38,019,310	729,007,743	8,768,500	9,964,205	19,345,067	77,380,268	283,266,277	816,352,215	34.70%	34.70%
2004	221,743,890	37,596,610	740,972,857	8,453,470	9,712,113	17,792,625	71,170,500	285,586,595	821,855,470	34.75%	34.76%
2005	226,246,280	38,504,470	756,430,714	8,720,900	9,910,114	19,596,241	78,384,964	293,067,891	844,725,792	34.69%	34.69%
2006	251,020,120	39,806,390	830,932,886	7,882,630	8,957,534	15,659,573	83,517,723	314,368,713	923,408,142	34.04%	34.04%
2007	255,108,200	40,275,790	843,954,257	7,642,460	8,684,614	10,780,155	86,241,240	313,806,605	938,880,111	33.42%	33.40%
2008	258,122,620	41,487,830	856,029,857	5,809,220	6,601,386	6,093,290	9,749,264	311,512,960	872,380,508	35.71%	35.71%
2009	257,138,920	43,081,000	857,771,200	5,993,340	6,810,614	669,300	1,070,880	306,882,560	865,652,694	35.45%	35.45%
2010	257,874,390	43,240,760	860,329,000	6,269,080	7,123,955	327,860	524,576	307,712,090	867,977,531	35.45%	35.45%
2011	257,996,960	42,803,740	859,430,571	6,489,340	7,374,250	-	-	307,290,040	866,804,821	35.45%	35.45%

S-14

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% of estimated true value. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25% for machinery and equipment. General business inventory tangible personal property tax was being phased out beginning in 2006. The listing percentage is 18.75% for 2006, 12.5% for 2007, 6.25% 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 was in 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%, the 2 1/2% and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.



Source: Summit County Fiscal Officer

Norton City School District

Property Tax Rates - Direct and Overlapping Governments (1)

(per \$1,000 of assessed value)

Last Ten Years

Collection Year	Direct rates				Overlapping rates				
	Operating Millage	Permanent Improvement Millage	Debt Service Millage	Total School District	City Levy (2)	Franklin Township Levy	County Levy	Akron Summit Library Levy	Total
2011	56.90	3.00	-	59.90	13.75	14.65	14.16	2.10	104.56
2010	56.90	3.00	-	59.90	13.75	14.65	14.16	2.10	104.56
2009	56.90	3.00	-	59.90	13.75	14.65	14.16	2.08	104.54
2008	56.90	3.00	-	59.90	13.75	14.65	14.26	2.07	104.63
2007	56.90	3.00	-	59.90	10.00	14.65	14.57	2.03	101.15
2006	56.90	3.00	-	59.90	10.00	14.65	13.07	2.04	99.66
2005	56.90	3.00	-	59.90	10.00	14.65	13.07	2.14	99.76
2004	n/a	n/a	n/a	55.00	10.00	14.65	13.07	0.78	93.50
2003	n/a	n/a	n/a	55.00	10.00	14.65	13.07	1.59	94.31
2002	n/a	n/a	n/a	55.00	10.00	14.65	13.07	1.35	94.07

Source: Summit County Fiscal Officer.

Note: Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

n/a - information is not available and will be reported when it becomes available.

(1) Rates are per \$1,000 of assessed valuation.

(2) The City of Barberton now has overlapping valuations, therefore this includes 6.5 from the City of Norton and 3.5 from the City of Barberton.

Norton City School District
Property Tax Levies and Collections (1)
Last Ten Calendar Years

Year	Current Levy	Delinquent Levy (2)	Total Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
2010	\$ 9,520,756	\$ 478,871	\$ 9,999,627	\$ 9,041,885	94.97%	\$ 398,418	\$ 9,440,303	94.41%	\$ 559,324
2009	9,498,035	479,088	9,977,123	9,018,947	94.96%	376,961	9,395,908	94.17%	581,215
2008	9,710,467	628,496	10,338,963	9,327,470	96.06%	379,562	9,707,032	93.89%	631,931
2007	10,034,876	646,293	10,681,169	9,658,007	96.24%	428,478	10,086,485	94.43%	594,684
2006	10,246,211	938,817	11,185,028	9,842,810	96.06%	361,589	10,204,399	91.23%	980,629
2005	10,890,317	619,263	11,509,580	10,468,098	96.12%	315,442	10,783,540	93.69%	726,041
2004	10,365,254	554,995	10,920,249	9,968,049	96.17%	282,887	10,250,936	93.87%	669,313
2003	8,733,646	490,727	9,224,373	8,486,330	97.17%	286,843	8,773,173	95.11%	451,200
2002	8,208,438	655,238	8,863,676	7,933,738	96.65%	346,038	8,279,776	93.41%	583,900
2001	8,208,384	655,210	8,863,594	7,933,684	96.65%	345,998	8,279,682	93.41%	583,912

S-16

Source: Summit County Fiscal Officer.

Note: Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.
- (3) The 2011 information cannot be presented because all collections have not been made by June 30, 2011.

Norton City School District

Principal Taxpayers

2011 and 2002

2011 Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility (1)	Total
Ohio Edison	\$ -	\$ -	\$ 4,626,010	\$ 4,626,010	1.51%	\$ -	\$ -	\$ 5,256,830	\$ 5,256,830
Albrecht Inc.	2,735,180	-	-	2,735,180	0.89%	7,814,800	-	-	7,814,800
Columbia Woods	2,730,020	-	-	2,730,020	0.89%	7,800,057	-	-	7,800,057
J R Engineering Inc.	2,281,470	-	-	2,281,470	0.74%	6,518,486	-	-	6,518,486
Seal Real Estate Holdings, LLC	1,506,920	-	-	1,506,920	0.49%	4,305,486	-	-	4,305,486
East Ohio Gas	-	-	1,402,020	1,402,020	0.46%	-	-	1,593,205	1,593,205
Pittsburg Plate Glass Co.	1,121,270	-	-	1,121,270	0.36%	3,203,629	-	-	3,203,629
Falkenstein Albert J & Margaret	1,012,920	-	-	1,012,920	0.33%	2,894,057	-	-	2,894,057
Newpark Drive Limited Partnership	962,990	-	-	962,990	0.31%	2,751,400	-	-	2,751,400
Springhills Golf Course, Inc.	716,120	-	-	716,120	0.23%	2,046,057	-	-	2,046,057

Total Top Ten Taxpayers \$ 13,066,890 \$ - \$ 6,028,030 \$ 19,094,920 6.21% \$ 37,333,971 \$ - \$ 6,850,034 \$ 44,184,006

Total All Assessed Valuations \$ 300,800,700 \$ - \$ 6,489,340 \$ 307,290,040

S-17

2002 Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility (1)	Total
Fred Martin Motor Company	\$ -	\$ 3,679,870	\$ -	\$ 3,679,870	1.20%	\$ -	\$ 14,719,480	\$ -	\$ 14,719,480
Ohio Edison	-	-	3,513,590	3,513,590	1.14%	-	-	3,992,716	3,992,716
PPG Industries	-	3,340,720	-	3,340,720	1.09%	-	13,362,880	-	13,362,880
B&C Corporation	1,333,230	1,965,870	-	3,299,100	1.07%	3,809,229	7,863,480	-	11,672,709
Columbia Woods Apt. LL	2,027,170	-	-	2,027,170	0.66%	5,791,914	-	-	5,791,914
Albrecht Inc	1,866,550	-	-	1,866,550	0.61%	5,333,000	-	-	5,333,000
Mack W. Deal	1,558,160	-	-	1,558,160	0.51%	4,451,886	-	-	4,451,886
Ohio Bell Telephone	-	-	1,273,370	1,273,370	0.41%	-	-	1,447,011	1,447,011
East Ohio Gas	-	-	1,088,690	1,088,690	0.35%	-	-	1,237,148	1,237,148
Fomo Products, Inc.	-	1,048,710	-	1,048,710	0.34%	-	4,194,840	-	4,194,840

Total Top Ten Taxpayers \$ 6,785,110 \$ 10,035,170 \$ 5,875,650 \$ 22,695,930 7.39% \$ 19,386,029 \$ 40,140,680 \$ 6,676,875 \$ 66,203,584

Total All Assessed Valuations \$ 218,902,330 \$ 20,398,661 \$ 8,294,520 \$ 247,595,511

Source: Summit County Fiscal Officer

(1) Per the Summit County Fiscal Officer, there is no way to differentiate any of the components which constitute the values that are certified to them by the Tax Commissioner, thus it is not possible to arrive at an "Estimated Actual Value".

Norton City School District
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Population (2)	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases				
2002	\$ 173,600	\$ -	\$65,287	\$ 238,887	89.51%	11,523	\$ 20.73
2003	130,200	-	34,109	164,309	59.56%	11,523	14.26
2004	86,800	-	155,434	242,234	81.67%	11,523	21.02
2005	43,400	-	122,799	166,199	54.47%	11,523	14.42
2006	-	-	88,719	88,719	27.84%	11,523	7.70
2007	-	-	53,130	53,130	15.76%	11,523	4.61
2008	-	-	179,083	179,083	54.66%	11,523	15.54
2009	-	-	129,969	129,969	41.70%	11,523	11.28
2010	-	-	95,128	95,128	n/a	14,263	6.67
2011	-	-	58,508	58,508	n/a	14,263	4.10

Source: School District Financial Records.

(1) Personal income information is available on S - 23.

(2) U.S. Bureau of Census.

n/a - information is not available at this time.

Norton City School District
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Resources Available to Pay Principal</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value</u>	<u>Percentage of Personal Income</u>	<u>Net Bonded Debt per Capita</u>
2002	\$ 173,600	\$ 55,459	\$ 118,141	0.02%	0.04%	\$ 15.07
2003	130,200	4,703	125,497	0.02%	0.05%	11.30
2004	86,800	4,703	82,097	0.01%	0.03%	7.53
2005	43,400	4,703	38,697	0.00%	0.01%	3.77
2006	-	4,703	(4,703)	0.00%	0.00%	-
2007	-	4,703	(4,703)	0.00%	0.00%	-
2008	-	4,703	(4,703)	0.00%	0.00%	-
2009	-	4,703	(4,703)	0.00%	0.00%	-
2010	-	-	-	0.00%	0.00%	-
2011	-	-	-	0.00%	0.00%	-

Norton City School District
Computation of Legal Debt Margin
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Tax Valuation	<u>\$ 247,595,511</u>	<u>\$ 283,266,277</u>	<u>\$ 285,586,595</u>	<u>\$ 293,067,891</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>22,283,596</u>	<u>25,493,965</u>	<u>25,702,794</u>	<u>26,376,110</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	173,600	130,200	86,800	43,400
Less Amount Available in Debt Service	<u>(55,459)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>
Amount of Debt Subject to Limit	<u>118,141</u>	<u>125,497</u>	<u>82,097</u>	<u>38,697</u>
Legal Debt Margin	<u>\$ 22,165,455</u>	<u>\$ 25,368,468</u>	<u>\$ 25,620,697</u>	<u>\$ 26,337,413</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.47%	99.51%	99.68%	99.85%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 247,596	\$ 283,266	\$ 285,587	\$ 293,068
Amount of Debt Subject to Limit	<u>118,141</u>	<u>125,497</u>	<u>82,097</u>	<u>38,697</u>
Unvoted Legal Debt Margin	<u>\$ 365,737</u>	<u>\$ 408,763</u>	<u>\$ 367,684</u>	<u>\$ 331,765</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	147.72%	144.30%	128.75%	113.20%

Source: School District records, Summit County Fiscal Officer.

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

(2) Beginning in fiscal year 2006, HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>\$ 290,826,510</u>	<u>\$ 295,383,990</u>	<u>\$ 299,610,450</u>	<u>\$ 300,219,920</u>	<u>\$ 301,115,150</u>	<u>\$ 300,800,700</u>
<u>26,174,386</u>	<u>26,584,559</u>	<u>26,964,941</u>	<u>27,019,793</u>	<u>27,100,364</u>	<u>27,072,063</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>-</u>	<u>-</u>
<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>-</u>	<u>-</u>
<u>\$ 26,179,089</u>	<u>\$ 26,589,262</u>	<u>\$ 26,969,644</u>	<u>\$ 27,024,496</u>	<u>\$ 27,100,364</u>	<u>\$ 27,072,063</u>
100.02%	100.02%	100.02%	100.02%	100.00%	100.00%
\$ 290,827	\$ 295,384	\$ 299,610	\$ 300,220	\$ 301,115	\$ 300,801
<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>-</u>	<u>-</u>
<u>\$ 286,124</u>	<u>\$ 290,681</u>	<u>\$ 294,907</u>	<u>\$ 295,517</u>	<u>\$ 301,115</u>	<u>\$ 300,801</u>
98.38%	98.41%	98.43%	98.43%	100.00%	100.00%

Norton City School District
Computation of Direct and Overlapping Debt
June 30, 2011

	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable to Norton CSD</u>
Direct:			
Norton City School District	<u>\$ -</u>	100.00%	<u>\$ -</u>
Overlapping:			
City of Norton	6,822,940	97.21%	6,632,580
City of Barberton	5,125,000	0.10%	5,125
New Franklin Village	-	13.77%	-
Summit County	55,840,000	2.44%	1,362,496
Metro Regional Transit Authority	395,000	2.44%	9,638
Akron-Summit Library District	44,065,000	3.61%	1,590,747
Muskingum Watershed Conservancy District	-	0.79%	-
Summit Metro Park District	<u>-</u>	<u>2.57%</u>	<u>-</u>
Total overlapping:	<u>112,247,940</u>		<u>9,600,585</u>
Total direct and overlapping debt:	<u><u>\$ 112,247,940</u></u>		<u><u>\$ 9,600,585</u></u>

Source: School District records, Ohio Municipal Advisory Council.

- (1) All debt reported is as of December 31, 2010, except for Norton City School District, which is reported as of June 30, 2011.
(2) Overlapping percentages are calculated based on overlapping valuation and total entity valuation.

Norton City School District
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Per Capita		Unemployment Rate (3)
		Personal Income (2) (in thousands)	Personal Income (in thousands)	
2002	11,523	266,886	23	5.50%
2003	11,523	275,864	24	5.70%
2004	11,523	296,584	26	6.10%
2005	11,523	305,137	26	5.80%
2006	11,523	318,731	28	4.90%
2007	11,523	337,072	29	5.30%
2008	11,523	327,649	28	6.20%
2009	11,523	311,711	27	10.50%
2010	14,263	n/a	n/a	10.40%
2011	14,263	n/a	n/a	8.90%

Sources: (1) U.S. Bureau of Census, Census of Population.
(2) Ohio Department of Taxation.
(3) U.S. Department of Labor.

n/a - information is not available and will be reported when it becomes available.

Norton City School District

Principal Employers

2010 and 2002 (1)

Employer	Nature of Business	2010			2002		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Fred Martin Motor Group	Automotive sales	322	1	24.92%	274	3	9.50%
SA Communale Company	Construction	194	2	15.02%	254	4	8.81%
Norton City School District	Education	171	3	13.24%	454	2	15.75%
City of Norton	City	115	4	8.90%	-	-	0.00%
Lenic, Inc.	Fast food	99	5	7.66%	-	-	0.00%
Ganley Ford, Inc.	Automotive sales	87	6	6.73%	150	7	5.20%
PPG Industries	Glass manufacturing	79	7	6.11%	86	10	2.98%
Fomo Products Inc.	Polyurethane Foam	78	8	6.04%	-	-	0.00%
Akwend, LTD.	Manufacturing	75	9	5.80%	-	-	0.00%
RT 80 Express Inc.	Trucking Company	72	10	5.57%	-	-	0.00%
Lenic, Inc.	Fast food	-	-	0.00%	123	8	4.27%
Perkinelmer Wallace, Inc.	Automotive sales	-	-	0.00%	101	9	3.50%
PPG Industries	Glass manufacturing	-	-	0.00%	86	10	2.98%
B&C Corporation	Communications	-	-	0.00%	949	1	32.92%
Albrect Screenprint, Inc.	Screen printing	-	-	0.00%	168	6	5.83%
Fred W. Albrecht Grocery Inc.	Grocery store	-	-	0.00%	238	5	8.26%
Total		<u>1,292</u>			<u>2,883</u>		

Source: City of Norton, Ohio.

(1) Information prior to 2002 is not available.
2011 information is not yet available.

Norton City School District
School District Employees by Function/Program
Last Eight Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Regular instruction								
Elementary classroom teachers	49	50	54	57	40	44.5	44.5	44.5
Middle school classroom teachers	38	40	39	42	42	42.5	41	40
High school classroom teachers	34	35	40	41	37	35	37	37
Alternative school	1	1	2	1	1	1	1	1
Special instruction								
Academically gifted teachers	1	1	1	1	1	1	1	1
Multi handicapped teachers	3	3	3	3	3.5	4.5	3	4
Severe behavior handicapped teachers	3	3	2	2	2	2	2	2
Developmentally handicapped teachers	3	3	3	3	3	3	3	3
Specific learning disabled teachers	6	6	9	8	4	5	5	5
Disadvantaged youth teachers	3	3	3	4	3	3	3	3
Vocational instruction								
High school classroom teachers	10	10	8	10	10	8	7	6
Pupil support services								
Guidance counselors	3	3	4	5	4	4	4	4
Librarians	2	2	2	2	2	2	2	2
Psychologists	1	1	1	1	1	1	2	2
Speech and language pathologists	2	2	2	2	2	2	2	2
Aides	8	8	16	13	16	16	27	29
Computer	1	1	2	2	2	2	2	2
Other	10	13	10	13	12	12	13	13
Administrators								
Elementary	3	3	3	3	3	3	3	3
Middle school	1	1	1	1	1	1	2	2
High school	2	2	2	2	2	2	2	2
Operation of plant								
Custodians	17	18	20	20	18	18	18	18
Pupil transportation								
Bus drivers	21	23	22	22	23	23	24	24
Bus aides	6	6	6	4	4	4	3	3
Maintenance	3	3	3	3	3	3	3	3
Food service program								
Cooks	15	17	19	19	18	18	18	18

Information prior to 2004 is not available.

Source: School District records.

Norton City School District

Operating Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Percentage of students receiving free or reduced lunches</u>
2002	\$ 19,336,715	2,544	\$7,601	n/a	154.00	16.5	16.30%
2003	\$ 19,750,650	2,544	\$7,764	2.14%	147.60	17.2	15.87%
2004	\$ 19,176,542	2,523	\$7,601	-2.10%	138.60	18.2	17.31%
2005	\$ 20,064,701	2,425	\$8,274	8.86%	138.80	17.5	17.58%
2006	\$ 21,496,213	2,377	\$9,043	9.30%	140.30	16.9	17.84%
2007	\$ 22,255,948	2,417	\$9,208	1.82%	145.90	16.6	20.47%
2008	\$ 22,781,530	2,505	\$9,094	-1.23%	146.50	17.1	19.50%
2009	\$ 22,870,010	2,483	\$9,211	1.28%	149.20	16.6	23.23%
2010	\$ 23,569,526	2,562	\$9,200	-0.12%	152.30	16.8	26.10%
2011	\$ 24,504,313	2,680	\$9,143	-0.61%	149.70	17.9	28.26%

Source: School District Records, Ohio Department of Education.

n/a - information is not available and will be reported when it becomes available.

Norton City School District

Building Statistics

Last Ten Fiscal Years (continued)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Norton Corner Stone Elementary School										
Constructed in 1914										
Total building square footage	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919
Enrollment grades K-4	366	349	216	229	217	226	346	334	350	360
Student capacity	510	510	510	510	510	510	510	510	510	510
Regular instruction classrooms	16	16	16	16	16	16	16	16	16	16
Regular instruction teachers	19	16	11	11	11	19	15	16.5	16.5	16.5
Special instruction classrooms	1	1	1	1	1	1	2	2	1	1
Special instruction teachers	1	1	1	1	1	1	2	2	1	1
Norton Primary Elementary School										
Constructed in 1956										
Total building square footage	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658
Enrollment grades K-4	343	354	360	353	362	358	373	338	352	364
Student capacity	630	630	630	630	630	630	630	630	630	630
Regular instruction classrooms	19	19	19	19	19	19	19	19	19	19
Regular instruction teachers	15	15	16	16	18	18	15	16.5	16.5	16.5
Special instruction classrooms	2	2	2	2	2	2	2	2	2	2
Special instruction teachers	2	2	2	2	2	2	2	2	2	2
Grill Elementary School										
Constructed in 1928										
Total building square footage	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562
Enrollment grades K-4	277	273	219	217	235	239	237	271	274	262
Student capacity	480	480	480	480	480	480	480	480	480	480
Regular instruction classrooms	14	14	14	14	14	14	14	14	14	14
Regular instruction teachers	13	13	9	9	11	15	10	11.5	11.5	11.5
Special instruction classrooms	2	2	2	2	2	2	1	1	1	1
Special instruction teachers	2	2	2	2	2	2	1	1	1	1
Junior High/Middle School										
Constructed in 1966										
Total building square footage	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081
Enrollment grades 5-8	600	605	824	781	776	783	795	814	816	802
Student capacity	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Regular instruction classrooms	36	36	36	36	36	36	36	36	36	36
Regular instruction teachers	33	32	36	36	36	37	42	42.5	41.0	40.0
Special instruction classrooms	2	2	2	2	2	2	3	3	4	5
Special instruction teachers	2	2	2	2	4	5	3	3	4	5

Norton City School District
Building Statistics
Last Ten Fiscal Years (continued)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
High School										
Constructed in 1953										
Total building square footage	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097
Enrollment grades 9-12	843	844	815	766	701	725	838	837	890	864
Student capacity	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530
Regular instruction classrooms	47	47	47	47	47	47	47	47	47	47
Regular instruction teachers	49	47	43	43	46	36	37	37	37	37
Special instruction classrooms	4	4	4	4	4	4	4	4	4	4
Special instruction teachers	4	4	4	4	4	4	4	4	5	5

Source: School District Records.

Norton City School District

Teachers' Salaries

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Norton City School District Average Salary</u>	<u>Statewide Average Salary</u>
2002	\$ 41,842	\$ 43,755
2003	45,167	45,645
2004	47,538	47,659
2005	47,583	49,438
2006	49,877	50,772
2007	50,411	53,536
2008	51,341	53,410
2009	52,226	54,656
2010	52,900	55,958
2011	55,434	56,715

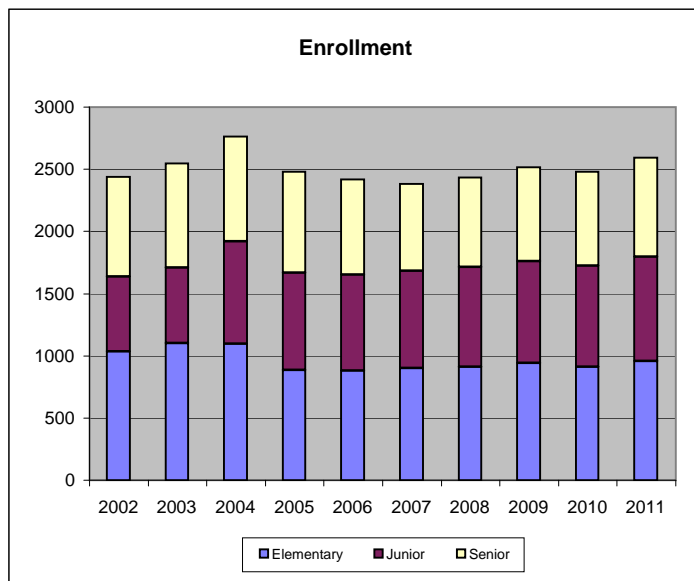
Source: Ohio Department of Education.

Norton City School District

Enrollment Statistics

Last Ten Fiscal Years

Fiscal Year	Elementary Schools	Junior High School	Senior High School	Total
2002	1,101	600	843	2,544
2003	1,095	605	844	2,544
2004	884	824	815	2,523
2005	878	781	766	2,425
2006	900	776	701	2,377
2007	909	783	725	2,417
2008	944	802	759	2,505
2009	913	814	756	2,483
2010	957	811	794	2,562
2011	976	840	864	2,680



Source: Ohio Department of Education.

Norton City School District
Average Number of Students per Teacher
Last Ten Fiscal Years

Fiscal Year	Norton City School District Average	State Average
2002	19.40	16.90
2003	19.20	16.50
2004	20.00	18.50
2005	19.30	18.50
2006	18.20	18.60
2007	18.50	19.60
2008	19.20	18.60
2009	18.73	18.47
2010	19.09	n/a
2011	18.88	n/a

Source: Ohio Department of Education.

n/a - information is not available at this time.

Norton City School District
Attendance and Graduation Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Norton City School District Attendance Rate</u>	<u>State Average</u>	<u>Norton City School District Graduation Rate</u>	<u>State Average</u>
2002	95.00%	94.30%	92.90%	82.70%
2003	95.10%	94.50%	97.30%	84.30%
2004	95.20%	94.50%	97.50%	85.90%
2005	94.90%	94.30%	97.60%	86.20%
2006	95.10%	94.10%	95.30%	86.10%
2007	95.10%	94.10%	98.20%	86.90%
2008	95.10%	94.20%	>95%	84.60%
2009	>95%	94.30%	>95%	83.00%
2010	95.00%	94.30%	96.10%	84.30%
2011	95.20%	94.50%	96.10%	n/a

Source: Ohio Department of Education.

n/a - information is not available at this time.



Dave Yost • Auditor of State

NORTON CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 24, 2012**