



Dave Yost • Auditor of State



**CITY OF NORTON  
SUMMIT COUNTY  
DECEMBER 31, 2016**

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# Dave Yost • Auditor of State

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

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

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Summit County, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 12, 2017.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 12, 2017

**CITY OF NORTON  
SUMMIT COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
DECEMBER 31, 2016**

| <b>Finding Number</b> | <b>Finding Summary</b>  | <b>Status</b> | <b>Additional Information</b> |
|-----------------------|---|---------------|-------------------------------|
| 2015-001              | <b>Schedule of Federal Awards Receipts and Expenditures</b> – The City's Federal Schedule included incorrect CFDA numbers and expenditure information.  | Corrected     | None                          |
| 2015-002              | <b>Intergovernmental Receivable</b> – The City improperly included \$134,479 of Grants Receivable on the financial statements.  | Corrected     | None                          |
| 2015-003              | <b>Capital Assets</b> – The City improperly valued capital assets by excluding federal grant payments made on-behalf of the City by ODOT, improperly allocating capitalized costs to various assets, and excluding road and sanitary sewer costs. | Corrected     | None                          |
| 2015-004              | <b>Federal Covered Transactions - 2 C.F.R. Part 180.305</b> – The City did not review the SAM listing to ensure a vendor used was not suspended, debarred, or otherwise excluded.   | Corrected     | None                          |

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*CITY OF*

*NORTON, OHIO*



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED—DECEMBER 31

**2016**



# **City of Norton, Ohio**

## **Comprehensive Annual Financial Report**

*For the Year Ended December 31, 2016*

Issued by:

City of Norton  
Department of Finance

Ronald Messner  
Director of Finance

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**City of Norton, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2016*  
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# CITY OF NORTON

4060 Columbia Woods Drive  
Norton, Ohio 44203

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

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Mayor Mike Zita

June 12, 2017

Members of City Council and  
Citizens of Norton

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

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

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State rendered an opinion on the City's financial statements as of December 31, 2016, and the Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

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

## **PROFILE OF THE GOVERNMENT**

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

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

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

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

The City of Norton has an excellent public school system which is supplemented by local vocational and technical schools. An array of higher education programs are available at nearby University of Akron (5 miles) as well as Baldwin Wallace, Lake Erie College, Oberlin, John Carroll, Kenyon, Ashland, Malone, Walsh, Stark State, Cleveland State, Cuyahoga County Community College, Notre Dame (Cleveland), Mount Union, Northeast Ohio Medical University, Case Western Reserve University, Kent State University, Wooster ATI and Wooster College, all within a one-hour drive.

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

- ◆ The Service Department includes the division of Streets, Parks and Cemeteries. The Service Department is also responsible for maintenance of City facilities and vehicles.
- ◆ The Safety Department includes the divisions of Police, Fire and Emergency Medical Services.
- ◆ The Administration Department is responsible for all other functions including building, zoning and development.

As previously mentioned, Norton was organized as a Village in 1961; the Village was and the City is a home-rule municipal corporation operating under the laws of the State of Ohio. The original charter was adopted on November 6, 1962. The Charter was readopted by the voters in its entirety on November 5, 1991. The Charter has been amended various times since this date.

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

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

The Mayor is elected for a four-year term to begin the first day of January following the election. According to the Charter, the Mayor is the executive of the City and is responsible to the electors for enforcement of all laws and ordinances, and for control and proper operation of all administrative departments and divisions. The Mayor appoints an Administrative Officer, Director of Finance, Director of Law, and Director of Community Development, subject to confirmation by a majority vote of Council. The Administrative Officer serves as the head of the service and safety departments. The Directors are responsible to the Mayor for the general administration of the affairs of the City. The Director of Community Development is currently an unfilled position, and those tasks are shared by the Administrative Officer and through the utilization of a consultant inSITE Advisory Group.

## LOCAL ECONOMY

**Development of Community Reinvestment Area** The hiring of inSITE Advisory Group proved to be a wise investment to assist in jump-starting economic development efforts in Norton. In order to encourage new construction and renovation in the City of Norton, inSITE developed and filed necessary State approvals to create a Community Reinvestment Area (CRA). On August 17, 2015, with the unanimous support of City Council, Ordinance #44-2015 was passed which designated the City of Norton as a CRA to offer real property tax incentives for eligible commercial and industrial projects. By offering tax incentives through the CRA program, the City will now be able to attract new companies to Norton and provide incentives to existing businesses in the City to assist in their expansion and renovation projects, which in turn creates and retains jobs and increases property values throughout the community. The CRA provides the City with more equal footing with the surrounding communities in economic incentives.

**KDA Industries** This entity was the first company to receive real property tax incentives from the newly formed CRA within the City of Norton for 10 years at 50 percent exemption. KDA constructed a new 35,000 square foot building on a 20 acre site on Cleveland-Massillon Road. The owner and president of KDA plans to invest \$2.74 million for this project, and has begun to hire employees. That will end up creating approximately 25 or more new jobs. The City looks forward to a long relationship with KDA, and we welcome them to the community.

On November 5, 2013, the voters of Norton gave strong support for Issue 42, a school construction levy. The 3.89-mill levy and bond issue is the Norton City School District's share of a \$32 million Ohio Facilities Construction Commission project. The current high school will be renovated for middle school students and the aging Cornerstone and Grill schools will be sold or demolished. This location is an important potential development catalyst for the City because of its corner location at Cleveland-Massillon and Greenwich roads, in the heart of the City. The new stadium and track are complete. The high school was completed in December of 2016, and the students moved into the new high school in January of 2017.

## CITY PROJECTS

**Consolidation of Services Results in Efficiency** In April, after much analysis, the City opted to contract with the City of Barberton to provide building services. The contract with the City of Barberton saves approximately \$100,000 in overhead, while still allowing the City of Norton to receive some revenue. The City of Norton's building revenue was \$4,073 for 2016. The zoning department maintained its office with the City and refocused on complaint driven zoning issues with the hiring of a part-time zoning inspector.

**Civic Updates and Improvements** New fees and operating procedures for the Community Center and Parks were reviewed by Council and new fees were subsequently approved.

During 2016, the City approved a project with Gardiner to provide energy upgrades, which included a complete LED lighting retrofit of all facilities, convert park lights to LED, convert all traffic signals to LED, convert administration building HVAC system to variable air volume, convert the service garage from all electrical to natural gas heating, install new heater at the park garage, upgrade demand side and supply side utility contracts and place a new HVAC unit at the Community Center. The agreement will be signed in early 2017 and work will begin in January of 2017. The City improvements will not exceed \$556,000, and the payments are expected to begin in 2018. Guaranteed annual energy savings to the City will make this project budget neutral.

## Engineering

**Professional Road Evaluation Completed** In the Summer of 2015, Michael Benza and Associates was hired to evaluate and rate the Norton roadways by a professional engineer using the "Pavement Condition Rating" PCR system recognized by the Ohio Department of

Transportation (ODOT). An action list was developed to use as a guideline to include not only the resurfacing of poor roads but general maintenance of good roads so that good roads continue to rate at a high standard. It is certainly recognized that many roads are in need of repair, but by using the Pavement Management System Report developed by Benza and Associates as a planning guide for the 2016 and beyond road program as an overall strategy to begin rehabilitation methodology.

### **Cleveland-Massillon Road Widening Project**

**Phase 1: Pleasant Road to Grenfall Road** Plans for this first phase were completed and the ODOT has given final approval. Trans Systems completed the ODOT process to acquire necessary right of ways, including some narrow strips for widening and some curved portions at intersections. All landowners have signed the right of way documents and received compensation from the project funds. It was not necessary for any parcel to go to court for appropriation. Utility companies began relocating facilities for ODOT to be ready to bid the project in spring of 2016. The project was awarded to Karvo Construction Company to lay the additional sewers from Grandpa's Cheese Barn down to Shellhart Road. Karvo Construction Company was also awarded the paving project. Phase one of the sewer project was completed in 2016, and the paving project is well underway and expected to be completed by July of 2017.

**Phase 2: Weber Drive to Pleasant Road** Plans for this second phase were completed and ODOT has given final approval. Trans Systems began the ODOT process to acquire necessary right-of-way. This phase goes through the dense commercial development in the center of Norton; therefore, there are many complex issues related to right of ways. The City of Norton administration worked closely with Trans Systems and landowners to achieve the best resolution of all issues. Limitations of Federal funds have caused a delay in the phase two schedule, which allows more time to resolve issues regarding right-of-way and utility relocation. Tentative schedule to begin Phase 2 construction is 2018.

**Phase 3: Barberton Corporation Line (near Shannon Avenue) to Weber Drive** Plans for this third phase were completed and submitted to ODOT; however, ODOT is delaying final approval of this phase because Federal funds have not yet been officially committed to this phase. The City applied for the second time to the Metropolitan Planning Organization (MPO) for this region, Akron Metropolitan Area Transportation Study (AMATS). This project did not receive sufficient points to receive federal funds this round. The City intends to submit this phase again the next time AMATS solicits projects, which is expected to be in 2018.

**Silver Springs Road Stabilization and Reconstruction** Repeated repairs that work well on most roads have not been successful on Silver Springs Road due to unusual water problems. Based on Summit County Engineer recommendations from similar projects, the City retained an experienced engineering team at GPD Group to perform necessary underground testing and analysis to develop a permanent stabilization and repair for this road. Preliminary plans were prepared to present to residents affected by the road problems. This project was subsequently approved by Council and work was awarded to Cavanaugh Construction who began construction in the fall of 2016. Construction was completed by mid-December and all that remains to be completed is final grading and seeding which will take place in the spring of 2017.

### **MAJOR INITIATIVES**

**Fire Equipment** 2016 was another productive year for the Norton Fire Division. As part of our 20-year capital equipment replacement program, the replacement of a 20-year old ambulance was purchased in 2015 and the division received delivery in early May of 2016. The strong point of this new piece of equipment is that the ambulance box can be re-mounted on a new chassis an unlimited number of times, greatly reducing replacement costs.

Effective January of 2019, the current mobile and portable radios used by police, fire and service departments will no longer be supported, meaning no replacement parts will be available, forcing an upgrade to a new radio. Motorola, the leading manufacturer of radio equipment, decided to offer the new generation of radios at a discounted price in 2015 and 2016, as incentive to begin radio upgrades now before the 2019 transition period. Radios purchased in 2015 would be discounted 45 percent, the discount would drop to 40 percent in 2016. City Council accepted the pricing for the 2015 upgrade in December with the radios in operation in January of 2016. The cost to upgrade the radios without any discounts would have been over \$500,000. However, by taking advantage of the 2015 discount program the City cost was \$270,000. The new radios are guaranteed to be upgradable until 2032.

**2016 Grant Success** Grant success came in the form of a \$119,267 grant from Department of Justice to hire one full time police officer for the City. In addition the City received a \$25,000 CDBG grant through Summit County to replace playground equipment in Frashure and Helmick Parks. A \$30,000 grant was also received for a multi station alerting system in conjunction with Copley Township and the City of Barberton for a cost of only \$10,000. These communities provide mutual aid to each other quite frequently for structure fires. We now have the ability to alert multiple stations at one time, reducing response times.

In addition, with assistance from ALCOA Foundation Investments, we were able to purchase \$25,000 worth of ballistic vests and helmets.

New projects on the horizon include a \$16 million (original estimate) expansion of Cleveland-Massillon Road, a main thoroughfare. Grants account for 80 to 90 percent of the project funding and engineering on the project continues and remains on track. The City began negotiation with the City of Barberton and Summit County Department of Environmental Services (DOES) to purchase sanitary sewer assets within the City of Norton and concluded with a memorandum of understanding (MOU). Under the MOU the City of Barberton would own and operate the sewers for the City of Norton. A final agreement was signed in early January 2017. Bids were submitted and Rudzik Excavating was awarded the construction agreement. Work on this project is to commence by April 1, 2017.

## **FINANCIAL PLANNING AND POLICIES**

The City continues to target 15 to 25 percent carryover balances as a percent of appropriations needed to cover accrued obligations and unexpected expenditures. Further, the healthy balances are intended to be attractive to financing sources when we issue debt. The City received an A+ bond rating in August 2014. It is also notable that the City received \$215,000 in entertainment device charges for services in 2016.

## **NEW TAXES SUPPORT LOCAL GOVERNMENT**

In November 2004, the voters of Norton approved a half (1/2) percent increase for City income tax and then in 2005 out-sourced the collection to Central Collection Agency, a regional income tax collecting service in Cleveland. The annual income tax collections (cash basis) increased from \$2,657,039 in 2004 to \$4,014,015 in 2008 for an increase of 51.07 percent. On a cash basis, 2016 income tax results for the general fund were \$5,809,183, of which \$623,266 was moved to other funds due to the change in the tax credit.

In 2009, the Norton City Council passed a change to the tax credit from a full credit up to 1 and 1/2 percent credit effective July 1, 2009. As a result, all residents pay at least a 1/2 percent income tax to the City of Norton. The proceeds from this change are intended to be used on sewer and water lines. The fund that accounts for this was established in 2009, and as of December 31, 2016, has an ending unencumbered cash balance of \$1,271,837.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norton for its Comprehensive Annual Financial Reports for the year ended December 31, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period. The City of Norton has received a Certificate of Achievement for 13 years. Nevertheless, we believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for review.

The Director of Finance strongly supports full disclosure of the City's finances. The employees of the City of Norton are dedicated to serve its citizens. The preparation of a report of this scope depends upon the assistance of many employees, but especially to the employees in the Department of Finance and to the Local Government Services Section of the Auditor of State's Office for their assistance and guidance in the preparation of this report.

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

Respectfully submitted,

Mike Zita  
Mayor



Ronald Messner  
Director of Finance





Government Finance Officers Association

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

Presented to

**City of Norton  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

**City of Norton, Ohio**

*Principal Officials*

*December 31, 2016*

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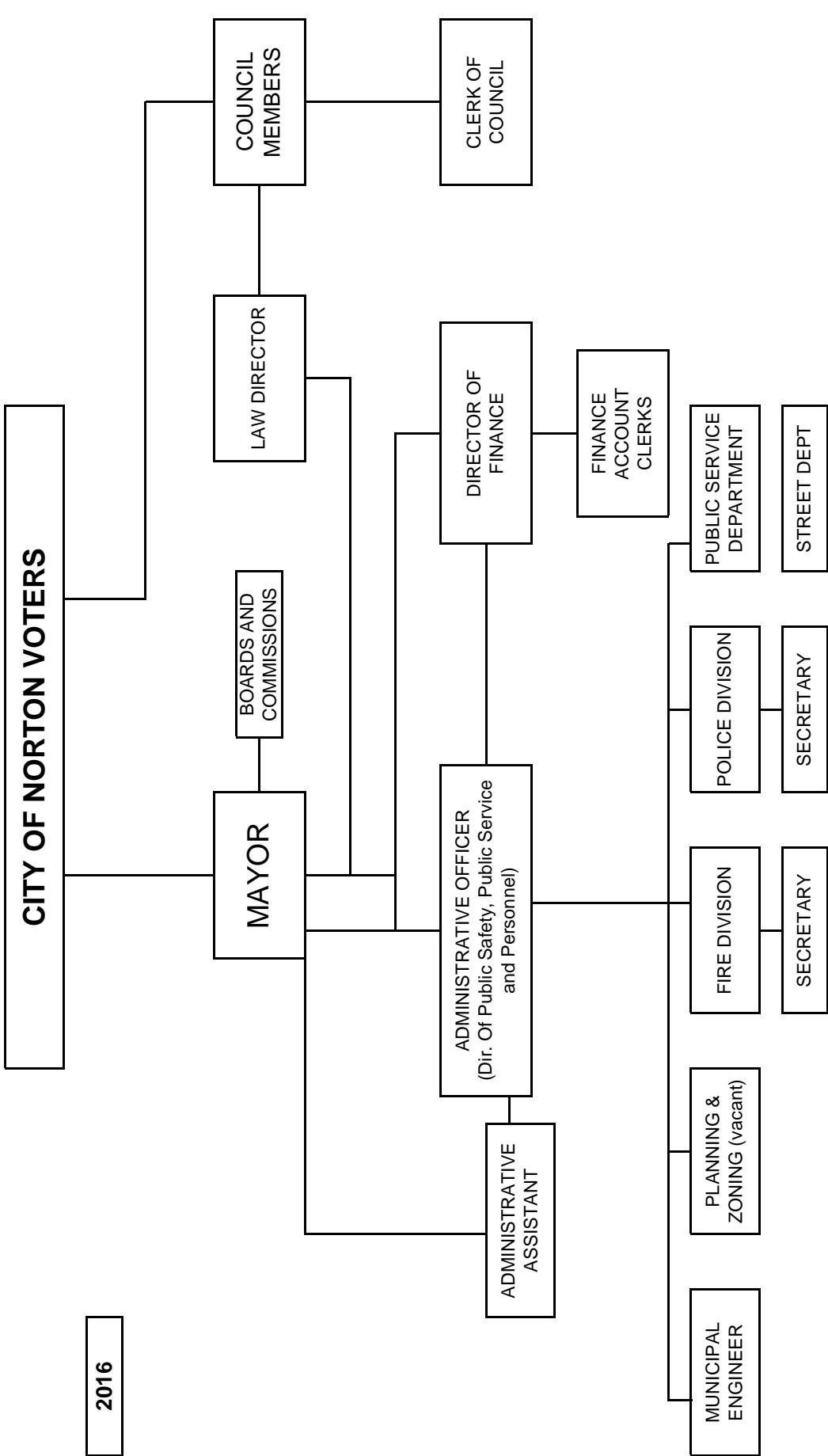
*Elected Officials*

Mike Zita..... Mayor  
Charlotte Whipkey ..... Council President, City Council, At-Large  
Scott Pelot ..... Council Vice President, City Council, At-Large  
Rick Rodgers..... City Council, Ward 1  
Dennis McGlone ..... City Council, Ward 2  
Dennis Pierson ..... City Council, Ward 3  
Paul Tousley..... City Council, Ward 4  
Joe Kernan ..... City Council, At-Large

*Administrators*

Valerie Wax Carr ..... Administrative Officer  
Ronald Messner ..... Director of Finance and Tax Administrator  
Justin Markey..... Director of Law  
John Dalessandro ..... Police Chief  
Mike Schultz ..... Chief of Fire/EMS  
William Braman..... Zoning Inspector  
Karla Richards ..... Clerk of Council





2016

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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*City of*  
**NORTON**

**Financial**

**Section**



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**2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Summit County, Ohio (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Summit County, Ohio, as of December 31, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Street Construction Maintenance and Repair, and Fire/EMS Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 12, 2017

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**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The discussion and analysis for the City of Norton's (City) financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2016. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the transmittal letter, the basic financial statements and notes to the basic financial statements.

### **Financial Highlights**

The financial summary for 2016 follows:

- The City issued \$200,000 in radio equipment bond anticipation notes to finance Motorola P25 emergency radios for Fire/EMS, Police and Service Departments. This note will be paid off within the next year by December of 2017.

### **Using this Annual Financial Report**

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

The statement of net position and statement of activities provide information from a summary perspective showing the effects of the operations for the year 2016 and how they affected the City of Norton's operations. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

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

Statement of Net Position and the Statement of Activities

This financial view of the City as a whole considers all transactions and answers the question of how the City of Norton performed financially during 2016. The statement of net position and the statement of activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status.

These statements include all non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. Transactions are booked when they occur and not when actual cash is received for revenues or when invoices are paid.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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These two statements report the City's net position and any changes in net position. The change in net position is important because it indicates whether the financial position of the City has improved or declined. To evaluate the overall position of the City, particular items must be taken into consideration. These items include the current economic situation as a whole, the current tax base for the City and the age and condition of City buildings and infrastructure.

The statement of net position and the statement of activities for the City of Norton are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning of Year and Year's End

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

#### **Fund Financial Statements**

The analysis of the City's major funds begins on page 10. Fund financial reports give detailed information of activities within these funds. The City currently has thirty-four funds, which have been established to account for the multitude of services provided to residents, for the operation of facilities, as well as for infrastructure and capital purchases. These fund financial statements focus on the City's five major funds: the general fund, the street construction, maintenance and repair fund, the fire/EMS fund, the special assessment bond retirement fund and the water and sewer improvements capital projects fund.

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

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

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
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**The City of Norton as a Whole**

The statement of net position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2016 as they compare to 2015.

**Table 1**  
**Net Position**

|   | Governmental Activities |                     |                    |
|---|-------------------------|---------------------|--------------------|
|   | 2016                    | 2015                | Change             |
| <i>Assets</i>                               |                         |                     |                    |
| Current and Other Assets                    | \$16,802,552            | \$17,612,807        | (\$810,255)        |
| Capital Assets, Net                         | 27,213,297              | 25,126,797          | 2,086,500          |
| <b>Total Assets</b>                         | <b>44,015,849</b>       | <b>42,739,604</b>   | <b>1,276,245</b>   |
| <i>Deferred Outflows of Resources</i>       |                         |                     |                    |
| Deferred Charge on Refunding Pension        | 48,254                  | 55,147              | (6,893)            |
|   | 1,945,386               | 556,250             | 1,389,136          |
| <b>Total Deferred Outflows of Resources</b> | <b>1,993,640</b>        | <b>611,397</b>      | <b>1,382,243</b>   |
| <i>Liabilities</i>                          |                         |                     |                    |
| Current and Other Liabilities               | 628,242                 | 826,035             | 197,793            |
| Long-term Liabilities                       |                         |                     |                    |
| Due Within One Year                         | 946,547                 | 842,757             | (103,790)          |
| Due in More than One Year:                  |                         |                     |                    |
| Other Amounts                               | 5,450,849               | 5,837,931           | 387,082            |
| Net Pension Liability                       | 5,410,978               | 3,865,036           | (1,545,942)        |
| <b>Total Liabilities</b>                    | <b>12,436,616</b>       | <b>11,371,759</b>   | <b>(1,064,857)</b> |
| <i>Deferred Inflows of Resources</i>        |                         |                     |                    |
| Property Tax                                | 1,992,222               | 1,976,208           | (16,014)           |
| Pension                                     | 172,525                 | 23,005              | (149,520)          |
| <b>Total Deferred Inflows of Resources</b>  | <b>2,164,747</b>        | <b>1,999,213</b>    | <b>(165,534)</b>   |
| <i>Net Position</i>                         |                         |                     |                    |
| Net Investment in Capital Assets            | 21,366,802              | 19,026,829          | 2,339,973          |
| Restricted:                                 |                         |                     |                    |
| Capital Projects                            | 419,111                 | 255,837             | 163,274            |
| Debt Service                                | 2,030,745               | 1,883,002           | 147,743            |
| Police                                      | 128,039                 | 133,343             | (5,304)            |
| Fire/EMS                                    | 1,823,272               | 1,919,138           | (95,866)           |
| Transportation                              | 721,503                 | 972,141             | (250,638)          |
| Sewerline/Waterline Maintenance             | 2,197,256               | 1,980,557           | 216,699            |
| Other Purposes                              | 0                       | 64,363              | (64,363)           |
| Unclaimed Monies                            | 9,542                   | 8,329               | 1,213              |
| Unrestricted                                | 2,711,856               | 3,736,490           | (1,024,634)        |
| <b>Total Net Position</b>                   | <b>\$31,408,126</b>     | <b>\$29,980,029</b> | <b>\$1,428,097</b> |

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For reasons discussed that follow, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

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

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

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

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

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

Total assets have increased from the prior year, mainly due to an increase in non-depreciable capital assets. The increase in non-depreciable capital assets was due to construction in progress increasing significantly in 2016 for road and sewer projects.

Long-term liabilities due in more than one year increased from the prior year due to an increase in the net pension liability. The net pension liability increase represents the City's proportionate share of the OPERS traditional plan's unfunded benefits. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Table 2 shows the changes in net position for 2016 compared to 2015.

**Table 2**  
**Changes in Net Position**

|                                       | Governmental Activities |                     |                    |
|---------------------------------------|-------------------------|---------------------|--------------------|
|                                       | 2016                    | 2015                | Change             |
| <i>Revenues:</i>                      |                         |                     |                    |
| <i>Program Revenues:</i>              |                         |                     |                    |
| Charges for Services and Sales        | \$987,541               | \$1,073,680         | (\$86,139)         |
| Operating Grants and Contributions    | 1,100,873               | 1,359,943           | (259,070)          |
| Capital Grants and Contributions      | 314,191                 | 335,767             | (21,576)           |
| <b>Total Program Revenues</b>         | <b>2,402,605</b>        | <b>2,769,390</b>    | <b>(366,785)</b>   |
| <i>General Revenues:</i>              |                         |                     |                    |
| Property Taxes                        | 1,984,177               | 2,163,643           | (179,466)          |
| Income Tax                            | 5,928,063               | 5,885,738           | 42,325             |
| Grants and Entitlements               | 394,364                 | 422,526             | (28,162)           |
| Interest                              | 14,469                  | 4,355               | 10,114             |
| Other                                 | 89,592                  | 126,670             | (37,078)           |
| <b>Total General Revenues</b>         | <b>8,410,665</b>        | <b>8,602,932</b>    | <b>(192,267)</b>   |
| <b>Total Revenues</b>                 | <b>\$10,813,270</b>     | <b>\$11,372,322</b> | <b>(\$559,052)</b> |
| <i>Program Expenses:</i>              |                         |                     |                    |
| General Government                    | 2,182,194               | 2,215,323           | 33,129             |
| Security of Persons and Property      | 4,639,014               | 4,279,816           | (359,198)          |
| Transportation                        | 1,864,094               | 1,861,856           | (2,238)            |
| Community Environment                 | 50,195                  | 83,176              | 32,981             |
| Public Health Services                | 154,236                 | 26,810              | (127,426)          |
| Leisure Time Activities               | 278,580                 | 359,994             | 81,414             |
| Interest and Fiscal Charges           | 216,860                 | 218,992             | 2,132              |
| <b>Total Expenses</b>                 | <b>9,385,173</b>        | <b>9,045,967</b>    | <b>(339,206)</b>   |
| <b>Changes in Net Position</b>        | <b>1,428,097</b>        | <b>2,326,355</b>    | <b>(898,258)</b>   |
| <b>Net Position Beginning of Year</b> | <b>29,980,029</b>       | <b>27,653,674</b>   | <b>2,326,355</b>   |
| <b>Net Position End of Year</b>       | <b>\$31,408,126</b>     | <b>\$29,980,029</b> | <b>\$1,428,097</b> |

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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Total revenues decreased primarily due to a decrease in operating grants and contributions and property tax revenue. The decrease in operating grants and contributions is due to decreased grants received by the fire/EMS fund. There was a decrease of \$179,466 in property tax revenue. This was due to an increase in the estimated delinquent taxes to be collected in 2017.

Total program expenses increased from the prior year. The largest increase was seen in program expenses for security of persons and property. This increase is mainly due to increases in salaries and wages.

### **Governmental Activities**

Several revenue sources fund governmental activities with the City of Norton's municipal income tax being the largest contributor. The income tax rate of 1 percent was created by City Charter adopted November 6, 1962 and re-adopted in its entirety by the voters at a general election held on November 5, 1992. The City allowed a 100 percent credit of taxes paid to other municipalities, up to 1 percent of income. The 1 percent tax created by the Charter remained in effect until July 1, 1974, when Norton's electorate increased the income tax rate to 1.5 percent, with a 100 percent credit of taxes paid to other municipalities up to 1.5 percent of income. The 1.5 percent tax remained in effect until November 4, 2004, when Norton's electorate increased the income tax rate effective January 1, 2005 to 2 percent, with a 100 percent credit of taxes paid to other municipalities up to 2 percent of income. In 2009, City Council reduced the credit to a maximum of 1.5 percent towards the 2 percent tax, with the proceeds going to sewer and water improvement projects.

The operations of the City's safety forces account for the largest expense in governmental activities, representing about half of the total governmental activity expenses. The police service for the City of Norton is a full time, 24-hour per day, 365 days per year operation. The staff consists of a full time chief, four full time sergeants, eleven full time patrol officers, five part time patrol officers and one full time office manager. As of December 31, 2013, dispatch was run as a joint project with Copley Township. In January of 2014 the dispatch operations changed over to the Southwest Summit Council of Governments which includes the cities of Barberton, Norton, and Copley Township.

The fire/paramedic division is a full-time, 24-hour per day, 365-days per year operation utilizing one fire station. The staff consists of a full time chief and an assistant chief, nine full time fire/paramedics, twenty-one part time fire/EMT/paramedics, six of which are Lieutenants and three are Captains, and one full time secretary.

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

Information about the City's governmental funds begins on page 16. These funds are accounted for by using the modified accrual method of accounting. This year was marked by an increase in expenditures. The City had decreases in revenues. Historically, the City has maintained healthy carryover balances in operating funds and saves up carryover balances in capital funds.

Expenditures and other financing uses exceeded revenues and other financing sources overall by \$498,803, decreasing the City-wide fund balance to \$10,222,707. Significant changes to the City's major funds are described as follows.

For general fund, the carryover balance decreased by \$550,424. This decrease was mainly due to increased transfers out to other funds from the prior year. Total revenues increased overall, but it was mainly due to increased charges for services.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The street construction, maintenance and repair fund had a decrease in fund balance of \$307,926. This decrease was due to an increase in expenditures over the prior year. The increase in expenditures was mainly due to increased transportation costs.

The fire/EMS fund had an increase in fund balance of \$16,351. Total revenues decreased overall, but it was mainly due to decreased intergovernmental revenues. This is what resulted in a lower increase in fund balance than the prior year.

The special assessment bond retirement fund increased its fund balance over the prior year by \$258,672, which was higher than the increase in fund balance for 2015. This was due to a \$270,000 transfer in from the general fund.

The water and sewer improvements capital projects fund balance decreased from the prior year by \$223,149. This was achieved by mostly an increase in capital outlay expenditures.

**General Fund Budgeting Highlights**

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

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

For the general fund, original and final budgeted revenues were \$6,596,562 and \$7,246,926, respectively. Original budgeted and final budgeted expenditures were \$5,865,503 and \$6,069,353, respectively.

Actual revenue collections for the general fund were \$6,310,263, \$936,663 lower than final budgeted revenues, which is attributed mostly to lower actual municipal income tax and intergovernmental revenue than anticipated. Actual expenditures were \$4,727,640. This reduction of \$1,341,713 from the final budget was due to efforts to control actual expenditures in anticipation of lower revenue.

**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
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**Capital Assets and Debt Administration**

**Capital Assets**

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

|                                   | Governmental Activities |                     |                    |
|-----------------------------------|-------------------------|---------------------|--------------------|
|                                   | 2016                    | 2015                | Change             |
| Land                              | \$1,397,908             | \$1,397,908         | \$0                |
| Construction in Progress          | 4,768,807               | 2,441,657           | 2,327,150          |
| Land Improvements                 | 842,526                 | 868,521             | (25,995)           |
| Building and Improvements         | 4,117,344               | 4,145,063           | (27,719)           |
| Equipment, Furniture and Fixtures | 480,463                 | 345,148             | 135,315            |
| Vehicles                          | 1,425,606               | 1,376,167           | 49,439             |
| Infrastructure                    |                         |                     |                    |
| Water Lines                       | 5,741,775               | 5,808,205           | (66,430)           |
| Sanitary Sewer Lines              | 4,751,575               | 4,806,469           | (54,894)           |
| Roads                             | 3,687,293               | 3,937,659           | (250,366)          |
| <i>Totals</i>                     | <u>\$27,213,297</u>     | <u>\$25,126,797</u> | <u>\$2,086,500</u> |

Capital assets have increased over the prior year mainly due to construction in progress for various road and water and sewer line projects. For more information about the City's capital assets, see Notes 9 and 12 in the basic financial statements.

**Debt**

As of December 31, 2016, the City of Norton had the following in outstanding debt:

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

|                          | Governmental Activities |                    |                    |
|--------------------------|-------------------------|--------------------|--------------------|
|                          | 2016                    | 2015               | Change             |
| General Obligation Bonds | \$3,350,373             | \$3,662,025        | (\$311,652)        |
| Special Assessment Bonds | 1,995,580               | 2,137,650          | (142,070)          |
| Capital Leases           | 359,992                 | 211,162            | 148,830            |
| <i>Totals</i>            | <u>\$5,705,945</u>      | <u>\$6,010,837</u> | <u>(\$304,892)</u> |



**City of Norton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

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

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

**Current Financial Related Issues**

Meeting the financial and infrastructure needs of the community continues to be the primary goal of the City. The City has maintained services at past levels while adjusting to lower revenues through fiscal management by the Administration and City Council making budget supervision more of a priority. To facilitate the pay-down of debt, equipment purchases as well as facility improvements, acquisition and other necessary major purchases have been paid for in cash where possible but the City also uses capital leases for equipment purchases. The City continues to work to attain healthy carryover balances.

The Administration's commitment to its residents has always been one of full disclosure of the financial position of the City. Also offered for many years is information on the City of Norton's website regarding finances, services and other matters of interest to the residents. The Administration continues toward its goal of keeping all residents and other interested parties fully informed of all financial aspects of the City of Norton. The City has been awarded for a number of years the prestigious Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officer Association.

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

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

**City of Norton, Ohio**  
*Statement of Net Position*  
*December 31, 2016*

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>                               |                            |
| Equity in Pooled Cash and Cash Equivalents  | \$9,393,936                |
| Materials and Supplies Inventory            | 441,032                    |
| Accounts Receivable                         | 333,240                    |
| Accrued Interest Receivable                 | 61                         |
| Intergovernmental Receivable                | 676,353                    |
| Prepaid Items                               | 34,550                     |
| Income Taxes Receivable                     | 1,683,922                  |
| Property Taxes Receivable                   | 2,191,377                  |
| Special Assessments Receivable              | 2,048,081                  |
| Nondepreciable Capital Assets               | 6,166,715                  |
| Depreciable Capital Assets, Net             | 21,046,582                 |
| <i>Total Assets</i>                         | <i>44,015,849</i>          |
| <b>Deferred Outflows of Resources</b>       |                            |
| Deferred Charge on Refunding                | 48,254                     |
| Deferred Outflows - OPERS                   | 607,835                    |
| Deferred Outflows - OPF                     | 1,337,551                  |
| <i>Total Deferred Outflows of Resources</i> | <i>1,993,640</i>           |
| <b>Liabilities</b>                          |                            |
| Accounts Payable                            | 32,459                     |
| Accrued Wages                               | 143,000                    |
| Intergovernmental Payable                   | 92,425                     |
| Contracts Payable                           | 115,994                    |
| Accrued Interest Payable                    | 19,787                     |
| Notes Payable                               | 200,000                    |
| Matured Compensated Absences Payable        | 24,577                     |
| Long-Term Liabilities:                      |                            |
| Due Within One Year                         | 946,547                    |
| Due in More Than One Year                   | 5,450,849                  |
| Net Pension Liability (See Note 14)         | 5,410,978                  |
| <i>Total Liabilities</i>                    | <i>12,436,616</i>          |
| <b>Deferred Inflows of Resources</b>        |                            |
| Property Taxes                              | 1,992,222                  |
| Deferred Inflows - OPERS                    | 161,811                    |
| Deferred Inflows - OPF                      | 10,714                     |
| <i>Total Deferred Inflows of Resources</i>  | <i>2,164,747</i>           |
| <b>Net Position</b>                         |                            |
| Net Investment in Capital Assets            | 21,366,802                 |
| Restricted for:                             |                            |
| Capital Projects                            | 419,111                    |
| Debt Service                                | 2,030,745                  |
| Police                                      | 128,039                    |
| Fire/EMS                                    | 1,823,272                  |
| Transportation                              | 721,503                    |
| Sewerline/Waterline Maintenance             | 2,197,256                  |
| Unclaimed Monies                            | 9,542                      |
| Unrestricted                                | 2,711,856                  |
| <i>Total Net Position</i>                   | <i>\$31,408,126</i>        |

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2016

|                                  | Program Revenues   |                                      |  | Net (Expense)                             |                    |
|----------------------------------|--------------------|--------------------------------------|--|---|--------------------|
|                                  | Expenses           | Charges<br>for Services<br>and Sales | Operating<br>Grants and<br>Contributions | Revenue and<br>Changes in<br>Net Position |                    |
|                                  |                    |                                      | Capital<br>Grants and<br>Contributions   | Governmental<br>Activities                |                    |
| <b>Governmental Activities</b>   |                    |                                      |  |   |                    |
| General Government               | \$2,182,194        | \$331,914                            | \$14,190                                 | \$0                                       | (\$1,836,090)      |
| Security of Persons and Property | 4,639,014          | 369,815                              | 250,064                                  | 0   | (4,019,135)        |
| Transportation                   | 1,864,094          | 13,888                               | 834,131                                  | 314,191                                   | (701,884)          |
| Community Environment            | 50,195             | 3,468                                | 0  | 0   | (46,727)           |
| Public Health Services           | 154,236            | 251,703                              | 0  | 0   | 97,467             |
| Leisure Time Activities          | 278,580            | 16,753                               | 2,488                                    | 0   | (259,339)          |
| Interest and Fiscal Charges      | 216,860            | 0                                    | 0  | 0   | (216,860)          |
| <i>Totals</i>                    | <u>\$9,385,173</u> | <u>\$987,541</u>                     | <u>\$1,100,873</u>                       | <u>\$314,191</u>                          | <u>(6,982,568)</u> |

**General Revenues**

|  |                     |
|--|---------------------|
| Property Taxes Levied for:                                     |                     |
| General Purposes   | 337,668             |
| Police and Fire Disability and Pension                         | 63,312              |
| Fire/EMS   | 1,583,197           |
| Income Taxes Levied for:                                       |                     |
| General Purposes   | 5,291,209           |
| Water and Sewer Improvements                                   | 636,854             |
| Grants and Entitlements not Restricted<br>to Specific Programs | 394,364             |
| Interest   | 14,469              |
| Other  | 89,592              |
| <i>Total General Revenues</i>                                  | <u>8,410,665</u>    |
| Change in Net Position   | 1,428,097           |
| <i>Net Position Beginning of Year</i>                          | <u>29,980,029</u>   |
| <i>Net Position End of Year</i>                                | <u>\$31,408,126</u> |

See accompanying notes to the basic financial statements

**City of Norton, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2016*

|   | General            | Street<br>Construction,<br>Maintenance<br>and Repair | Fire/EMS           | Special<br>Assessment<br>Bond<br>Retirement | Water<br>and<br>Sewer<br>Improvements |
|---|--------------------|--|--------------------|---|---------------------------------------|
| <b>Assets</b>   |                    |  |                    |   |                                       |
| Equity in Pooled Cash and Cash Equivalents                                    | \$3,097,267        | \$112,903  | \$1,465,704        | \$119,464                                   | \$1,511,726                           |
| Materials and Supplies Inventory  | 4,502              | 436,530  | 0                  | 0   | 0                                     |
| Accounts Receivable   | 0                  | 0  | 284,523            | 0   | 0                                     |
| Accrued Interest Receivable   | 61                 | 0  | 0                  | 0   | 0                                     |
| Intergovernmental Receivable  | 218,984            | 304,954  | 122,646            | 0   | 0                                     |
| Interfund Receivable  | 0                  | 0  | 0                  | 0   | 0                                     |
| Prepaid Items   | 24,637             | 2,899  | 6,014              | 0   | 0                                     |
| Income Taxes Receivable   | 1,491,450          | 0  | 0                  | 0   | 192,472                               |
| Property Taxes Receivable   | 373,023            | 0  | 1,748,414          | 0   | 0                                     |
| Special Assessments Receivable  | 0                  | 0  | 0                  | 2,048,081                                   | 0                                     |
| Restricted Assets:  |                    |  |                    |   |                                       |
| Equity in Pooled Cash and Cash Equivalents                                    | 9,542              | 0  | 0                  | 0   | 0                                     |
| <i>Total Assets</i>   | <u>\$5,219,466</u> | <u>\$857,286</u>                                     | <u>\$3,627,301</u> | <u>\$2,167,545</u>                          | <u>\$1,704,198</u>                    |
| <b>Liabilities</b>  |                    |  |                    |   |                                       |
| Accounts Payable  | \$16,018           | \$10,271   | \$5,710            | \$0   | \$0                                   |
| Accrued Wages   | 68,021             | 18,213   | 56,766             | 0   | 0                                     |
| Intergovernmental Payable   | 57,606             | 7,967  | 26,852             | 0   | 0                                     |
| Contracts Payable   | 90,668             | 0  | 70                 | 0   | 1,226                                 |
| Interfund Payable   | 17,300             | 0  | 0                  | 0   | 0                                     |
| Matured Compensated Absences Payable  | 0                  | 24,577   | 0                  | 0   | 0                                     |
| Notes Payable   | 200,000            | 0  | 0                  | 0   | 0                                     |
| <i>Total Liabilities</i>  | <u>449,613</u>     | <u>61,028</u>  | <u>89,398</u>      | <u>0</u>                                    | <u>1,226</u>                          |
| <b>Deferred Inflows of Resources</b>  |                    |  |                    |   |                                       |
| Property Taxes  | 339,350            | 0  | 1,589,245          | 0   | 0                                     |
| Unavailable Revenue   | 1,062,302          | 206,143  | 520,991            | 2,048,081                                   | 113,811                               |
| <i>Total Deferred Inflows of Resources</i>                                    | <u>1,401,652</u>   | <u>206,143</u>                                       | <u>2,110,236</u>   | <u>2,048,081</u>                            | <u>113,811</u>                        |
| <b>Fund Balances</b>  |                    |  |                    |   |                                       |
| Nonspendable  | 38,681             | 439,429  | 6,014              | 0   | 0                                     |
| Restricted  | 0                  | 150,686  | 1,421,653          | 119,464                                     | 0                                     |
| Committed   | 49,313             | 0  | 0                  | 0   | 1,589,161                             |
| Assigned  | 391,007            | 0  | 0                  | 0   | 0                                     |
| Unassigned (Deficit)  | 2,889,200          | 0  | 0                  | 0   | 0                                     |
| <i>Total Fund Balances (Deficit)</i>  | <u>3,368,201</u>   | <u>590,115</u>                                       | <u>1,427,667</u>   | <u>119,464</u>                              | <u>1,589,161</u>                      |
| <i>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</i> | <u>\$5,219,466</u> | <u>\$857,286</u>                                     | <u>\$3,627,301</u> | <u>\$2,167,545</u>                          | <u>\$1,704,198</u>                    |

See accompanying notes to the basic financial statements

**City of Norton, Ohio**

*Reconciliation of Total Governmental Fund Balances to*

*Net Position of Governmental Activities*

December 31, 2016

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |  |                            |
|--------------------------------|--------------------------------|--|----------------------------|
|                                |                                | <b>Total Governmental Fund Balances</b>  | \$10,222,707               |
|                                |                                | <i>Amounts reported for governmental activities in the statement of net position are different because:</i>  |                            |
| \$3,077,330                    | \$9,384,394                    | Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  | 27,213,297                 |
| 0                              | 441,032                        |  |                            |
| 48,717                         | 333,240                        |  |                            |
| 0                              | 61                             |  |                            |
| 29,769                         | 676,353                        | Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:  |                            |
| 17,300                         | 17,300                         | Delinquent Property Taxes  | 199,155                    |
| 1,000                          | 34,550                         | Municipal Income Tax   | 995,722                    |
| 0                              | 1,683,922                      | Charges for Services   | 239,882                    |
| 69,940                         | 2,191,377                      | Special Assessments  | 2,048,081                  |
| 0                              | 2,048,081                      | Intergovernmental  | <u>496,328</u>             |
| 0                              | 9,542                          |  |                            |
| <u>\$3,244,056</u>             | <u>\$16,819,852</u>            | <b>Total</b>   | <b>3,979,168</b>           |
|                                |                                | In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.                                      | (19,787)                   |
| \$460                          | \$32,459                       |  |                            |
| 0                              | 143,000                        | Long-term liabilities, including notes, bonds, capital leases payable, and compensated absences are not due and payable in the current period and therefore are not reported in the funds: |                            |
| 0                              | 92,425                         | General Obligation Bonds   | (3,350,373)                |
| 24,030                         | 115,994                        | Special Assessment Bonds   | (1,995,580)                |
| 0                              | 17,300                         | Capital Lease  | (359,992)                  |
| 0                              | 24,577                         | Compensated Absences   | <u>(691,451)</u>           |
| 0                              | 200,000                        |  |                            |
| 24,490                         | 625,755                        | <b>Total</b>   | <b>(6,397,396)</b>         |
| 63,627                         | 1,992,222                      | Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position.                            | 48,254                     |
| 27,840                         | 3,979,168                      |  |                            |
| 91,467                         | 5,971,390                      | The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:             |                            |
| 1,000                          | 485,124                        | Deferred Outflows - Pension  | 1,945,386                  |
| 2,827,901                      | 4,519,704                      | Net Pension Liability  | (5,410,978)                |
| 22,199                         | 1,660,673                      | Deferred Inflows - Pension   | <u>(172,525)</u>           |
| 276,999                        | 668,006                        |  |                            |
| 0                              | 2,889,200                      | <b>Total</b>   | <b>(3,638,117)</b>         |
| 3,128,099                      | 10,222,707                     |  |                            |
| <u>\$3,244,056</u>             | <u>\$16,819,852</u>            | <i>Net Position of Governmental Activities</i>   | <u><u>\$31,408,126</u></u> |

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

|   | General            | Street<br>Construction,<br>Maintenance<br>and Repair | Fire/EMS           | Special<br>Assessment<br>Bond<br>Retirement | Water<br>and<br>Sewer<br>Improvements |
|---|--------------------|--|--------------------|---|---------------------------------------|
| <b>Revenues</b>                                     |                    |  |                    |   |                                       |
| Property Taxes                                      | \$339,240          | \$0  | \$1,590,656        | \$0   | \$0                                   |
| Municipal Income Tax                                | 5,226,804          | 0  | 0                  | 0   | 628,542                               |
| Charges for Services                                | 252,736            | 5,638  | 260,263            | 0   | 0                                     |
| Special Assessments                                 | 0                  | 0  | 0                  | 202,419                                     | 0                                     |
| Licenses, Permits and Fees                          | 46,625             | 0  | 0                  | 0   | 0                                     |
| Fines and Forfeitures                               | 21,982             | 0  | 0                  | 0   | 0                                     |
| Intergovernmental                                   | 554,687            | 624,971  | 245,098            | 0   | 0                                     |
| Contributions and Donations                         | 0                  | 0  | 0                  | 0   | 0                                     |
| Interest  | 14,117             | 336  | 0                  | 0   | 0                                     |
| Other   | 34,742             | 24,793   | 24,323             | 0   | 0                                     |
| <i>Total Revenues</i>                               | <u>6,490,933</u>   | <u>655,738</u>                                       | <u>2,120,340</u>   | <u>202,419</u>                              | <u>628,542</u>                        |
| <b>Expenditures</b>                                 |                    |  |                    |   |                                       |
| Current:  |                    |  |                    |   |                                       |
| General Government                                  | 2,092,296          | 0  | 0                  | 3,097                                       | 0                                     |
| Security of Persons and Property                    | 2,124,083          | 0  | 2,189,344          | 0   | 0                                     |
| Transportation                                      | 1,119,228          | 1,356,902  | 0                  | 0   | 0                                     |
| Community Environment                               | 49,538             | 0  | 0                  | 0   | 0                                     |
| Public Health Services                              | 0                  | 0  | 0                  | 0   | 0                                     |
| Leisure Time Activities                             | 259,183            | 0  | 0                  | 0   | 0                                     |
| Capital Outlay                                      | 0                  | 0  | 0                  | 0   | 750,349                               |
| Debt Service:                                       |                    |  |                    |   |                                       |
| Principal Retirement                                | 0                  | 88,025   | 35,145             | 136,360                                     | 80,640                                |
| Interest and Fiscal Charges                         | 3,595              | 7,875  | 0                  | 74,290                                      | 20,702                                |
| <i>Total Expenditures</i>                           | <u>5,647,923</u>   | <u>1,452,802</u>                                     | <u>2,224,489</u>   | <u>213,747</u>                              | <u>851,691</u>                        |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>843,010</u>     | <u>(797,064)</u>                                     | <u>(104,149)</u>   | <u>(11,328)</u>                             | <u>(223,149)</u>                      |
| <b>Other Financing Sources (Uses)</b>               |                    |  |                    |   |                                       |
| Proceeds from Sale of Capital Assets                | 30,688             | 2,500  | 0                  | 0   | 0                                     |
| Inception of Capital Lease                          | 0                  | 106,500  | 165,500            | 0   | 0                                     |
| Transfers In  | 120,072            | 393,138  | 0                  | 270,000                                     | 0                                     |
| Transfers Out                                       | (1,544,194)        | (13,000)   | (45,000)           | 0   | 0                                     |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(1,393,434)</u> | <u>489,138</u>                                       | <u>120,500</u>     | <u>270,000</u>                              | <u>0</u>                              |
| <i>Net Change in Fund Balances</i>                  | <u>(550,424)</u>   | <u>(307,926)</u>                                     | <u>16,351</u>      | <u>258,672</u>                              | <u>(223,149)</u>                      |
| <i>Fund Balances (Deficit) Beginning of Year</i>    | <u>3,918,625</u>   | <u>898,041</u>                                       | <u>1,411,316</u>   | <u>(139,208)</u>                            | <u>1,812,310</u>                      |
| <i>Fund Balances End of Year</i>                    | <u>\$3,368,201</u> | <u>\$590,115</u>                                     | <u>\$1,427,667</u> | <u>\$119,464</u>                            | <u>\$1,589,161</u>                    |

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2016*

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |   |                           |
|--------------------------------|--------------------------------|---|---------------------------|
|                                |                                | <b>Net Change in Fund Balances - Total Governmental Funds</b>   | (\$498,803)               |
|                                |                                | <b>Amounts reported for governmental activities in the statement of activities are different because:</b>   |                           |
|                                |                                | Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period: |                           |
| \$63,608                       | \$1,993,504                    | Capital Asset Additions   | 2,865,452                 |
| 0                              | 5,855,346                      | Current Year Depreciation   | <u>(724,163)</u>          |
| 385,513                        | 904,150                        |   |                           |
| 0                              | 202,419                        |   |                           |
| 0                              | 46,625                         |   |                           |
| 3,606                          | 25,588                         |   |                           |
| 379,104                        | 1,803,860                      |   |                           |
| 50                             | 50                             | Total   | 2,141,289                 |
| 16                             | 14,469                         |   |                           |
| 5,734                          | 89,592                         | Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.  | (54,789)                  |
| <u>837,631</u>                 | <u>10,935,603</u>              |   |                           |
|                                |                                | Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:  |                           |
| 82,555                         | 2,177,948                      | Delinquent Property Taxes   | (9,327)                   |
| 46,067                         | 4,359,494                      | Municipal Income Taxes  | 72,717                    |
| 50,000                         | 2,526,130                      | Charges for Services  | (79,038)                  |
| 0                              | 49,538                         | Special Assessments   | (112,203)                 |
| 32,912                         | 32,912                         | Intergovernmental   | <u>5,518</u>              |
| 0                              | 259,183                        |   |                           |
| 804,521                        | 1,554,870                      | Total   | (122,333)                 |
| 218,000                        | 558,170                        | Repayment of bond and capital lease principal is an expenditure or other financing use in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.   | 558,170                   |
| 114,887                        | 221,349                        |   |                           |
| <u>1,348,942</u>               | <u>11,739,594</u>              |   |                           |
| (511,311)                      | (803,991)                      | Some expenses reported in the statement of activities do not require the use expenditures in the governmental funds:  |                           |
|                                |                                | Accrued Interest on Bonds   | (7,340)                   |
| 0                              | 33,188                         | Amortization of Premium on Bonds  | 18,722                    |
| 0                              | 272,000                        | Amortization of Deferred Charge on Refunding  | <u>(6,893)</u>            |
| 883,347                        | 1,666,557                      |   |                           |
| (64,363)                       | (1,666,557)                    | Total   | 4,489                     |
| <u>818,984</u>                 | <u>305,188</u>                 | Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.  | (21,600)                  |
| 307,673                        | (498,803)                      |   |                           |
| <u>2,820,426</u>               | <u>10,721,510</u>              | Other financing sources, such as an inception of capital lease, in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.   |                           |
| <u>\$3,128,099</u>             | <u>\$10,222,707</u>            | Capital Leases Issued   | (272,000)                 |
|                                |                                | Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.   | 440,610                   |
|                                |                                | Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.  | <u>(746,936)</u>          |
|                                |                                | <b>Change in Net Position of Governmental Activities</b>  | <u><u>\$1,428,097</u></u> |

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2016*

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|--------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                    |   |
| <b>Revenues</b>                             |                         |                    |                    |   |
| Property Taxes                              | \$388,260               | \$388,622          | \$339,240          | (\$49,382)  |
| Municipal Income Tax                        | 5,000,000               | 5,650,000          | 5,185,917          | (464,083)   |
| Charges for Services                        | 281,664                 | 281,664            | 252,736            | (28,928)  |
| Licenses, Permits and Fees                  | 42,606                  | 42,606             | 38,230             | (4,376)   |
| Fines and Forfeitures                       | 28,710                  | 28,710             | 21,982             | (6,728)   |
| Intergovernmental                           | 789,655                 | 789,655            | 409,924            | (379,731)   |
| Interest                                    | 15,042                  | 15,042             | 13,497             | (1,545)   |
| Other                                       | 50,625                  | 50,627             | 48,737             | (1,890)   |
| <i>Total Revenues</i>                       | <u>6,596,562</u>        | <u>7,246,926</u>   | <u>6,310,263</u>   | <u>(936,663)</u>  |
| <b>Expenditures</b>                         |                         |                    |                    |   |
| Current:                                    |                         |                    |                    |   |
| General Government                          | 2,843,473               | 3,047,323          | 2,231,490          | 815,833   |
| Security of Persons and Property            | 2,602,779               | 2,602,779          | 2,145,890          | 456,889   |
| Community Environment                       | 125,345                 | 127,375            | 78,852             | 48,523  |
| Leisure Time Activities                     | 262,906                 | 260,876            | 240,408            | 20,468  |
| Debt Service:                               |                         |                    |                    |   |
| Principal Retirement                        | 31,000                  | 31,000             | 31,000             | 0   |
| <i>Total Expenditures</i>                   | <u>5,865,503</u>        | <u>6,069,353</u>   | <u>4,727,640</u>   | <u>1,341,713</u>  |
| <i>Excess of Revenues Over Expenditures</i> | <u>731,059</u>          | <u>1,177,573</u>   | <u>1,582,623</u>   | <u>405,050</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                    |                    |   |
| Proceeds From Sale of Capital Assets        | 0                       | 0                  | 30,688             | 30,688  |
| Advances In                                 | 0                       | 0                  | 36,000             | 36,000  |
| Advances Out                                | (36,000)                | (36,000)           | 0                  | 36,000  |
| Transfers In                                | 0                       | 124,273            | 124,273            | 0   |
| Transfers Out                               | (2,100,000)             | (2,100,000)        | (2,601,856)        | (501,856)   |
| <i>Total Other Financing Sources (Uses)</i> | <u>(2,136,000)</u>      | <u>(2,011,727)</u> | <u>(2,410,895)</u> | <u>(399,168)</u>  |
| <i>Net Change in Fund Balance</i>           | (1,404,941)             | (834,154)          | (828,272)          | 5,882   |
| <i>Fund Balance Beginning of Year</i>       | 3,272,404               | 3,272,404          | 3,272,404          | 0   |
| Prior Year Encumbrances Appropriated        | 132,277                 | 132,277            | 132,277            | 0   |
| <i>Fund Balance End of Year</i>             | <u>\$1,999,740</u>      | <u>\$2,570,527</u> | <u>\$2,576,409</u> | <u>\$5,882</u>  |

See accompanying notes to the basic financial statements



**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2016*

|  | <u>Budgeted Amounts</u> |                         | <u>Actual</u>           | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------------|-------------------------|---|
|  | <u>Original</u>         | <u>Final</u>            |                         |   |
| <b>Revenues</b>                              |                         |                         |                         |   |
| Charges for Services                         | \$9,882                 | \$9,882                 | \$5,638                 | (\$4,244)   |
| Intergovernmental                            | 1,091,628               | 1,091,628               | 622,828                 | (468,800)   |
| Interest                                     | 589                     | 589                     | 336                     | (253)   |
| Other  | 42,871                  | 42,871                  | 24,460                  | (18,411)  |
| <i>Total Revenues</i>                        | <u>1,144,970</u>        | <u>1,144,970</u>        | <u>653,262</u>          | <u>(491,708)</u>  |
| <b>Expenditures</b>                          |                         |                         |                         |   |
| Current:                                     |                         |                         |                         |   |
| Transportation                               | 1,612,508               | 1,612,508               | 1,443,203               | 169,305   |
| Debt Service:                                |                         |                         |                         |   |
| Principal Retirement                         | 101,025                 | 101,025                 | 101,025                 | 0   |
| Interest and Fiscal Charges                  | 7,875                   | 7,875                   | 7,875                   | 0   |
| Total Debt Service                           | <u>108,900</u>          | <u>108,900</u>          | <u>108,900</u>          | <u>0</u>  |
| <i>Total Expenditures</i>                    | <u>1,721,408</u>        | <u>1,721,408</u>        | <u>1,552,103</u>        | <u>169,305</u>  |
| <i>Excess of Revenues Under Expenditures</i> | <u>(576,438)</u>        | <u>(576,438)</u>        | <u>(898,841)</u>        | <u>(322,403)</u>  |
| <b>Other Financing Sources</b>               |                         |                         |                         |   |
| Proceeds From Sale of Capital Assets         | 0                       | 0                       | 2,500                   | 2,500   |
| Transfers In                                 | 550,000                 | 838,246                 | 390,101                 | (448,145)   |
| <i>Total Other Financing Sources</i>         | <u>550,000</u>          | <u>838,246</u>          | <u>392,601</u>          | <u>(445,645)</u>  |
| <i>Net Change in Fund Balance</i>            | (26,438)                | 261,808                 | (506,240)               | (768,048)   |
| <i>Fund Balance Beginning of Year</i>        | 583,477                 | 583,477                 | 583,477                 | 0   |
| Prior Year Encumbrances Appropriated         | <u>29,935</u>           | <u>29,935</u>           | <u>29,935</u>           | <u>0</u>  |
| <i>Fund Balance End of Year</i>              | <u><u>\$586,974</u></u> | <u><u>\$875,220</u></u> | <u><u>\$107,172</u></u> | <u><u>(\$768,048)</u></u>   |

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire/EMS Fund*  
*For the Year Ended December 31, 2016*

|                                       | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|-------------------------|--------------------|--------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>       |                    |   |
| <b>Revenues</b>                       |                         |                    |                    |   |
| Property Taxes                        | \$1,821,176             | \$1,825,446        | \$1,590,656        | (\$234,790)   |
| Charges for Services                  | 294,657                 | 294,657            | 260,965            | (33,692)  |
| Intergovernmental                     | 276,741                 | 276,741            | 245,098            | (31,643)  |
| Other                                 | 26,666                  | 26,667             | 23,618             | (3,049)   |
| <i>Total Revenues</i>                 | <u>2,419,240</u>        | <u>2,423,511</u>   | <u>2,120,337</u>   | <u>(303,174)</u>  |
| <b>Expenditures</b>                   |                         |                    |                    |   |
| Current:                              |                         |                    |                    |   |
| Security of Persons and Property      | 2,367,515               | 2,367,515          | 2,044,065          | 323,450   |
| Debt Service:                         |                         |                    |                    |   |
| Principal Retirement                  | 80,145                  | 80,145             | 80,145             | 0   |
| <i>Total Expenditures</i>             | <u>2,447,660</u>        | <u>2,447,660</u>   | <u>2,124,210</u>   | <u>323,450</u>  |
| <i>Net Change in Fund Balance</i>     | (28,420)                | (24,149)           | (3,873)            | 20,276  |
| <i>Fund Balance Beginning of Year</i> | 1,405,779               | 1,405,779          | 1,405,779          | 0   |
| Prior Year Encumbrances Appropriated  | 40,559                  | 40,559             | 40,559             | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$1,417,918</u>      | <u>\$1,422,189</u> | <u>\$1,442,465</u> | <u>\$20,276</u>   |

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2016*

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|  |                        |
|--|------------------------|
| <b>Assets</b>                              |                        |
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$97,374</u></u> |
| <b>Liabilities</b>                         |                        |
| Undistributed Assets                       | <u><u>\$97,374</u></u> |

See accompanying notes to the basic financial statements

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

The City of Norton (the "City") is a chartered municipal corporation, incorporated under the laws of the State of Ohio. Norton became a City in 1969. The City operates under a council/mayor form of government. Legislative power is vested in a seven-member council, including the President, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. The Administrator is appointed by the Mayor with Council approval and handles the operational activities of the City's departments. All other City officials are also appointed by the Mayor with Council approval.

***Reporting Entity***

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

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

The City participates in one joint venture, the Southwest Summit Council of Governments. This organization is described in Note 20 to the basic financial statements.

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

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

***Basis of Presentation***

The City's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the City that are governmental and those that are considered business-type; the City, however, has no business-type activities.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

***Fund Accounting***

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

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

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

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

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

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Water and Sewer Improvements Capital Projects Fund*** The water and sewer improvements fund accounts for and reports committed income tax revenues generated from a reduction in the credit for income tax paid to other municipalities.

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

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

***Measurement Focus***

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

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

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue in the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include pension and a deferred charge on refunding reported in the government-wide statement of net position. The deferred outflows of resources related to pension are explained in Note 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include pension, property taxes, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, charges for services, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 14.)

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

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

***Budgetary Process***

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

***Cash, Cash Equivalents and Investments***

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

The City has segregated bank accounts for monies held separate from the City's central bank accounts. These accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

During 2016, investments were limited to a repurchase agreement, which is reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue is distributed to the general fund and certain special revenue funds. Interest revenue credited to the general fund during 2016 amounted to \$14,117, of which \$9,381 was assigned from other City funds.

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

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Inventory***

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

***Restricted Assets***

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



**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are valued at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not.

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

| <u>Description</u>                   | <u>Estimated Lives</u> |
|--------------------------------------|------------------------|
| Land Improvements                    | 10 - 30 years          |
| Building and Improvements            | 10 - 75 years          |
| Equipment, Furniture<br>and Fixtures | 2 - 30 years           |
| Vehicles                             | 5 - 40 years           |
| Infrastructure                       | 20 - 100 years         |

The City's infrastructure consists of water lines, sanitary sewer lines and roads and includes infrastructure acquired after 2003.

***Interfund Balances***

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

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the fund(s) from which the employees who have resigned or retired will be paid.

***Pensions***

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

***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, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term notes are recognized as a liability on the governmental fund financial statements when due.

***Fund Balances***

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

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

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

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (ordinance or resolution, as both are equally legally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance or by State statute. City Council assigned fund balance for recycling, street maintenance, the community center, Greenwich Road property, scrap tire, city administration, capital improvements, police, parks, and storm sewers.

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

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

***Bond Premiums***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

***Internal Activity***

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Net Position***

Net position represents the difference between all other elements in a statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when limitations are imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

***Estimates***

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

***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**Note 3 – Changes in Accounting Principles**

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 77, “Tax Abatement Disclosures,” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**City of Norton, Ohio**  
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GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 76 identifies – in the context of the current governmental financial reporting environment – the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 – Compliance**

Contrary to Ohio Revised Code Section 5705.39, the following funds had final appropriations in excess of certified available resources as of December 31, 2016:

***Special Revenue Fund:***

|                                      |           |
|--------------------------------------|-----------|
| Special Permissive License Plate Tax | \$464,186 |
|--------------------------------------|-----------|

***Capital Projects Funds:***

|                               |           |
|-------------------------------|-----------|
| Streets, Highways and Bridges | 341,712   |
| Newpark Drive Reconstruction  | 644,496   |
| Nash Heights East             | 3,829,500 |
| Cleveland-Massillon Widening  | 210,358   |
| Greenwich Pump Station        | 550,000   |

Contrary to Ohio Revised Code Section 5705.41(B), the following fund had expenditures plus encumbrances in excess of final appropriations as of December 31, 2016:

|                                      | Final     | Actual    | Variance    |
|--------------------------------------|-----------|-----------|-------------|
| <b><i>Capital Projects Fund:</i></b> |           |           |             |
| Cleveland-Massillon Widening:        |           |           |             |
| Capital Outlay:                      |           |           |             |
| Capital Outlay                       | \$798,881 | \$906,414 | (\$107,533) |

Although the budgetary violation was not corrected by year end, management has indicated that this will be closely monitored to ensure no future violations.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 5 – Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio; and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

**City of Norton, Ohio**  
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8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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.

The City has passed an ordinance allowing the City to invest monies not required to be used for a period of six months or more in the following:

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

***Deposits***

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$3,128,960. Of the bank balance, \$750,000 was covered by Federal Depository Insurance (FDIC) and \$2,378,960 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the collateral securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Investments***

As of December 31, 2016, the City had an investment in a repurchase agreement with a cost of \$6,458,515. The repurchase agreement carries a rating of AA+ by Standard and Poor's, which has a maturity of less than thirty days.

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

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

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

**Note 6 – Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations, and changes in fund balance/net position on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget (non-GAAP basis) and actual presented for the general and major special revenue funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
3. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.
4. Investments are reported at cost (budget) rather than fair value (GAAP).



**City of Norton, Ohio**  
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*For the Year Ended December 31, 2016*

5. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
6. Budgetary revenues and expenditures of the special permissive license plate tax, community center, Greenwich road, and recycling funds are reclassified to the general fund for GAAP reporting.
7. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).

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

Net Change in Fund Balances

|   | General     | Street<br>Construction,<br>Maintenance<br>and Repair | Fire/EMS  |
|---|-------------|--|-----------|
| GAAP Basis                                | (\$550,424) | (\$307,926)  | \$16,351  |
| Net Adjustment for Revenue Accruals       | (22,473)    | (112,013)  | (165,503) |
| Advances In                               | 36,000      | 0  | 0         |
| Beginning Unrecorded Cash                 | 2,500       | 0  | 0         |
| Ending Unrecorded Cash                    | (2,500)     | 0  | 0         |
| Net Adjustment for Expenditure Accruals   | (1,481,621) | (80,570)   | 168,318   |
| Perspective Differences:                  |             |  |           |
| Special Permissive License Plate Tax Fund | 1,334,093   | 0  | 0         |
| Community Center Fund                     | (59,380)    | 0  | 0         |
| Greenwich Road Fund                       | 1,648       | 0  | 0         |
| Recycling Fund                            | 8,745       | 0  | 0         |
| Encumbrances                              | (94,860)    | (5,731)  | (23,039)  |
| Budget Basis                              | (\$828,272) | (\$506,240)  | (\$3,873) |

**Note 7 – Receivables**

Receivables at December 31, 2016, consisted of municipal income taxes, property taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, interest and accounts receivable.

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

Special assessments expected to be collected in one year amount to \$131,840, with the remaining \$1,916,241 expected to be collected in more than one year. At December 31, 2016, the amount of delinquent special assessments was \$126,135.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$9.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

|                            | <u>Assessed<br/>Values</u>  |
|----------------------------|-----------------------------|
| Real Estate                |                             |
| Residential/Agricultural   | \$195,916,920               |
| Other Real Estate          | 37,868,350                  |
| Tangible Personal Property |                             |
| Public Utility             | <u>8,959,310</u>            |
| Total                      | <u><u>\$242,744,580</u></u> |

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Income Tax***

The City levies a municipal income tax of two percent on salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. Residents of the City are granted a credit for taxes paid to other municipalities up to 1.5 percent of income.

**City of Norton, Ohio**  
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Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds, after income tax department expenditures, are credited to the general fund and the water and sewer improvement capital projects fund.

***Intergovernmental Receivables***

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

|                                      | Amounts   |
|--------------------------------------|-----------|
| Gasoline Tax                         | \$161,437 |
| Local Government                     | 155,225   |
| Homestead and Rollback               | 152,421   |
| Cents Per Gallon                     | 83,000    |
| Motor Vehicle License Registration   | 67,000    |
| Permissive Motor Vehicle License Tax | 53,292    |
| Miscellaneous                        | 2,629     |
| Grants                               | 1,349     |
| Total                                | \$676,353 |

**Note 8 – Tax Abatements**

As of December 31, 2016, the City provides tax abatements through a community reinvestment area.

Pursuant to Ohio Revised Code Chapter 5709, the City established the community reinvestment area to provide property tax abatements to encourage employment growth in the City. Abatements are obtained if the entity meets the established level of employment and builds a facility within two years. The value of the taxes being abated are 50 percent of all real estate taxes that the entity would have to pay for 10 years. There was no deduction in the City’s property taxes during 2016 related to this abatement due to the timing of the construction.

**Note 9 – Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

|   | Balance<br>12/31/15 | Additions          | Reductions | Balance<br>12/31/16 |
|---|---------------------|--------------------|------------|---------------------|
| <b>Governmental Activities</b>                            |                     |                    |            |                     |
| <b><i>Capital Assets, not being depreciated:</i></b>      |                     |                    |            |                     |
| Land  | \$1,397,908         | \$0                | \$0        | \$1,397,908         |
| Construction in Progress                                  | 2,441,657           | 2,327,150          | 0          | 4,768,807           |
| <b><i>Total Capital Assets, not being depreciated</i></b> | <b>\$3,839,565</b>  | <b>\$2,327,150</b> | <b>\$0</b> | <b>\$6,166,715</b>  |

(continued)

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

|  | Balance<br>12/31/15 | Additions          | Reductions        | Balance<br>12/31/16 |
|--|---------------------|--------------------|-------------------|---------------------|
| <b>Governmental Activities</b>                     |                     |                    |                   |                     |
| <i>Capital Assets, being depreciated:</i>          |                     |                    |                   |                     |
| Land Improvements                                  | \$1,271,262         | \$27,639           | \$0               | \$1,298,901         |
| Buildings and Improvements                         | 4,961,995           | 45,343             | 0                 | 5,007,338           |
| Equipment, Furniture and Fixtures                  | 1,123,339           | 198,084            | 0                 | 1,321,423           |
| Vehicles   | 3,261,934           | 267,236            | (95,223)          | 3,433,947           |
| Infrastructure:                                    |                     |                    |                   |                     |
| Water Lines  | 6,642,978           | 0                  | 0                 | 6,642,978           |
| Sanitary Sewer Lines                               | 5,489,439           | 0                  | 0                 | 5,489,439           |
| Roads  | 5,495,186           | 0                  | 0                 | 5,495,186           |
| <i>Total Capital Assets, being depreciated</i>     | <u>28,246,133</u>   | <u>538,302</u>     | <u>(95,223)</u>   | <u>28,689,212</u>   |
| <i>Less Accumulated Depreciation:</i>              |                     |                    |                   |                     |
| Land Improvements                                  | (402,741)           | (53,634)           | 0                 | (456,375)           |
| Buildings and Improvements                         | (816,932)           | (73,062)           | 0                 | (889,994)           |
| Equipment, Furniture and Fixtures                  | (778,191)           | (62,769)           | 0                 | (840,960)           |
| Vehicles   | (1,885,767)         | (163,008)          | 40,434            | (2,008,341)         |
| Infrastructure:                                    |                     |                    |                   |                     |
| Water Lines  | (834,773)           | (66,430)           | 0                 | (901,203)           |
| Sanitary Sewer Lines                               | (682,970)           | (54,894)           | 0                 | (737,864)           |
| Roads  | (1,557,527)         | (250,366)          | 0                 | (1,807,893)         |
| <i>Total Accumulated Depreciation</i>              | <u>(6,958,901)</u>  | <u>(724,163) *</u> | <u>40,434</u>     | <u>(7,642,630)</u>  |
| <i>Total Capital Assets being depreciated, net</i> | <u>21,287,232</u>   | <u>(185,861)</u>   | <u>(54,789)</u>   | <u>21,046,582</u>   |
| Governmental Activities Capital Assets, Net        | <u>\$25,126,797</u> | <u>\$2,141,289</u> | <u>(\$54,789)</u> | <u>\$27,213,297</u> |

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

|                                  |                  |
|----------------------------------|------------------|
| General Government               | \$22,322         |
| Security of Persons and Property | 180,801          |
| Transportation                   | 345,570          |
| Community Environment            | 17               |
| Public Health Services           | 121,324          |
| Leisure Time Activities          | 54,129           |
| Total Depreciation Expense       | <u>\$724,163</u> |

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

**Note 10 – Short-Term Obligations**

A summary of note transactions for the year ended December 31, 2016 follows:

|                                     | Balance<br>12/31/15 | Additions        | Reductions         | Balance<br>12/31/16 |
|-------------------------------------|---------------------|------------------|--------------------|---------------------|
| <b>Governmental Activities</b>      |                     |                  |                    |                     |
| 2015 Series BAN                     | \$270,000           | \$0              | (\$270,000)        | \$0                 |
| 2016 Series BAN                     | 0                   | 200,000          | 0                  | 200,000             |
| <i>Total Short-Term Obligations</i> | <u>\$270,000</u>    | <u>\$200,000</u> | <u>(\$270,000)</u> | <u>\$200,000</u>    |

On December 18, 2015, the City issued \$270,000 in bond anticipation notes to purchase Motorola P-25 emergency radios for the Fire, Police, and Service Departments at an interest rate of 1.35 percent. The notes matured on December 16, 2016.

On December 12, 2016, the City refinanced \$200,000 in bond anticipation notes to purchase Motorola P-25 emergency radios for the Fire, Police, and Service Departments at an interest rate of 1.75 percent. The notes will mature on December 12, 2017.

**Note 11 – Long-Term Obligations**

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

|  | Year of<br>Issuance | Interest<br>Rate | Original<br>Issue Amount | Date of<br>Maturity |
|--|---------------------|------------------|--------------------------|---------------------|
| <b>General Obligation Bonds:</b>       |                     |                  |                          |                     |
| 2010 Various Purpose Bonds - Series A: |                     |                  |                          |                     |
| Fire Station                           | 2010                | 2 - 5%           | \$2,600,000              | December 1, 2035    |
| 2012 Refunding Bonds:                  |                     |                  |                          |                     |
| Street Improvement                     | 2012                | 2 - 3            | 220,000                  | December 1, 2018    |
| Police Radio System                    | 2012                | 2 - 3            | 158,000                  | December 1, 2018    |
| Road Program                           | 2012                | 2 - 3            | 200,000                  | December 1, 2018    |
| Ballfields                             | 2012                | 2 - 3            | 157,000                  | December 1, 2023    |
| Gardner Engineering                    | 2012                | 2 - 3            | 115,000                  | December 1, 2023    |
| Barber Road Sanitary Sewer             | 2012                | 2 - 3            | 871,182                  | December 1, 2023    |
| <b>Special Assessment Bonds</b>        |                     |                  |                          |                     |
| <i>with Governmental Commitment:</i>   |                     |                  |                          |                     |
| 1996 Special Assessments Bonds         | 1996                | 6.6              | 122,000                  | December 1, 2016    |
| 2010 Various Purpose Bonds - Series B: |                     |                  |                          |                     |
| Wadsworth, Berry, McGowan Waterlines   | 2010                | 2 - 5            | 294,399                  | December 1, 2030    |
| Cleveland-Massillon Waterline          | 2010                | 2 - 5            | 522,896                  | December 1, 2030    |
| Gardner Phase II                       | 2010                | 2 - 5            | 224,042                  | December 1, 2030    |
| Hazelwood Connect                      | 2010                | 2 - 5            | 102,019                  | December 1, 2030    |
| Johnson Meadows                        | 2010                | 2 - 5            | 146,644                  | December 1, 2030    |
| 2012 Various Purpose Bonds:            |                     |                  |                          |                     |
| Greenwich Street Sewer                 | 2012                | 2 - 4            | 232,000                  | December 1, 2032    |
| Gardner Street Waterline               | 2012                | 2 - 4            | 195,000                  | December 1, 2032    |
| Oak Street Sewer                       | 2012                | 2 - 4            | 230,000                  | December 1, 2032    |
| 2012 Refunding Bonds:                  |                     |                  |                          |                     |
| Barber Road                            | 2012                | 2 - 3            | 516,818                  | December 1, 2023    |

**City of Norton, Ohio**  
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For the Year Ended December 31, 2016

A schedule of changes in bonds and other long-term obligations of the City during 2016 following:

|  | Amounts<br>Outstanding<br>12/31/15 | Additions          | Reductions         | Amounts<br>Outstanding<br>12/31/16 | Amounts<br>Due in<br>One Year |
|--|------------------------------------|--------------------|--------------------|------------------------------------|-------------------------------|
| <b>General Obligation Bonds:</b>                                   |                                    |                    |                    |                                    |                               |
| 2010 Various Purpose Bonds - Series A:                             |                                    |                    |                    |                                    |                               |
| Fire Station - Serial  | \$395,000                          | \$0                | (\$75,000)         | \$320,000                          | \$75,000                      |
| Fire Station - Term  | 1,845,000                          | 0                  | 0                  | 1,845,000                          | 0                             |
| Premium  | 66,920                             | 0                  | (4,461)            | 62,459                             | 0                             |
| <b>Total 2010 Various Purpose Bonds</b>                            | <b>2,306,920</b>                   | <b>0</b>           | <b>(79,461)</b>    | <b>2,227,459</b>                   | <b>75,000</b>                 |
| 2012 Refunding Bonds:  |                                    |                    |                    |                                    |                               |
| Street Improvement   | 136,000                            | 0                  | (46,000)           | 90,000                             | 45,000                        |
| Police Radio System  | 96,000                             | 0                  | (31,000)           | 65,000                             | 30,000                        |
| Road Program   | 121,000                            | 0                  | (41,000)           | 80,000                             | 40,000                        |
| Ballfields   | 125,000                            | 0                  | (15,000)           | 110,000                            | 15,000                        |
| Gardner Engineering  | 95,000                             | 0                  | (10,000)           | 85,000                             | 10,000                        |
| Barber Road Sanitary Sewer   | 713,694                            | 0                  | (80,640)           | 633,054                            | 83,160                        |
| Premium  | 68,411                             | 0                  | (8,551)            | 59,860                             | 0                             |
| <b>Total 2012 Refunding Bonds</b>                                  | <b>1,355,105</b>                   | <b>0</b>           | <b>(232,191)</b>   | <b>1,122,914</b>                   | <b>223,160</b>                |
| <b>Total General Obligation Bonds</b>                              | <b>3,662,025</b>                   | <b>0</b>           | <b>(311,652)</b>   | <b>3,350,373</b>                   | <b>298,160</b>                |
| <b>Special Assessment Bonds</b>                                    |                                    |                    |                    |                                    |                               |
| <b>with Governmental Commitment:</b>                               |                                    |                    |                    |                                    |                               |
| 1996 Special Assessment Bonds                                      | 10,000                             | 0                  | (10,000)           | 0                                  | 0                             |
| 2010 Various Purpose Bonds - Series B:                             |                                    |                    |                    |                                    |                               |
| Wadsworth, Berry, McGowan Waterlines - Serial                      | 63,899                             | 0                  | (12,552)           | 51,347                             | 12,552                        |
| Cleveland-Massillon Waterline - Serial                             | 113,499                            | 0                  | (22,294)           | 91,205                             | 22,294                        |
| Gardner Phase II - Serial  | 48,628                             | 0                  | (9,552)            | 39,076                             | 9,552                         |
| Hazelwood Connect - Serial   | 22,145                             | 0                  | (4,350)            | 17,795                             | 4,350                         |
| Johnson Meadows - Serial   | 31,829                             | 0                  | (6,252)            | 25,577                             | 6,252                         |
| Wadsworth, Berry, McGowan Waterlines - Term                        | 173,444                            | 0                  | 0                  | 173,444                            | 0                             |
| Cleveland-Massillon Waterline - Term                               | 308,063                            | 0                  | 0                  | 308,063                            | 0                             |
| Gardner Phase II - Term  | 131,994                            | 0                  | 0                  | 131,994                            | 0                             |
| Hazelwood Connect - Term   | 60,104                             | 0                  | 0                  | 60,104                             | 0                             |
| Johnson Meadows - Term   | 86,395                             | 0                  | 0                  | 86,395                             | 0                             |
| Premium  | 35,937                             | 0                  | (1,797)            | 34,140                             | 0                             |
| <b>Total 2010 Various Purpose Bonds</b>                            | <b>1,075,937</b>                   | <b>0</b>           | <b>(56,797)</b>    | <b>1,019,140</b>                   | <b>55,000</b>                 |
| 2012 Various Purpose Bonds:  |                                    |                    |                    |                                    |                               |
| Greenwich Street Sewer - Serial                                    | 83,000                             | 0                  | (9,000)            | 74,000                             | 10,000                        |
| Gardner Street Waterline - Serial                                  | 69,000                             | 0                  | (8,000)            | 61,000                             | 8,000                         |
| Oak Street Sewer - Serial  | 82,000                             | 0                  | (7,000)            | 75,000                             | 10,000                        |
| Greenwich Street Sewer - Term                                      | 124,000                            | 0                  | 0                  | 124,000                            | 0                             |
| Gardner Street Waterline - Term                                    | 104,000                            | 0                  | 0                  | 104,000                            | 0                             |
| Oak Street Sewer - Term  | 122,000                            | 0                  | 0                  | 122,000                            | 0                             |
| Premium  | 22,865                             | 0                  | (1,345)            | 21,520                             | 0                             |
| <b>Total 2012 Various Purpose Bonds</b>                            | <b>606,865</b>                     | <b>0</b>           | <b>(25,345)</b>    | <b>581,520</b>                     | <b>28,000</b>                 |
| 2012 Refunding Bonds:  |                                    |                    |                    |                                    |                               |
| Barber Road - Serial   | 424,306                            | 0                  | (47,360)           | 376,946                            | 48,840                        |
| Premium  | 20,542                             | 0                  | (2,568)            | 17,974                             | 0                             |
| <b>Total 2012 Refunding Bonds</b>                                  | <b>444,848</b>                     | <b>0</b>           | <b>(49,928)</b>    | <b>394,920</b>                     | <b>48,840</b>                 |
| <b>Total Special Assessment Bonds with Governmental Commitment</b> | <b>2,137,650</b>                   | <b>0</b>           | <b>(142,070)</b>   | <b>1,995,580</b>                   | <b>131,840</b>                |
| <b>Other Long-Term Liabilities:</b>                                |                                    |                    |                    |                                    |                               |
| Capital Leases   | 211,162                            | 272,000            | (123,170)          | 359,992                            | 120,761                       |
| Compensated Absences   | 669,851                            | 362,265            | (340,665)          | 691,451                            | 395,786                       |
| <b>Total Other Long-Term Liabilities</b>                           | <b>881,013</b>                     | <b>634,265</b>     | <b>(463,835)</b>   | <b>1,051,443</b>                   | <b>516,547</b>                |
| <b>Net Pension Liability:</b>                                      |                                    |                    |                    |                                    |                               |
| OPERS  | 1,309,476                          | 285,986            | 0                  | 1,595,462                          | 0                             |
| OPF  | 2,555,560                          | 1,259,956          | 0                  | 3,815,516                          | 0                             |
| <b>Total Net Pension Liability</b>                                 | <b>3,865,036</b>                   | <b>1,545,942</b>   | <b>0</b>           | <b>5,410,978</b>                   | <b>0</b>                      |
| <b>Total Long-Term Liabilities</b>                                 | <b>\$10,545,724</b>                | <b>\$2,180,207</b> | <b>(\$917,557)</b> | <b>\$11,808,374</b>                | <b>\$946,547</b>              |

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

***General Obligation Bonds***

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

***Various Purpose General Obligation Bond***

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

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

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

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

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

In 2012, the City issued various purpose general obligation refunding bonds, in the amount of \$1,721,182, to refund a portion of the 2003 various purpose general obligation bonds. The bonds were issued with interest rates varying from 2 to 3 percent. The bonds were issued for a 12 year period with a final maturity on December 1, 2023. A portion of the bonds was paid for by the special assessment bond retirement fund and the land and land improvement fund, with the remainder being paid by the general obligation bond retirement debt service fund.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

***Special Assessment Bonds***

The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

In 1996, the City issued \$122,000 in special assessment bonds for the purpose of financing the costs relating to the construction of water mains and service connections for Caroline Avenue, Madison Avenue, Orchard Avenue, Krancz Drive, Cletus Street, and the cost of expanding and improving sanitary sewers on Barber Road. The bonds will be paid out of the special assessment bond retirement debt service fund.

***Various Purpose Special Assessment Bonds***

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

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

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

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

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



**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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On September 19, 2012, the City issued \$657,000 of special assessment various purpose bonds, series 2012. The bonds were issued for a period of twenty years at an interest rate varying from 2 to 4 percent. The bond issue was composed of \$307,000 in serial bonds and \$350,000 in term bonds. These bonds were issued to pay the property owners' portion, in anticipation of the collection of special assessments, of the construction and installation of sanitary sewer and waterlines and other related improvements. The bond will be paid over 20 years. The bonds are being retired from the special assessment bond retirement debt service fund.

The 2012 various purpose special assessment term bonds maturing on and after December 1, 2022, are subject to optional redemption on and after June 1, 2022, by and at the option of the City, in whole or in part, as selected by the City, on any date, in integral multiples of \$5,000, at 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The 2012 various purpose special assessment term bonds maturing on December 1, 2027 and 2032 are subject to mandatory redemption and are to be redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date on December 1 in each of the years and in the principal amounts set forth as follows:

| Year                   | Issue            |                  |
|------------------------|------------------|------------------|
|                        | \$140,000        | \$210,000        |
| 2024                   | \$35,000         | \$0              |
| 2025                   | 35,000           | 0                |
| 2026                   | 35,000           | 0                |
| 2028                   | 0                | 40,000           |
| 2029                   | 0                | 40,000           |
| 2030                   | 0                | 40,000           |
| 2031                   | 0                | 45,000           |
| Total                  | \$105,000        | \$165,000        |
| <i>Stated Maturity</i> | <i>12/1/2027</i> | <i>12/1/2032</i> |

The remaining principal amount of the term bonds (\$35,000 and \$45,000) will mature at the stated maturity.

In 2012, the City issued various purpose special assessment refunding bonds, in the amount of \$516,818, to refund a portion of the 2003 various purpose special assessment bonds. The bonds were issued at an interest rate of 2 to 3 percent. The bonds were issued for a 12 year period with a final maturity on December 1, 2023. The bonds will be retired through the special assessment bond retirement debt service fund.

The bonds were sold at a premium of \$122,311. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the various purpose refunding bonds. As a result, \$2,205,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. On December 31, 2016, \$1,440,000 of the defeased bonds are still outstanding.

The capital leases will be paid from the street construction, maintenance and repair fund.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Compensated absences will be paid from the general fund and the street construction, maintenance and repair, and fire/EMS special revenue funds, which are funds from which the employees' salaries are paid. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the same funds as compensated absences. For additional information related to the net pension liability see Note 14.

The City's overall debt margin was \$22,059,021 and the unvoted legal debt margin was \$9,921,792 at December 31, 2016.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016, are as follows:

|           | General Obligation Bonds |                  |                    |                  |                    |                    |
|-----------|--------------------------|------------------|--------------------|------------------|--------------------|--------------------|
|           | Serial Bonds             |                  | Term Bonds         |                  | Total              |                    |
|           | Principal                | Interest         | Principal          | Interest         | Principal          | Interest           |
| 2017      | \$298,160                | \$129,399        | \$0                | \$0              | \$298,160          | \$129,399          |
| 2018      | 310,680                  | 120,829          | 0                  | 0                | 310,680            | 120,829            |
| 2019      | 191,940                  | 111,749          | 0                  | 0                | 191,940            | 111,749            |
| 2020      | 201,980                  | 105,991          | 0                  | 0                | 201,980            | 105,991            |
| 2021      | 123,870                  | 11,506           | 85,000             | 88,425           | 208,870            | 99,931             |
| 2022-2026 | 256,424                  | 11,788           | 500,000            | 373,375          | 756,424            | 385,163            |
| 2027-2031 | 0                        | 0                | 635,000            | 235,625          | 635,000            | 235,625            |
| 2032-2035 | 0                        | 0                | 625,000            | 71,775           | 625,000            | 71,775             |
| Totals    | <u>\$1,383,054</u>       | <u>\$491,262</u> | <u>\$1,845,000</u> | <u>\$769,200</u> | <u>\$3,228,054</u> | <u>\$1,260,462</u> |

|           | Special Assessment Bonds |                  |                    |                  |                    |                  |
|-----------|--------------------------|------------------|--------------------|------------------|--------------------|------------------|
|           | Serial Bonds             |                  | Term Bonds         |                  | Total              |                  |
|           | Principal                | Interest         | Principal          | Interest         | Principal          | Interest         |
| 2017      | \$131,840                | \$70,966         | \$0                | \$0              | \$131,840          | \$70,966         |
| 2018      | 134,320                  | 67,285           | 0                  | 0                | 134,320            | 67,285           |
| 2019      | 133,060                  | 63,421           | 0                  | 0                | 133,060            | 63,421           |
| 2020      | 143,020                  | 59,429           | 0                  | 0                | 143,020            | 59,429           |
| 2021      | 86,130                   | 20,155           | 60,000             | 34,982           | 146,130            | 55,137           |
| 2022-2026 | 183,576                  | 32,486           | 460,000            | 158,696          | 643,576            | 191,182          |
| 2027-2031 | 0                        | 0                | 545,000            | 63,006           | 545,000            | 63,006           |
| 2032      | 0                        | 0                | 45,000             | 1,406            | 45,000             | 1,406            |
| Totals    | <u>\$811,946</u>         | <u>\$313,742</u> | <u>\$1,110,000</u> | <u>\$258,090</u> | <u>\$1,921,946</u> | <u>\$571,832</u> |

**Note 12 – Capital Leases**

During 2016, the City entered into two lease agreements for a back hoe and an ambulance. In prior years, the City entered into a lease agreement for an excavator, a dump truck, and loader. The leases meet the criteria for capital leases and have been recorded on the government-wide statements. The assets acquired through the capital leases were capitalized at the present value of the minimum lease payments, plus the value of equipment trade-ins, at the time the leases were entered into.

**City of Norton, Ohio**  
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*For the Year Ended December 31, 2016*

The assets acquired through capital leases are as follows:

|                                | Governmental<br>Activities |
|--------------------------------|----------------------------|
| Assets:                        |                            |
| Equipment                      | \$627,280                  |
| Less: Accumulated Depreciation | (77,856)                   |
| Total                          | \$549,424                  |

The leases provide for minimum, annual lease payments as follows:

|   | Governmental<br>Activities |
|---|----------------------------|
| 2017                                    | \$131,045                  |
| 2018                                    | 96,755                     |
| 2019                                    | 96,755                     |
| 2020                                    | 57,630                     |
| Total Minimum Lease Payments            | 382,185                    |
| Less: Amount Representing Interest      | (22,193)                   |
| Present Value of Minimum Lease Payments | \$359,992                  |

**Note 13 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Each year the City contracts with insurance companies for various types of insurance. The coverage and deductibles are as follows:

| Company                         | Type of Coverage                           | Deductible | Coverage            |
|---------------------------------|--|------------|---------------------|
| Ohio Casualty Insurance Company | Bond - Mayor                               | \$0        | \$50,000            |
|                                 | Bond - Finance Director                    | 0          | 100,000             |
|                                 | Bond - Administrator                       | 0          | 50,000              |
| Wichert Insurance Agency        | Public Officials Liability                 | 10,000     | 1,000,000           |
|                                 | Law Enforcement Liability                  | 10,000     | 1,000,000           |
|                                 | Commercial Property                        | 1,000      | 11,155,772          |
|                                 | Personal Property                          | 1,000      | 10,695,856          |
|                                 | Inland Marine                              | 1,000      | 1,834,319           |
|                                 | General Liability                          | 0          | 100,000 - 2,000,000 |
|                                 | Commercial Crime - Employee Theft Per Loss | 0 - 5,000  | 250,000 - 1,000,000 |
|                                 | Cyberrisk                                  | 0          | 1,000,000           |
|                                 | Automobile Liability                       | 0          | 1,000,000           |
|                                 | Automobile Uninsured Motorists             | 0          | 50,000              |
|                                 | Automobile Underinsured Motorists          | 0          | 50,000              |
| Umbrella Liability              | 0  | 10,000,000 |                     |

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

**Note 14 – Defined Benefit Pension Plans**

***Net Pension Liability***

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

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

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

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

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

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

| <b>Group A</b>  | <b>Group B</b>  | <b>Group C</b>  |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013   | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013                       | Members not in other Groups and members hired on or after January 7, 2013   |
| <b>State and Local</b>  | <b>State and Local</b>  | <b>State and Local</b>  |
| <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit       | <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit       | <b>Age and Service Requirements:</b><br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit         |
| <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
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Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

|  | State<br>and Local |
|--|--------------------|
| <b>2016 Statutory Maximum Contribution Rates</b> |                    |
| Employer   | 14.0 %             |
| Employee   | 10.0 %             |
| <br><b>2016 Actual Contribution Rates</b>        |                    |
| Employer:  |                    |
| Pension  | 12.0 %             |
| Post-employment Health Care Benefits             | 2.0                |
| Total Employer                                   | 14.0 %             |
| Employee   | 10.0 %             |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$138,869 for 2016. Of this amount, \$20,341 is reported as an intergovernmental payable.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description – City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

|  | Police  | Firefighters |
|--|---------|--------------|
| <b>2016 Statutory Maximum Contribution Rates</b> |         |              |
| Employer   | 19.50 % | 24.00 %      |
| Employee   | 12.25 % | 12.25 %      |
| <br><b>2016 Actual Contribution Rates</b>        |         |              |
| Employer:  |         |              |
| Pension  | 19.00 % | 23.50 %      |
| Post-employment Health Care Benefits             | 0.50    | 0.50         |
| Total Employer                                   | 19.50 % | 24.00 %      |
| Employee   | 12.25 % | 12.25 %      |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$301,741 for 2016. Of this amount \$51,687 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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|  | <u>OPERS</u>        | <u>OPF</u>         |              |
|--|---------------------|--------------------|--------------|
| Proportion of the Net Pension Liability:         |                     |                    |              |
| Current Measurement Date                         | 0.00921100%         | 0.05931100%        |              |
| Prior Measurement Date                           | <u>0.01085700%</u>  | <u>0.04933120%</u> |              |
| Change in Proportionate Share                    | <u>-0.00164600%</u> | <u>0.00997980%</u> |              |
|  |                     |                    | <u>Total</u> |
| Proportionate Share of the Net Pension Liability | \$1,595,462         | \$3,815,516        | \$5,410,978  |
| Pension Expense                                  | \$163,264           | \$583,672          | \$746,936    |

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>OPERS</u>     | <u>OPF</u>         | <u>Total</u>       |
|---|------------------|--------------------|--------------------|
| <b>Deferred Outflows of Resources</b>   |                  |                    |                    |
| Net difference between projected and actual earnings on pension plan investments                          | \$468,966        | \$621,020          | \$1,089,986        |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 0                | 414,790            | 414,790            |
| City contributions subsequent to the measurement date   | <u>138,869</u>   | <u>301,741</u>     | <u>440,610</u>     |
| Total Deferred Outflows of Resources  | <u>\$607,835</u> | <u>\$1,337,551</u> | <u>\$1,945,386</u> |
| <b>Deferred Inflows of Resources</b>  |                  |                    |                    |
| Differences between expected and actual experience  | \$30,827         | \$10,714           | \$41,541           |
| Changes in proportion and differences between City contributions and proportionate share of contributions | <u>130,984</u>   | <u>0</u>           | <u>0</u>           |
| Total Deferred Inflows of Resources   | <u>\$161,811</u> | <u>\$10,714</u>    | <u>\$41,541</u>    |

\$440,610 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:



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| Year Ending December 31: | OPERS            | OPF                | Total              |
|--------------------------|------------------|--------------------|--------------------|
| 2017                     | \$42,130         | \$241,389          | \$283,519          |
| 2018                     | 49,629           | 241,389            | 291,018            |
| 2019                     | 109,268          | 241,389            | 350,657            |
| 2020                     | 106,128          | 205,823            | 311,951            |
| 2021                     | 0                | 79,921             | 79,921             |
| Thereafter               | 0                | 15,185             | 15,185             |
| <b>Total</b>             | <b>\$307,155</b> | <b>\$1,025,096</b> | <b>\$1,332,251</b> |

**Actuarial Assumptions – OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented as follows.

|  |  |
|--|--|
| Wage Inflation   | 3.75 percent   |
| Future Salary Increases, including inflation<br>COLA or Ad Hoc COLA: | 4.25 to 10.05 percent including wage inflation           |
| Pre-January 7, 2013 Retirees   | 3 percent, simple  |
| Post-January 7, 2013 Retirees  | 3 percent, simple through 2018, then 2.8 percent, simple |
| Investment Rate of Return  | 8 percent  |
| Actuarial Cost Method  | Individual Entry Age                                     |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table as follows displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

| Asset Class            | Target<br>Allocation | Weighted Average<br>Long-Term Expected<br>Real Rate of Return<br>(Arithmetic) |
|------------------------|----------------------|---|
| Fixed Income           | 23.00 %              | 2.31 %  |
| Domestic Equities      | 20.70                | 5.84  |
| Real Estate            | 10.00                | 4.25  |
| Private Equity         | 10.00                | 9.25  |
| International Equities | 18.30                | 7.40  |
| Other investments      | 18.00                | 4.59  |
| Total                  | 100.00 %             | 5.27 %  |

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

|  | 1% Decrease<br>(7.00%) | Current<br>Discount Rate<br>(8.00%) | 1% Increase<br>(9.00%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share<br>of the net pension liability | \$2,541,960            | \$1,595,462                         | \$797,120              |

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***Changes between Measurement Date and Report Date***

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

***Actuarial Assumptions – OPF***

OPF's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are as follows:

|                            |                                       |
|----------------------------|---------------------------------------|
| Valuation Date             | January 1, 2015                       |
| Actuarial Cost Method      | Entry Age Normal                      |
| Investment Rate of Return  | 8.25 percent                          |
| Projected Salary Increases | 4.25 percent to 11 percent            |
| Payroll Increases          | 3.75 percent                          |
| Inflation Assumptions      | 3.25 percent                          |
| Cost of Living Adjustments | 2.60 percent and 3.00 percent, simple |

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015, are as follows:

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| Asset Class                            | Target<br>Allocation | 10 Year Expected<br>Real Rate of Return** | 30 Year Expected<br>Real Rate of Return** |
|--|----------------------|---|---|
| Cash and Cash Equivalents              | 0.00 %               | 0.00 %                                    | 0.00 %                                    |
| Domestic Equity                        | 16.00                | 6.50                                      | 7.80                                      |
| Non-US Equity                          | 16.00                | 6.70                                      | 8.00                                      |
| Core Fixed Income *                    | 20.00                | 3.50                                      | 5.35                                      |
| Global Inflation Protected Securities* | 20.00                | 3.50                                      | 4.73                                      |
| High Yield                             | 15.00                | 6.35                                      | 7.21                                      |
| Real Estate                            | 12.00                | 5.80                                      | 7.43                                      |
| Private Markets                        | 8.00                 | 9.50                                      | 10.73                                     |
| Timber                                 | 5.00                 | 6.55                                      | 7.35                                      |
| Master Limited Partnerships            | 8.00                 | 9.65                                      | 10.75                                     |
| Total                                  | <u>120.00 %</u>      |   |   |

Note: Assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

|  | 1% Decrease<br>(7.25%) | Current<br>Discount Rate<br>(8.25%) | 1% Increase<br>(9.25%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share<br>of the net pension liability | \$5,032,157            | \$3,815,516                         | \$2,784,905            |

**Social Security System**

As of December 31, 2016, the City's part-time firefighters have elected to be covered by Social Security rather than OPERS. The City's liability is 6.2 percent of wages paid.

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**Note 15 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

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

OPERS maintains two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced as follows for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust), and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust

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is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$23,145, \$28,884, and \$30,364, respectively. For 2016, 85.35 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

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

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

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The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was .5 percent of covered payroll. The amount of employer contributions allocated to health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to established requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OPF for the years ended December 31, 2016, 2015, and 2014, which were allocated to fund post-employment health care benefits for police and firefighters, were \$5,064 and \$2,326, \$5,264 and \$1,805, and \$5,004 and \$826, respectively. For 2016, 84.02 and 80.86 percent has been contributed for police and firefighters, respectively, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

## **Note 16 – Contingencies**

### ***Grants***

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2016.

### ***Litigation***

The City was the defendant in a legal action requiring arbitration on a personnel matter during 2016. This matter was settled with no material effect on the financial statements.

In early 2013, the City became the defendant in a legal action for all City residents that pay a particular sewer charge. This matter was referred to the 9<sup>th</sup> District Court, and arguments were heard in November of 2016. No decision has been made as of December 31, 2016.

### ***Environmental Remediation***

The City has been notified by the Ohio Environmental Protection Agency (EPA) that a number of discharging and/or failing septic systems in the community have contributed to elevated bacteria in the City's Municipal Separate Storm Sewer System (MS4) and the Wolf Creek Watershed. The City is currently working with the Ohio EPA and the Summit County General Health District in order to resolve this issue. On January 21, 2013, the City submitted a plan and schedule to the Ohio EPA to address the alleged illicit discharges from failing septic systems into the MS4 and the Wolf Creek Watershed. On November 14, 2013, the Ohio EPA issued its Final Findings and Orders ordering the City to construct certain sewerage improvements in the Nash Heights subdivision of the City pursuant to a schedule that ends on May 30, 2017. If the City fails to comply with the Findings and Orders the City could be subject to further enforcement. The sewerage improvements are to be constructed by the City in order to prevent future discharges into the MS4 and Wolf Creek Watershed. In January of 2017, the City signed an agreement with the City of Barberton to have the City of Barberton become the City's sewer provider. Construction is expected to begin in May 2017 with an expected completion date in November 2018.

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**Note 17 – Other Employee Benefits**

*Compensated Absences*

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending upon length of service. All accumulated unused vacation time, up to 2 years, is paid upon termination of employment.

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

*Employee Health Insurance*

The City provides health insurance through the COSE Health Insurance Program provided by Medical Mutual.

**Note 18 – Interfund Transfers and Balances**

*Balances*

At December 31, 2016, the state highway improvement special revenue fund had an interfund receivable of \$17,300 that was made in 2014 to the general fund. This interfund balance was repaid during 2017.

*Transfers*

Interfund transfers for the year ended December 31, 2016, consisted of the following:

| Transfer To                                    | Transfer From      |   |                 |                                | Total              |
|--|--------------------|---|-----------------|--------------------------------|--------------------|
|  | General            | Street, Construction,<br>Maintenance,<br>and Repair | Fire/EMS        | Other<br>Governmental<br>Funds |                    |
| General  | \$0                | \$13,000  | \$42,709        | \$64,363                       | \$120,072          |
| Street Construction, Maintenance<br>and Repair | 393,138            | 0   | 0               | 0                              | 393,138            |
| Special Assessment Bond<br>Retirement          | 270,000            | 0   | 0               | 0                              | 270,000            |
| Other Governmental Funds                       | 881,056            | 0   | 2,291           | 0                              | 883,347            |
| <b>Total</b>                                   | <b>\$1,544,194</b> | <b>\$13,000</b>                                     | <b>\$45,000</b> | <b>\$64,363</b>                | <b>\$1,666,557</b> |

Transfers from the general fund were used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, to provide additional resources for current operations, to pay debt, to segregate money for anticipated capital projects, and to reclassify advances as transfers. The mayor's court fund transferred \$64,363 to the general fund because the department no longer exists as of December of 2015. The street maintenance, fire/EMS, and Cleveland-Massillon widening funds also transferred to the general fund to reclassify short-term obligations proceeds and payments.



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**Note 19 – Joint Economic Development Zones**

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

**Note 20 – Joint Venture**

The City participates in the Southwest Summit Council of Governments (the Council) which is a statutorily created political subdivision of the State. The Council is a joint venture between the City of Norton, the City of Barberton, and Copley Township. The Council is controlled by an executive board which is composed of a President, Vice President/Secretary, and Fiscal Officer who serve without compensation. Each member's control over the operation of the Council is limited to its representation on the board. Currently, the Mayor of the City of Norton serves as the President of the Council. The Council was formed to share services, promote cooperative arrangements, and coordinate action among its members in matters relating to public safety dispatch operations. The Council may also, at its discretion, promote cooperative agreements and contracts among its members or other governmental agencies and private persons, corporations, or agencies. Continued existence of the Council is dependent on the City's continued participation; however, the City does not have an equity interest in the Council. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2016, the City contributed \$443,604 to the Council for dispatch services and \$116,954 for information technology services. Complete financial statements can be obtained from the Southwest Summit Council of Governments, Summit County, Ohio.

**Note 21 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year or soon thereafter, were as follows:

|   |                         |
|---|-------------------------|
| General                                     | \$94,860                |
| Street Construction, Maintenance and Repair | 5,731                   |
| Fire/EMS                                    | 23,039                  |
| Water and Sewer Improvements                | 239,889                 |
| Other Governmental Funds                    | <u>452,682</u>          |
| Total                                       | <u><u>\$816,201</u></u> |

**City of Norton, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

**Note 22 – Fund Balances**

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

| Fund Balances (continued)            | General                   | Street<br>Construction,<br>Maintenance<br>and Repair | Fire/EMS                  | Special<br>Assessment<br>Bond<br>Retirement | Water<br>and<br>Sewer<br>Improvements | Other<br>Governmental<br>Funds | Total                      |
|--------------------------------------|---------------------------|--|---------------------------|---|---------------------------------------|--------------------------------|----------------------------|
| <u>Nonspendable:</u>                 |                           |  |                           |   |                                       |                                |                            |
| Inventory                            | \$4,502                   | \$436,530  | \$0                       | \$0   | \$0                                   | \$0                            | \$441,032                  |
| Prepays                              | 24,637                    | 2,899  | 6,014                     | 0   | 0                                     | 1,000                          | 34,550                     |
| Unclaimed Monies                     | 9,542                     | 0  | 0                         | 0   | 0                                     | 0                              | 9,542                      |
| <i>Total Nonspendable</i>            | <u>38,681</u>             | <u>439,429</u>                                       | <u>6,014</u>              | <u>0</u>                                    | <u>0</u>                              | <u>1,000</u>                   | <u>485,124</u>             |
| <u>Restricted for:</u>               |                           |  |                           |   |                                       |                                |                            |
| Police Department                    | \$0                       | \$0  | \$0                       | \$0   | \$0                                   | \$184,762                      | \$184,762                  |
| Fire/EMS Department                  | 0                         | 0  | 1,421,653                 | 0   | 0                                     | 0                              | 1,421,653                  |
| Debt Service Retirement              | 0                         | 0  | 0                         | 119,464                                     | 0                                     | 1,106                          | 120,570                    |
| Street Maintenance                   | 0                         | 150,686  | 0                         | 0   | 0                                     | 50,696                         | 201,382                    |
| Public Utilities                     | 0                         | 0  | 0                         | 0   | 0                                     | 2,196,256                      | 2,196,256                  |
| Capital Improvement                  | 0                         | 0  | 0                         | 0   | 0                                     | 395,081                        | 395,081                    |
| <i>Total Restricted</i>              | <u>0</u>                  | <u>150,686</u>                                       | <u>1,421,653</u>          | <u>119,464</u>                              | <u>0</u>                              | <u>2,827,901</u>               | <u>4,519,704</u>           |
| <u>Committed to:</u>                 |                           |  |                           |   |                                       |                                |                            |
| Cemetery                             | 0                         | 0  | 0                         | 0   | 0                                     | 17,240                         | 17,240                     |
| Public Utility Improvement           | 0                         | 0  | 0                         | 0   | 1,589,161                             | 0                              | 1,589,161                  |
| City Administration                  | 43,899                    | 0  | 0                         | 0   | 0                                     | 0                              | 43,899                     |
| Building                             | 2,917                     | 0  | 0                         | 0   | 0                                     | 0                              | 2,917                      |
| Police                               | 362                       | 0  | 0                         | 0   | 0                                     | 0                              | 362                        |
| Engineering                          | 2,135                     | 0  | 0                         | 0   | 0                                     | 0                              | 2,135                      |
| Special Events                       | 0                         | 0  | 0                         | 0   | 0                                     | 4,959                          | 4,959                      |
| <i>Total Committed</i>               | <u>49,313</u>             | <u>0</u>   | <u>0</u>                  | <u>0</u>                                    | <u>1,589,161</u>                      | <u>22,199</u>                  | <u>1,660,673</u>           |
| <u>Assigned to:</u>                  |                           |  |                           |   |                                       |                                |                            |
| Recycling                            | 9,322                     | 0  | 0                         | 0   | 0                                     | 0                              | 9,322                      |
| Street Maintenance                   | 319,837                   | 0  | 0                         | 0   | 0                                     | 0                              | 319,837                    |
| Community Center                     | 30,063                    | 0  | 0                         | 0   | 0                                     | 0                              | 30,063                     |
| Greenwich Road Property              | 1,031                     | 0  | 0                         | 0   | 0                                     | 0                              | 1,031                      |
| Scrap Tire                           | 643                       | 0  | 0                         | 0   | 0                                     | 0                              | 643                        |
| City Administration                  | 15,915                    | 0  | 0                         | 0   | 0                                     | 0                              | 15,915                     |
| Police                               | 8,245                     | 0  | 0                         | 0   | 0                                     | 0                              | 8,245                      |
| Parks                                | 829                       | 0  | 0                         | 0   | 0                                     | 0                              | 829                        |
| Storm Sewer                          | 5,122                     | 0  | 0                         | 0   | 0                                     | 0                              | 5,122                      |
| Capital Improvements                 | 0                         | 0  | 0                         | 0   | 0                                     | 276,999                        | 276,999                    |
| <i>Total Assigned</i>                | <u>391,007</u>            | <u>0</u>   | <u>0</u>                  | <u>0</u>                                    | <u>0</u>                              | <u>276,999</u>                 | <u>668,006</u>             |
| Unassigned (Deficit)                 | <u>2,889,200</u>          | <u>0</u>   | <u>0</u>                  | <u>0</u>                                    | <u>0</u>                              | <u>0</u>                       | <u>2,889,200</u>           |
| <b>Total Fund Balances (Deficit)</b> | <u><u>\$3,368,201</u></u> | <u><u>\$590,115</u></u>                              | <u><u>\$1,427,667</u></u> | <u><u>\$119,464</u></u>                     | <u><u>\$1,589,161</u></u>             | <u><u>\$3,128,099</u></u>      | <u><u>\$10,222,707</u></u> |

**City of Norton, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Three Years (1) \**

|  | 2016        | 2015        | 2014        |
|--|-------------|-------------|-------------|
| City's Proportion of the Net Pension Liability   | 0.00921100% | 0.01085700% | 0.01085700% |
| City's Proportionate Share of the Net Pension Liability  | \$1,595,462 | \$1,309,476 | \$1,279,899 |
| City's Covered Payroll   | \$1,146,400 | \$1,331,017 | \$1,550,131 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 139.17%     | 98.38%      | 82.57%      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                     | 81.08%      | 86.45%      | 86.36%      |

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

\* Amounts presented for each fiscal year were determined as of the City's measurement date, which is the prior year end.

**City of Norton, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Three Years (1) \**

|  | 2016        | 2015        | 2014        |
|--|-------------|-------------|-------------|
| City's Proportion of the Net Pension Liability   | 0.05931100% | 0.04933120% | 0.04933120% |
| City's Proportionate Share of the Net Pension Liability  | \$3,815,516 | \$2,555,560 | \$2,402,584 |
| City's Covered Payroll   | \$1,187,377 | \$1,051,452 | \$1,136,466 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 321.34%     | 243.05%     | 211.41%     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                     | 66.77%      | 71.71%      | 73.00%      |

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

\* Amounts presented for each fiscal year were determined as of the City's measurement date, which is the prior year end.

**City of Norton, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Four Years (1)*

|   | 2016        | 2015        | 2014        | 2013        |
|---|-------------|-------------|-------------|-------------|
| Contractually Required Contribution                                     | \$138,869   | \$137,568   | \$159,722   | \$201,517   |
| Contributions in Relation to the<br>Contractually Required Contribution | (138,869)   | (137,568)   | (159,722)   | (201,517)   |
| Contribution Deficiency (Excess)  | <u>\$0</u>  | <u>\$0</u>  | <u>\$0</u>  | <u>\$0</u>  |
| City Covered Payroll  | \$1,157,242 | \$1,146,400 | \$1,331,017 | \$1,550,131 |
| Contributions as a Percentage of Covered Payroll                        | 12.00%      | 12.00%      | 12.00%      | 13.00%      |

(1) Although this schedule is intended to show information for ten years, information prior to 2013 is not available. An additional column will be added each year.

**City of Norton, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

|   | 2016        | 2015        | 2014        | 2013        |
|---|-------------|-------------|-------------|-------------|
| Contractually Required Contribution                                     | \$301,741   | \$238,670   | \$206,448   | \$187,229   |
| Contributions in Relation to the<br>Contractually Required Contribution | (301,741)   | (238,670)   | (206,448)   | (187,229)   |
| Contribution Deficiency (Excess)  | <u>\$0</u>  | <u>\$0</u>  | <u>\$0</u>  | <u>\$0</u>  |
| City Covered Payroll  | \$1,477,940 | \$1,187,377 | \$1,051,452 | \$1,136,466 |
| Contributions as a Percentage of Covered Payroll                        | 20.42%      | 20.10%      | 19.63%      | 16.47%      |

| 2012      | 2011        | 2010        | 2009        | 2008        | 2007        |
|-----------|-------------|-------------|-------------|-------------|-------------|
| \$113,745 | \$132,626   | \$155,561   | \$155,546   | \$159,301   | \$178,132   |
| (113,745) | (132,626)   | (155,561)   | (155,546)   | (159,301)   | (178,132)   |
| \$0       | \$0         | \$0         | \$0         | \$0         | \$0         |
| \$855,682 | \$1,011,500 | \$1,167,270 | \$1,171,179 | \$1,198,608 | \$1,316,524 |
| 13.29%    | 13.11%      | 13.33%      | 13.28%      | 13.29%      | 13.53%      |

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**Combining and Individual Fund  
Statements and Schedules**

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

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

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

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

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

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

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

***Law Enforcement Assistance Fund*** To account for and report revenues and expenditures restricted for the Law Enforcement Assistance program. The fund did not have any budgetary activity in 2016; therefore, budgetary information is not provided.

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

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

***Special Events Fund*** To account for and report various revenues to be committed to pay the cost of presenting fireworks at the annual cider festival.

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

***Mayor's Court Fund*** To account for and report fines and forfeitures restricted to computerize the Court and the Clerk of Court and to make computerized legal research available to the Court.

***Water System Fund*** To account for and report charges for services revenue restricted for water line maintenance fees.

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

***Police Equipment Fund*** To account for and report towing administrative and storage fee revenues restricted for the purchase of equipment and vehicles for the police department.

(continued)

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

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

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

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

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

***Scrap Tire Fund*** To account for and report various assigned revenues to provide for a scrap tire management and recovery program. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source. The fund did not have any budgetary activity in 2016; therefore, budgetary information is not provided.

***Brentwood Water Fund*** To account for and report water line maintenance fees committed for water lines in the Brentwood area. This fund is included with the general fund for GAAP reporting as it no longer receives these committed revenues.

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

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

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

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

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

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

***Buildings Fund*** To account for and report various revenues and expenditures assigned for constructing new operations and storage areas. The fund did not have any budgetary activity in 2016; therefore, budgetary information is not provided.

(continued)

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

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

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

***Sanitary Sewer Fund*** To account for and report charges for services revenues and expenditures assigned for the construction and acquisition of capital sanitary sewer projects. The fund did not have any budgetary activity in 2016; therefore, budgetary information is not provided.

***Newpark Drive Reconstruction Fund*** To account for and report grants and loan proceeds restricted for the construction of flood control capital projects.

***Nash Heights East Fund*** To account for and report grants and loan proceeds restricted for the construction of sanitary sewer lines located in the area.

***Cleveland-Massillon Widening Fund*** To account for and report grants and loan proceeds restricted for the widening of this road.

***Greenwich Pump Station Fund*** To account for and report grants and loan proceeds restricted for the construction of a pump station located near Greenwich Road.

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2016*

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Fund | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|-------------------------------------|--|--|
| <b>Assets</b>   |   |                                     |  |  |
| Equity in Pooled Cash and Cash Equivalents                                    | \$2,382,131                             | \$1,106                             | \$694,093                                | \$3,077,330                                |
| Accounts Receivable   | 46,700                                  | 0                                   | 2,017                                    | 48,717                                     |
| Intergovernmental Receivable  | 29,769                                  | 0                                   | 0  | 29,769                                     |
| Interfund Receivable  | 17,300                                  | 0                                   | 0  | 17,300                                     |
| Prepaid Items   | 1,000                                   | 0                                   | 0  | 1,000                                      |
| Property Taxes Receivable   | 69,940                                  | 0                                   | 0  | 69,940                                     |
| <i>Total Assets</i>   | <u>\$2,546,840</u>                      | <u>\$1,106</u>                      | <u>\$696,110</u>                         | <u>\$3,244,056</u>                         |
| <b>Liabilities</b>  |   |                                     |  |  |
| Accounts Payable  | \$460                                   | \$0                                 | \$0                                      | \$460                                      |
| Contracts Payable   | 0                                       | 0                                   | 24,030                                   | 24,030                                     |
| <i>Total Liabilities</i>  | <u>460</u>                              | <u>0</u>                            | <u>24,030</u>                            | <u>24,490</u>                              |
| <b>Deferred Inflows of Resources</b>  |   |                                     |  |  |
| Property Taxes  | 63,627                                  | 0                                   | 0  | 63,627                                     |
| Unavailable Revenue   | 27,840                                  | 0                                   | 0  | 27,840                                     |
| <i>Total Deferred Inflows of Resources</i>                                    | <u>91,467</u>                           | <u>0</u>                            | <u>0</u>                                 | <u>91,467</u>                              |
| <b>Fund Balances</b>  |   |                                     |  |  |
| Nonspendable  | 1,000                                   | 0                                   | 0  | 1,000                                      |
| Restricted  | 2,431,714                               | 1,106                               | 395,081                                  | 2,827,901                                  |
| Committed   | 22,199                                  | 0                                   | 0  | 22,199                                     |
| Assigned  | 0                                       | 0                                   | 276,999                                  | 276,999                                    |
| <i>Total Fund Balances</i>  | <u>2,454,913</u>                        | <u>1,106</u>                        | <u>672,080</u>                           | <u>3,128,099</u>                           |
| <i>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</i> | <u>\$2,546,840</u>                      | <u>\$1,106</u>                      | <u>\$696,110</u>                         | <u>\$3,244,056</u>                         |

**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2016*

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Fund | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|-------------------------------------|--|--|
| <b>Revenues</b>                                     |   |                                     |  |  |
| Property Taxes                                      | \$63,608                                | \$0                                 | \$0                                      | \$63,608                                   |
| Charges for Services                                | 288,098                                 | 0                                   | 97,415                                   | 385,513                                    |
| Fines and Forfeitures                               | 3,606                                   | 0                                   | 0  | 3,606                                      |
| Intergovernmental                                   | 64,913                                  | 0                                   | 314,191                                  | 379,104                                    |
| Contributions and Donations                         | 50                                      | 0                                   | 0  | 50   |
| Interest  | 16                                      | 0                                   | 0  | 16   |
| Other   | 0                                       | 2,465                               | 3,269                                    | 5,734                                      |
| <i>Total Revenues</i>                               | <u>420,291</u>                          | <u>2,465</u>                        | <u>414,875</u>                           | <u>837,631</u>                             |
| <b>Expenditures</b>                                 |   |                                     |  |  |
| Current:  |   |                                     |  |  |
| General Government                                  | 82,497                                  | 58                                  | 0  | 82,555                                     |
| Security of Persons and Property                    | 46,067                                  | 0                                   | 0  | 46,067                                     |
| Transportation                                      | 50,000                                  | 0                                   | 0  | 50,000                                     |
| Public Health Services                              | 32,912                                  | 0                                   | 0  | 32,912                                     |
| Capital Outlay                                      | 0                                       | 0                                   | 804,521                                  | 804,521                                    |
| Debt Service:                                       |   |                                     |  |  |
| Principal Retirement                                | 0                                       | 203,000                             | 15,000                                   | 218,000                                    |
| Interest and Fiscal Charges                         | 0                                       | 111,257                             | 3,630                                    | 114,887                                    |
| <i>Total Expenditures</i>                           | <u>211,476</u>                          | <u>314,315</u>                      | <u>823,151</u>                           | <u>1,348,942</u>                           |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>208,815</u>                          | <u>(311,850)</u>                    | <u>(408,276)</u>                         | <u>(511,311)</u>                           |
| <b>Other Financing Sources (Uses)</b>               |   |                                     |  |  |
| Transfers In  | 17,655                                  | 312,861                             | 552,831                                  | 883,347                                    |
| Transfers Out                                       | (64,363)                                | 0                                   | 0  | (64,363)                                   |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(46,708)</u>                         | <u>312,861</u>                      | <u>552,831</u>                           | <u>818,984</u>                             |
| <i>Net Change in Fund Balances</i>                  | 162,107                                 | 1,011                               | 144,555                                  | 307,673                                    |
| <i>Fund Balances Beginning of Year</i>              | <u>2,292,806</u>                        | <u>95</u>                           | <u>527,525</u>                           | <u>2,820,426</u>                           |
| <i>Fund Balances End of Year</i>                    | <u><u>\$2,454,913</u></u>               | <u><u>\$1,106</u></u>               | <u><u>\$672,080</u></u>                  | <u><u>\$3,128,099</u></u>                  |

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2016*

|   | <u>State Highway<br/>Improvement</u> | <u>DARE<br/>Program</u> | <u>Drug Law<br/>Enforcement</u> |
|---|--------------------------------------|-------------------------|---------------------------------|
| <b>Assets</b>   |                                      |                         |                                 |
| Equity in Pooled Cash and Cash Equivalents                                    | \$25,411                             | \$6,584                 | \$2,917                         |
| Accounts Receivable   | 0                                    | 0                       | 0                               |
| Intergovernmental Receivable  | 24,699                               | 0                       | 0                               |
| Interfund Receivable  | 17,300                               | 0                       | 0                               |
| Prepaid Items   | 0                                    | 0                       | 0                               |
| Property Taxes Receivable   | 0                                    | 0                       | 0                               |
| <i>Total Assets</i>   | <u>\$67,410</u>                      | <u>\$6,584</u>          | <u>\$2,917</u>                  |
| <b>Liabilities</b>  |                                      |                         |                                 |
| Accounts Payable  | <u>\$0</u>                           | <u>\$0</u>              | <u>\$0</u>                      |
| <b>Deferred Inflows of Resources</b>  |                                      |                         |                                 |
| Property Taxes  | 0                                    | 0                       | 0                               |
| Unavailable Revenue   | <u>16,714</u>                        | <u>0</u>                | <u>0</u>                        |
| <i>Total Deferred Inflows of Resources</i>                                    | <u>16,714</u>                        | <u>0</u>                | <u>0</u>                        |
| <b>Fund Balances</b>  |                                      |                         |                                 |
| Nonspendable  | 0                                    | 0                       | 0                               |
| Restricted  | 50,696                               | 6,584                   | 2,917                           |
| Committed   | <u>0</u>                             | <u>0</u>                | <u>0</u>                        |
| <i>Total Fund Balances</i>  | <u>50,696</u>                        | <u>6,584</u>            | <u>2,917</u>                    |
| <i>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</i> | <u>\$67,410</u>                      | <u>\$6,584</u>          | <u>\$2,917</u>                  |

| <u>Law Enforcement</u> | <u>Law Enforcement Assistance</u> | <u>DWI Enforcement and Education</u> | <u>Cemetery</u> | <u>Special Events</u> | <u>Police and Fire Disability and Pension</u> |
|------------------------|-----------------------------------|--------------------------------------|-----------------|-----------------------|---|
| \$3,192                | \$4,780                           | \$9,861                              | \$17,240        | \$4,959               | \$124,572                                     |
| 0                      | 0                                 | 0                                    | 0               | 0                     | 0   |
| 0                      | 0                                 | 257                                  | 0               | 0                     | 4,813   |
| 0                      | 0                                 | 0                                    | 0               | 0                     | 0   |
| 0                      | 0                                 | 0                                    | 0               | 0                     | 0   |
| 0                      | 0                                 | 0                                    | 0               | 0                     | 69,940  |
| <u>\$3,192</u>         | <u>\$4,780</u>                    | <u>\$10,118</u>                      | <u>\$17,240</u> | <u>\$4,959</u>        | <u>\$199,325</u>                              |
| <u>\$0</u>             | <u>\$0</u>                        | <u>\$0</u>                           | <u>\$0</u>      | <u>\$0</u>            | <u>\$0</u>                                    |
| 0                      | 0                                 | 0                                    | 0               | 0                     | 63,627  |
| 0                      | 0                                 | 0                                    | 0               | 0                     | 11,126  |
| 0                      | 0                                 | 0                                    | 0               | 0                     | 74,753  |
| 0                      | 0                                 | 0                                    | 0               | 0                     | 0   |
| 3,192                  | 4,780                             | 10,118                               | 0               | 0                     | 124,572                                       |
| 0                      | 0                                 | 0                                    | 17,240          | 4,959                 | 0   |
| 3,192                  | 4,780                             | 10,118                               | 17,240          | 4,959                 | 124,572                                       |
| <u>\$3,192</u>         | <u>\$4,780</u>                    | <u>\$10,118</u>                      | <u>\$17,240</u> | <u>\$4,959</u>        | <u>\$199,325</u>                              |

(continued)

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2016*

|   | Water<br>System  | Sanitary<br>Sewer  | Police<br>Equipment | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|---|------------------|--------------------|---------------------|---|
| <b>Assets</b>   |                  |                    |                     |   |
| Equity in Pooled Cash and Cash Equivalents                                    | \$930,453        | \$1,219,563        | \$32,599            | \$2,382,131                                   |
| Accounts Receivable   | 30,116           | 16,584             | 0                   | 46,700  |
| Intergovernmental Receivable  | 0                | 0                  | 0                   | 29,769  |
| Interfund Receivable  | 0                | 0                  | 0                   | 17,300  |
| Prepaid Items   | 1,000            | 0                  | 0                   | 1,000   |
| Property Taxes Receivable   | 0                | 0                  | 0                   | 69,940  |
| <i>Total Assets</i>   | <u>\$961,569</u> | <u>\$1,236,147</u> | <u>\$32,599</u>     | <u>\$2,546,840</u>                            |
| <b>Liabilities</b>  |                  |                    |                     |   |
| Accounts Payable  | \$417            | \$43               | \$0                 | \$460   |
| <b>Deferred Inflows of Resources</b>  |                  |                    |                     |   |
| Property Taxes  | 0                | 0                  | 0                   | 63,627  |
| Unavailable Revenue   | 0                | 0                  | 0                   | 27,840  |
| <i>Total Deferred Inflows of Resources</i>                                    | <u>0</u>         | <u>0</u>           | <u>0</u>            | <u>91,467</u>                                 |
| <b>Fund Balances</b>  |                  |                    |                     |   |
| Nonspendable  | 1,000            | 0                  | 0                   | 1,000   |
| Restricted  | 960,152          | 1,236,104          | 32,599              | 2,431,714                                     |
| Committed   | 0                | 0                  | 0                   | 22,199  |
| <i>Total Fund Balances</i>  | <u>961,152</u>   | <u>1,236,104</u>   | <u>32,599</u>       | <u>2,454,913</u>                              |
| <i>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</i> | <u>\$961,569</u> | <u>\$1,236,147</u> | <u>\$32,599</u>     | <u>\$2,546,840</u>                            |



**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2016*

|   | <u>State Highway<br/>Improvement</u> | <u>DARE<br/>Program</u> | <u>Drug Law<br/>Enforcement</u> | <u>Law<br/>Enforcement</u> |
|---|--------------------------------------|-------------------------|---------------------------------|----------------------------|
| <b>Revenues</b>                                     |                                      |                         |                                 |                            |
| Property Taxes                                      | \$0                                  | \$0                     | \$0                             | \$0                        |
| Charges for Services                                | 0                                    | 0                       | 0                               | 0                          |
| Fines and Forfeitures                               | 0                                    | 0                       | 140                             | 815                        |
| Intergovernmental                                   | 49,738                               | 5,500                   | 0                               | 0                          |
| Contributions and Donations                         | 0                                    | 0                       | 0                               | 0                          |
| Interest  | 16                                   | 0                       | 0                               | 0                          |
| <i>Total Revenues</i>                               | <u>49,754</u>                        | <u>5,500</u>            | <u>140</u>                      | <u>815</u>                 |
| <b>Expenditures</b>                                 |                                      |                         |                                 |                            |
| Current:  |                                      |                         |                                 |                            |
| General Government                                  | 0                                    | 0                       | 0                               | 0                          |
| Security of Persons and Property                    | 0                                    | 0                       | 0                               | 0                          |
| Transportation                                      | 50,000                               | 0                       | 0                               | 0                          |
| Public Health Services                              | 0                                    | 0                       | 0                               | 0                          |
| <i>Total Expenditures</i>                           | <u>50,000</u>                        | <u>0</u>                | <u>0</u>                        | <u>0</u>                   |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(246)</u>                         | <u>5,500</u>            | <u>140</u>                      | <u>815</u>                 |
| <b>Other Financing Sources (Uses)</b>               |                                      |                         |                                 |                            |
| Transfers In  | 17,655                               | 0                       | 0                               | 0                          |
| Transfers Out                                       | 0                                    | 0                       | 0                               | 0                          |
| <i>Total Other Financing Sources (Uses)</i>         | <u>17,655</u>                        | <u>0</u>                | <u>0</u>                        | <u>0</u>                   |
| <i>Net Change in Fund Balances</i>                  | 17,409                               | 5,500                   | 140                             | 815                        |
| <i>Fund Balances Beginning of Year</i>              | <u>33,287</u>                        | <u>1,084</u>            | <u>2,777</u>                    | <u>2,377</u>               |
| <i>Fund Balances End of Year</i>                    | <u><u>\$50,696</u></u>               | <u><u>\$6,584</u></u>   | <u><u>\$2,917</u></u>           | <u><u>\$3,192</u></u>      |

(continued)

**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Year Ended December 31, 2016*

|   | Law<br>Enforcement<br>Assistance | DWI<br>Enforcement<br>and Education | Cemetery               | Special<br>Events     |
|---|----------------------------------|-------------------------------------|------------------------|-----------------------|
| <b>Revenues</b>                                     |                                  |                                     |                        |                       |
| Property Taxes                                      | \$0                              | \$0                                 | \$0                    | \$0                   |
| Charges for Services                                | 0                                | 0                                   | 2,092                  | 0                     |
| Fines and Forfeitures                               | 0                                | 2,651                               | 0                      | 0                     |
| Intergovernmental                                   | 0                                | 0                                   | 0                      | 0                     |
| Contributions and Donations                         | 0                                | 0                                   | 0                      | 50                    |
| Interest  | 0                                | 0                                   | 0                      | 0                     |
| <i>Total Revenues</i>                               | <u>0</u>                         | <u>2,651</u>                        | <u>2,092</u>           | <u>50</u>             |
| <b>Expenditures</b>                                 |                                  |                                     |                        |                       |
| Current:  |                                  |                                     |                        |                       |
| General Government                                  | 0                                | 0                                   | 0                      | 0                     |
| Security of Persons and Property                    | 0                                | 22,052                              | 0                      | 0                     |
| Transportation                                      | 0                                | 0                                   | 0                      | 0                     |
| Public Health Services                              | 0                                | 0                                   | 0                      | 0                     |
| <i>Total Expenditures</i>                           | <u>0</u>                         | <u>22,052</u>                       | <u>0</u>               | <u>0</u>              |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>0</u>                         | <u>(19,401)</u>                     | <u>2,092</u>           | <u>50</u>             |
| <b>Other Financing Sources (Uses)</b>               |                                  |                                     |                        |                       |
| Transfers In  | 0                                | 0                                   | 0                      | 0                     |
| Transfers Out                                       | 0                                | 0                                   | 0                      | 0                     |
| <i>Total Other Financing Sources (Uses)</i>         | <u>0</u>                         | <u>0</u>                            | <u>0</u>               | <u>0</u>              |
| <i>Net Change in Fund Balances</i>                  | 0                                | (19,401)                            | 2,092                  | 50                    |
| <i>Fund Balances Beginning of Year</i>              | <u>4,780</u>                     | <u>29,519</u>                       | <u>15,148</u>          | <u>4,909</u>          |
| <i>Fund Balances End of Year</i>                    | <u><u>\$4,780</u></u>            | <u><u>\$10,118</u></u>              | <u><u>\$17,240</u></u> | <u><u>\$4,959</u></u> |

| <u>Police<br/>and Fire<br/>Disability<br/>and Pension</u> | <u>Mayor's<br/>Court</u> | <u>Water<br/>System</u> | <u>Sanitary<br/>Sewer</u> | <u>Police<br/>Equipment</u> | <u>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</u> |
|---|--------------------------|-------------------------|---------------------------|-----------------------------|---|
| \$63,608  | \$0                      | \$0                     | \$0                       | \$0                         | \$63,608  |
| 0   | 0                        | 171,212                 | 78,399                    | 36,395                      | 288,098   |
| 0   | 0                        | 0                       | 0                         | 0                           | 3,606   |
| 9,675   | 0                        | 0                       | 0                         | 0                           | 64,913  |
| 0   | 0                        | 0                       | 0                         | 0                           | 50  |
| 0   | 0                        | 0                       | 0                         | 0                           | 16  |
| <u>73,283</u>   | <u>0</u>                 | <u>171,212</u>          | <u>78,399</u>             | <u>36,395</u>               | <u>420,291</u>  |
| 82,497  | 0                        | 0                       | 0                         | 0                           | 82,497  |
| 0   | 0                        | 0                       | 0                         | 24,015                      | 46,067  |
| 0   | 0                        | 0                       | 0                         | 0                           | 50,000  |
| 0   | 0                        | 7,256                   | 25,656                    | 0                           | 32,912  |
| <u>82,497</u>   | <u>0</u>                 | <u>7,256</u>            | <u>25,656</u>             | <u>24,015</u>               | <u>211,476</u>  |
| <u>(9,214)</u>  | <u>0</u>                 | <u>163,956</u>          | <u>52,743</u>             | <u>12,380</u>               | <u>208,815</u>  |
| 0   | 0                        | 0                       | 0                         | 0                           | 17,655  |
| 0   | (64,363)                 | 0                       | 0                         | 0                           | (64,363)  |
| 0   | (64,363)                 | 0                       | 0                         | 0                           | (46,708)  |
| (9,214)   | (64,363)                 | 163,956                 | 52,743                    | 12,380                      | 162,107   |
| 133,786   | 64,363                   | 797,196                 | 1,183,361                 | 20,219                      | 2,292,806   |
| <u>\$124,572</u>  | <u>\$0</u>               | <u>\$961,152</u>        | <u>\$1,236,104</u>        | <u>\$32,599</u>             | <u>\$2,454,913</u>                                      |

**City of Norton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2016*

|  | <u>Land<br/>and Land<br/>Improvements</u> | <u>Buildings</u>       | <u>Streets,<br/>Highways<br/>and Bridges</u> |
|--|---|------------------------|--|
| <b>Assets</b>                              |   |                        |  |
| Equity in Pooled Cash and Cash Equivalents | \$242,986                                 | \$14,964               | \$191,631                                    |
| Accounts Receivable                        | <u>2,017</u>                              | <u>0</u>               | <u>0</u>                                     |
| <i>Total Assets</i>                        | <u><u>\$245,003</u></u>                   | <u><u>\$14,964</u></u> | <u><u>\$191,631</u></u>                      |
| <b>Liabilities</b>                         |   |                        |  |
| Contracts Payable                          | <u>\$0</u>                                | <u>\$0</u>             | <u>\$0</u>                                   |
| <b>Fund Balances</b>                       |   |                        |  |
| Restricted                                 | 0   | 0                      | 191,631                                      |
| Assigned                                   | <u>245,003</u>                            | <u>14,964</u>          | <u>0</u>                                     |
| <i>Total Fund Balances</i>                 | <u><u>245,003</u></u>                     | <u><u>14,964</u></u>   | <u><u>191,631</u></u>                        |
| <i>Total Liabilities and Fund Balances</i> | <u><u>\$245,003</u></u>                   | <u><u>\$14,964</u></u> | <u><u>\$191,631</u></u>                      |

| Storm<br>Sewer | Sanitary<br>Sewer | Cleveland -<br>Massillon<br>Widening | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|----------------|-------------------|--------------------------------------|--|
| \$6,329        | \$10,703          | \$227,480                            | \$694,093                                      |
| 0              | 0                 | 0                                    | 2,017  |
| <u>\$6,329</u> | <u>\$10,703</u>   | <u>\$227,480</u>                     | <u>\$696,110</u>                               |
| <u>\$0</u>     | <u>\$0</u>        | <u>\$24,030</u>                      | <u>\$24,030</u>                                |
| 0              | 0                 | 203,450                              | 395,081  |
| 6,329          | 10,703            | 0                                    | 276,999  |
| <u>6,329</u>   | <u>10,703</u>     | <u>203,450</u>                       | <u>672,080</u>                                 |
| <u>\$6,329</u> | <u>\$10,703</u>   | <u>\$227,480</u>                     | <u>\$696,110</u>                               |

**City of Norton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2016*

|   | Land<br>and Land<br>Improvements | Buildings              | Streets,<br>Highways<br>and Bridges |
|---|----------------------------------|------------------------|-------------------------------------|
| <b>Revenues</b>                                     |                                  |                        |                                     |
| Charges for Services                                | \$97,415                         | \$0                    | \$0                                 |
| Intergovernmental                                   | 0                                | 0                      | 1,535                               |
| Other   | 3,269                            | 0                      | 0                                   |
| <i>Total Revenues</i>                               | <u>100,684</u>                   | <u>0</u>               | <u>1,535</u>                        |
| <b>Expenditures</b>                                 |                                  |                        |                                     |
| Capital Outlay                                      | 65,599                           | 0                      | 0                                   |
| Debt Service:                                       |                                  |                        |                                     |
| Principal Retirement                                | 15,000                           | 0                      | 0                                   |
| Interest and Fiscal Charges                         | 3,600                            | 0                      | 0                                   |
| <i>Total Expenditures</i>                           | <u>84,199</u>                    | <u>0</u>               | <u>0</u>                            |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 16,485                           | 0                      | 1,535                               |
| <b>Other Financing Sources</b>                      |                                  |                        |                                     |
| Transfers In  | 0                                | 0                      | 0                                   |
| <i>Net Change in Fund Balances</i>                  | 16,485                           | 0                      | 1,535                               |
| <i>Fund Balances Beginning of Year</i>              | <u>228,518</u>                   | <u>14,964</u>          | <u>190,096</u>                      |
| <i>Fund Balances End of Year</i>                    | <u><u>\$245,003</u></u>          | <u><u>\$14,964</u></u> | <u><u>\$191,631</u></u>             |

| <u>Storm Sewer</u> | <u>Sanitary Sewer</u> | <u>Newpark Drive Reconstruction</u> | <u>Cleveland - Massillon Widening</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|--------------------|-----------------------|-------------------------------------|---------------------------------------|--|
| \$0                | \$0                   | \$0                                 | \$0                                   | \$97,415                                     |
| 0                  | 0                     | 0                                   | 312,656                               | 314,191                                      |
| 0                  | 0                     | 0                                   | 0                                     | 3,269  |
| 0                  | 0                     | 0                                   | 312,656                               | 414,875                                      |
| 13,435             | 0                     | 540                                 | 724,947                               | 804,521                                      |
| 0                  | 0                     | 0                                   | 0                                     | 15,000                                       |
| 0                  | 0                     | 0                                   | 30                                    | 3,630  |
| 13,435             | 0                     | 540                                 | 724,977                               | 823,151                                      |
| (13,435)           | 0                     | (540)                               | (412,321)                             | (408,276)                                    |
| 0                  | 0                     | 540                                 | 552,291                               | 552,831                                      |
| (13,435)           | 0                     | 0                                   | 139,970                               | 144,555                                      |
| 19,764             | 10,703                | 0                                   | 63,480                                | 527,525                                      |
| <u>\$6,329</u>     | <u>\$10,703</u>       | <u>\$0</u>                          | <u>\$203,450</u>                      | <u>\$672,080</u>                             |

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

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

#### **Agency Funds**

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

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

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



**City of Norton, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2016*

|   | Beginning<br>Balance<br>12/31/15 | Additions | Deductions | Ending<br>Balance<br>12/31/16 |
|---|----------------------------------|-----------|------------|-------------------------------|
| <b>General Agency</b>                         |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash<br>and Cash Equivalents | \$93,939                         | \$80,139  | \$76,891   | \$97,187                      |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Undistributed Assets                          | \$93,939                         | \$80,139  | \$76,891   | \$97,187                      |
| <b>Building Standards</b>                     |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash<br>and Cash Equivalents | \$187                            | \$0       | \$0        | \$187                         |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Undistributed Assets                          | \$187                            | \$0       | \$0        | \$187                         |
| <b>Total Agency Funds</b>                     |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash<br>and Cash Equivalents | \$94,126                         | \$80,139  | \$76,891   | \$97,374                      |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Undistributed Assets                          | \$94,126                         | \$80,139  | \$76,891   | \$97,374                      |

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

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**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2016*

|                            | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------|------------------|------------------|------------------|---|
|                            | Original         | Final            |                  |   |
| <b>Revenues</b>            |                  |                  |                  |   |
| Property Taxes             | \$388,260        | \$388,622        | \$339,240        | (\$49,382)  |
| Municipal Income Tax       | 5,000,000        | 5,650,000        | 5,185,917        | (464,083)   |
| Charges for Services       | 281,664          | 281,664          | 252,736          | (28,928)  |
| Licenses, Permits and Fees | 42,606           | 42,606           | 38,230           | (4,376)   |
| Fines and Forfeitures      | 28,710           | 28,710           | 21,982           | (6,728)   |
| Intergovernmental          | 789,655          | 789,655          | 409,924          | (379,731)   |
| Interest                   | 15,042           | 15,042           | 13,497           | (1,545)   |
| Other                      | 50,625           | 50,627           | 48,737           | (1,890)   |
| <i>Total Revenues</i>      | <u>6,596,562</u> | <u>7,246,926</u> | <u>6,310,263</u> | <u>(936,663)</u>  |
| <b>Expenditures</b>        |                  |                  |                  |   |
| Current:                   |                  |                  |                  |   |
| General Government:        |                  |                  |                  |   |
| Mayor:                     |                  |                  |                  |   |
| Salaries and Wages         | 31,147           | 31,979           | 31,979           | 0   |
| Fringe Benefits            | 18,159           | 17,414           | 17,414           | 0   |
| Purchased Services         | 2,975            | 2,975            | 1,972            | 1,003   |
| Materials and Supplies     | 100              | 100              | 20               | 80  |
| Capital Outlay             | 150              | 150              | 0                | 150   |
| Total Mayor                | <u>52,531</u>    | <u>52,618</u>    | <u>51,385</u>    | <u>1,233</u>  |
| City Council:              |                  |                  |                  |   |
| Salaries and Wages         | 100,398          | 101,458          | 101,458          | 0   |
| Fringe Benefits            | 40,612           | 39,465           | 37,599           | 1,866   |
| Purchased Services         | 46,050           | 56,050           | 50,512           | 5,538   |
| Materials and Supplies     | 400              | 400              | 126              | 274   |
| Total City Council         | <u>187,460</u>   | <u>197,373</u>   | <u>189,695</u>   | <u>7,678</u>  |
| Finance Office:            |                  |                  |                  |   |
| Salaries and Wages         | 216,938          | 216,938          | 161,215          | 55,723  |
| Fringe Benefits            | 78,565           | 78,565           | 67,433           | 11,132  |
| Purchased Services         | 69,172           | 69,172           | 53,966           | 15,206  |
| Materials and Supplies     | 650              | 650              | 624              | 26  |
| Capital Outlay             | 2,858            | 2,858            | 534              | 2,324   |
| Total Finance Office       | <u>368,183</u>   | <u>368,183</u>   | <u>283,772</u>   | <u>84,411</u>   |
| Income Tax:                |                  |                  |                  |   |
| Salaries and Wages         | 14,700           | 14,700           | 5,249            | 9,451   |
| Fringe Benefits            | 2,864            | 2,864            | 2,288            | 576   |
| Purchased Services         | 663,942          | 663,942          | 464,842          | 199,100   |
| Capital Outlay             | 200              | 200              | 0                | 200   |
| Total Income Tax           | <u>\$681,706</u> | <u>\$681,706</u> | <u>\$472,379</u> | <u>\$209,327</u>  |

(continued)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2016*

|                                       | <u>Budgeted Amounts</u> |                  |                | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|------------------|----------------|---|
|                                       | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>  |   |
| <b>Law Director:</b>                  |                         |                  |                |   |
| Salaries and Wages                    | \$11,000                | \$11,000         | \$10,094       | \$906   |
| Fringe Benefits                       | 2,056                   | 2,056            | 1,918          | 138   |
| Purchased Services                    | 111,925                 | 305,775          | 302,627        | 3,148   |
| <b>Total Law Director</b>             | <b>124,981</b>          | <b>318,831</b>   | <b>314,639</b> | <b>4,192</b>  |
| <b>Engineer:</b>                      |                         |                  |                |   |
| Purchased Services                    | 74,268                  | 74,268           | 55,784         | 18,484  |
| Materials and Supplies                | 25                      | 25               | 0              | 25  |
| Capital Outlay                        | 175                     | 175              | 0              | 175   |
| <b>Total Engineer</b>                 | <b>74,468</b>           | <b>74,468</b>    | <b>55,784</b>  | <b>18,684</b>   |
| <b>Administrative Officer:</b>        |                         |                  |                |   |
| Salaries and Wages                    | 89,420                  | 89,420           | 77,425         | 11,995  |
| Fringe Benefits                       | 54,590                  | 54,590           | 46,098         | 8,492   |
| Purchased Services                    | 15,139                  | 15,139           | 8,599          | 6,540   |
| Materials and Supplies                | 200                     | 200              | 28             | 172   |
| Capital Outlay                        | 600                     | 600              | 0              | 600   |
| <b>Total Administrative Officer</b>   | <b>159,949</b>          | <b>159,949</b>   | <b>132,150</b> | <b>27,799</b>   |
| <b>Planning Commission:</b>           |                         |                  |                |   |
| Purchased Services                    | 1,800                   | 1,800            | 1,309          | 491   |
| <b>Records Commission:</b>            |                         |                  |                |   |
| Purchased Services                    | 500                     | 500              | 322            | 178   |
| Materials and Supplies                | 50                      | 50               | 0              | 50  |
| Capital Outlay                        | 150                     | 150              | 0              | 150   |
| <b>Total Records Commission</b>       | <b>700</b>              | <b>700</b>       | <b>322</b>     | <b>378</b>  |
| <b>Other General Government:</b>      |                         |                  |                |   |
| Salaries and Wages                    | 38,602                  | 38,602           | 11,462         | 27,140  |
| Fringe Benefits                       | 7,096                   | 7,096            | 2,107          | 4,989   |
| Purchased Services                    | 966,441                 | 966,441          | 572,066        | 394,375   |
| Materials and Supplies                | 10,752                  | 10,752           | 5,647          | 5,105   |
| <b>Total Other General Government</b> | <b>1,022,891</b>        | <b>1,022,891</b> | <b>591,282</b> | <b>431,609</b>  |
| <b>Parks and Recreation Board:</b>    |                         |                  |                |   |
| Purchased Services                    | 8,700                   | 7,655            | 5,273          | 2,382   |
| <b>Building and Zoning Board:</b>     |                         |                  |                |   |
| Purchased Services                    | \$0                     | \$1,036          | \$1,036        | \$0   |

(continued)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2016*

|   | <u>Budgeted Amounts</u> |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    |   |
| <b>Health Advisory Board:</b>                 |                         |                  |                  |   |
| Purchased Services                            | \$0                     | \$9              | \$9              | \$0   |
| <b>Civil Service Commission:</b>              |                         |                  |                  |   |
| Purchased Services                            | 10,600                  | 10,600           | 6,390            | 4,210   |
| Materials and Supplies                        | 50                      | 50               | 0                | 50  |
| Capital Outlay                                | 50                      | 50               | 0                | 50  |
| <b>Total Civil Service Commission</b>         | <b>10,700</b>           | <b>10,700</b>    | <b>6,390</b>     | <b>4,310</b>  |
| <b>Storm Sewer:</b>                           |                         |                  |                  |   |
| Purchased Services                            | 149,404                 | 149,404          | 126,065          | 23,339  |
| <b>Total General Government</b>               | <b>2,843,473</b>        | <b>3,047,323</b> | <b>2,231,490</b> | <b>815,833</b>  |
| <b>Security of Persons and Property:</b>      |                         |                  |                  |   |
| <b>Police:</b>                                |                         |                  |                  |   |
| Salaries and Wages                            | 1,278,944               | 1,278,944        | 1,155,777        | 123,167   |
| Fringe Benefits                               | 730,625                 | 730,625          | 504,250          | 226,375   |
| Purchased Services                            | 136,984                 | 136,984          | 115,171          | 21,813  |
| Materials and Supplies                        | 114,514                 | 114,514          | 53,560           | 60,954  |
| Capital Outlay                                | 341,712                 | 341,712          | 317,132          | 24,580  |
| <b>Total Security of Persons and Property</b> | <b>2,602,779</b>        | <b>2,602,779</b> | <b>2,145,890</b> | <b>456,889</b>  |
| <b>Community Environment:</b>                 |                         |                  |                  |   |
| <b>Community Development:</b>                 |                         |                  |                  |   |
| Salaries and Wages                            | 6,108                   | 0                | 0                | 0   |
| Fringe Benefits                               | 6,108                   | 0                | 0                | 0   |
| Purchased Services                            | 63,850                  | 63,850           | 28,750           | 35,100  |
| <b>Total Community Development</b>            | <b>76,066</b>           | <b>63,850</b>    | <b>28,750</b>    | <b>35,100</b>   |
| <b>Building:</b>                              |                         |                  |                  |   |
| Salaries and Wages                            | 0                       | 11,944           | 11,944           | 0   |
| Fringe Benefits                               | 0                       | 2,302            | 2,302            | 0   |
| Purchased Services                            | 47,549                  | 47,549           | 35,497           | 12,052  |
| Materials and Supplies                        | 1,730                   | 1,730            | 359              | 1,371   |
| <b>Total Building</b>                         | <b>49,279</b>           | <b>63,525</b>    | <b>50,102</b>    | <b>13,423</b>   |
| <b>Total Community Environment</b>            | <b>\$125,345</b>        | <b>\$127,375</b> | <b>\$78,852</b>  | <b>\$48,523</b>   |

(continued)

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2016*

|   | <u>Budgeted Amounts</u> |                    |                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|--------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>       | <u>Actual</u>      |   |
| Leisure Time Activities:                    |                         |                    |                    |   |
| Community Recreation:                       |                         |                    |                    |   |
| Salaries and Wages                          | \$170,993               | \$168,963          | \$163,860          | \$5,103   |
| Fringe Benefits                             | 33,507                  | 33,507             | 28,936             | 4,571   |
| Purchased Services                          | 54,334                  | 54,334             | 45,561             | 8,773   |
| Materials and Supplies                      | 4,072                   | 4,072              | 2,051              | 2,021   |
| Total Leisure Time Activities               | <u>262,906</u>          | <u>260,876</u>     | <u>240,408</u>     | <u>20,468</u>   |
| Debt Service:                               |                         |                    |                    |   |
| Principal Retirement                        | <u>31,000</u>           | <u>31,000</u>      | <u>31,000</u>      | <u>0</u>  |
| <i>Total Expenditures</i>                   | <u>5,865,503</u>        | <u>6,069,353</u>   | <u>4,727,640</u>   | <u>1,341,713</u>  |
| <i>Excess of Revenues Over Expenditures</i> | <u>731,059</u>          | <u>1,177,573</u>   | <u>1,582,623</u>   | <u>405,050</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                    |                    |   |
| Proceeds From Sale of Capital Assets        | 0                       | 0                  | 30,688             | 30,688  |
| Advances In                                 | 0                       | 0                  | 36,000             | 36,000  |
| Advances Out                                | (36,000)                | (36,000)           | 0                  | 36,000  |
| Transfers In                                | 0                       | 124,273            | 124,273            | 0   |
| Transfers Out                               | <u>(2,100,000)</u>      | <u>(2,100,000)</u> | <u>(2,601,856)</u> | <u>(501,856)</u>  |
| <i>Total Other Financing Sources (Uses)</i> | <u>(2,136,000)</u>      | <u>(2,011,727)</u> | <u>(2,410,895)</u> | <u>(399,168)</u>  |
| <i>Net Change in Fund Balance</i>           | (1,404,941)             | (834,154)          | (828,272)          | 5,882   |
| <i>Fund Balance Beginning of Year</i>       | 3,272,404               | 3,272,404          | 3,272,404          | 0   |
| Prior Year Encumbrances Appropriated        | <u>132,277</u>          | <u>132,277</u>     | <u>132,277</u>     | <u>0</u>  |
| <i>Fund Balance End of Year</i>             | <u>\$1,999,740</u>      | <u>\$2,570,527</u> | <u>\$2,576,409</u> | <u>\$5,882</u>  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2016*

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  |   |
| <b>Revenues</b>                              |                  |                  |                  |   |
| Charges for Services                         | \$9,882          | \$9,882          | \$5,638          | (\$4,244)   |
| Intergovernmental                            | 1,091,628        | 1,091,628        | 622,828          | (468,800)   |
| Interest                                     | 589              | 589              | 336              | (253)   |
| Other  | 42,871           | 42,871           | 24,460           | (18,411)  |
| <i>Total Revenues</i>                        | <u>1,144,970</u> | <u>1,144,970</u> | <u>653,262</u>   | <u>(491,708)</u>  |
| <b>Expenditures</b>                          |                  |                  |                  |   |
| Current:                                     |                  |                  |                  |   |
| Transportation:                              |                  |                  |                  |   |
| Street Department:                           |                  |                  |                  |   |
| Salaries and Wages                           | 469,507          | 469,507          | 436,363          | 33,144  |
| Fringe Benefits                              | 312,443          | 312,443          | 290,387          | 22,056  |
| Purchased Services                           | 214,726          | 214,726          | 186,361          | 28,365  |
| Materials and Supplies                       | 441,014          | 441,014          | 372,554          | 68,460  |
| Capital Outlay                               | 174,818          | 174,818          | 157,538          | 17,280  |
| <i>Total Transportation</i>                  | <u>1,612,508</u> | <u>1,612,508</u> | <u>1,443,203</u> | <u>169,305</u>  |
| Debt Service:                                |                  |                  |                  |   |
| Principal Retirement                         | 101,025          | 101,025          | 101,025          | 0   |
| Interest and Fiscal Charges                  | 7,875            | 7,875            | 7,875            | 0   |
| <i>Total Debt Service</i>                    | <u>108,900</u>   | <u>108,900</u>   | <u>108,900</u>   | <u>0</u>  |
| <i>Total Expenditures</i>                    | <u>1,721,408</u> | <u>1,721,408</u> | <u>1,552,103</u> | <u>169,305</u>  |
| <i>Excess of Revenues Under Expenditures</i> | <u>(576,438)</u> | <u>(576,438)</u> | <u>(898,841)</u> | <u>(322,403)</u>  |
| <b>Other Financing Sources</b>               |                  |                  |                  |   |
| Proceeds From Sale of Capital Assets         | 0                | 0                | 2,500            | 2,500   |
| Transfers In                                 | 550,000          | 838,246          | 390,101          | (448,145)   |
| <i>Total Other Financing Sources</i>         | <u>550,000</u>   | <u>838,246</u>   | <u>392,601</u>   | <u>(445,645)</u>  |
| <i>Net Change in Fund Balance</i>            | (26,438)         | 261,808          | (506,240)        | (768,048)   |
| <i>Fund Balance Beginning of Year</i>        | 583,477          | 583,477          | 583,477          | 0   |
| Prior Year Encumbrances Appropriated         | 29,935           | 29,935           | 29,935           | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$586,974</u> | <u>\$875,220</u> | <u>\$107,172</u> | <u>(\$768,048)</u>                                      |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire/EMS Fund*  
*For the Year Ended December 31, 2016*

|  | Budgeted Amounts   |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
|  | Original           | Final<br>Budget    |                    |   |
| <b>Revenues</b>                        |                    |                    |                    |   |
| Property Taxes                         | \$1,821,176        | \$1,825,446        | \$1,590,656        | (\$234,790)   |
| Charges for Services                   | 294,657            | 294,657            | 260,965            | (33,692)  |
| Intergovernmental                      | 276,741            | 276,741            | 245,098            | (31,643)  |
| Other                                  | 26,666             | 26,667             | 23,618             | (3,049)   |
| <i>Total Revenues</i>                  | <u>2,419,240</u>   | <u>2,423,511</u>   | <u>2,120,337</u>   | <u>(303,174)</u>  |
| <b>Expenditures</b>                    |                    |                    |                    |   |
| Current:                               |                    |                    |                    |   |
| Security of Persons and Property:      |                    |                    |                    |   |
| Salaries and Wages                     | 963,156            | 963,156            | 1,022,111          | (58,955)  |
| Fringe Benefits                        | 472,525            | 472,525            | 501,449            | (28,924)  |
| Purchased Services                     | 333,966            | 333,966            | 193,755            | 140,211   |
| Materials and Supplies                 | 54,854             | 54,854             | 33,469             | 21,385  |
| Capital Outlay                         | 543,014            | 543,014            | 293,281            | 249,733   |
| Total Security of Persons and Property | 2,367,515          | 2,367,515          | 2,044,065          | 323,450   |
| Debt Service:                          |                    |                    |                    |   |
| Principal Retirement                   | 80,145             | 80,145             | 80,145             | 0   |
| <i>Total Expenditures</i>              | <u>2,447,660</u>   | <u>2,447,660</u>   | <u>2,124,210</u>   | <u>323,450</u>  |
| <i>Net Change in Fund Balance</i>      | (28,420)           | (24,149)           | (3,873)            | 20,276  |
| <i>Fund Balance Beginning of Year</i>  | 1,405,779          | 1,405,779          | 1,405,779          | 0   |
| Prior Year Encumbrances Appropriated   | 40,559             | 40,559             | 40,559             | 0   |
| <i>Fund Balance End of Year</i>        | <u>\$1,417,918</u> | <u>\$1,422,189</u> | <u>\$1,442,465</u> | <u>\$20,276</u>   |



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Assessment Bond Retirement Fund*  
*For the Year Ended December 31, 2016*

|   | Budgeted Amounts |                 | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------------|-----------|---|
|   | Original         | Final<br>Budget |           |   |
| <b>Revenues</b>                                     |                  |                 |           |   |
| Special Assessments                                 | \$380,546        | \$380,546       | \$202,419 | (\$178,127)   |
| <b>Expenditures</b>                                 |                  |                 |           |   |
| Current:  |                  |                 |           |   |
| General Government:                                 |                  |                 |           |   |
| Purchase Services                                   | 12,168           | 12,168          | 3,097     | 9,071   |
| Debt Service:                                       |                  |                 |           |   |
| Principal Retirement:                               |                  |                 |           |   |
| 1996 Special Assessment Bonds                       | 10,000           | 10,000          | 10,000    | 0   |
| 2010 Various Purpose Bonds - Series B               | 55,000           | 55,000          | 55,000    | 0   |
| 2012 Various Purpose Bonds                          | 24,000           | 24,000          | 24,000    | 0   |
| 2012 Barber Road Refunding Bonds                    | 47,360           | 47,360          | 47,360    | 0   |
| Total Principal Retirement                          | 136,360          | 136,360         | 136,360   | 0   |
| Interest and Fiscal Charges:                        |                  |                 |           |   |
| 1996 Special Assessment Bonds                       | 660              | 660             | 660       | 0   |
| 2010 Various Purpose Bonds - Series B               | 42,529           | 42,529          | 42,529    | 0   |
| 2012 Various Purpose Bonds                          | 18,943           | 18,943          | 18,943    | 0   |
| 2012 Barber Road Refunding Bonds                    | 12,158           | 12,158          | 12,158    | 0   |
| Total Interest and Fiscal Charges                   | 74,290           | 74,290          | 74,290    | 0   |
| Total Debt Service                                  | 210,650          | 210,650         | 210,650   | 0   |
| <i>Total Expenditures</i>                           | 222,818          | 222,818         | 213,747   | 9,071   |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 157,728          | 157,728         | (11,328)  | (169,056)   |
| <b>Other Financing Sources</b>                      |                  |                 |           |   |
| Transfers In  | 26,100           | 272,100         | 0         | (272,100)   |
| <i>Net Change in Fund Balance</i>                   | 183,828          | 429,828         | (11,328)  | (441,156)   |
| <i>Fund Balance Beginning of Year</i>               | 130,792          | 130,792         | 130,792   | 0   |
| <i>Fund Balance End of Year</i>                     | \$314,620        | \$560,620       | \$119,464 | (\$441,156)   |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Water and Sewer Improvements Fund*  
*For the Year Ended December 31, 2016*

|                                       | <u>Budgeted Amounts</u> |                         | <u>Actual</u>      | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|-------------------------|-------------------------|--------------------|---|
|                                       | <u>Original</u>         | <u>Final<br/>Budget</u> |                    |   |
| <b>Revenues</b>                       |                         |                         |                    |   |
| Municipal Income Tax                  | \$620,000               | \$620,000               | \$623,266          | \$3,266   |
| <b>Expenditures</b>                   |                         |                         |                    |   |
| Capital Outlay:                       |                         |                         |                    |   |
| Purchased Services                    | 215,119                 | 154,133                 | 722                | 153,411   |
| Capital Outlay                        | 952,653                 | 1,013,639               | 1,013,639          | 0   |
| Total Capital Outlay                  | 1,167,772               | 1,167,772               | 1,014,361          | 153,411   |
| Debt Service:                         |                         |                         |                    |   |
| Principal Retirement                  | 80,640                  | 80,640                  | 80,640             | 0   |
| Interest and Fiscal Charges           | 20,702                  | 20,702                  | 20,702             | 0   |
| Total Debt Service                    | 101,342                 | 101,342                 | 101,342            | 0   |
| <i>Total Expenditures</i>             | <u>1,269,114</u>        | <u>1,269,114</u>        | <u>1,115,703</u>   | <u>153,411</u>  |
| <i>Net Change in Fund Balance</i>     | (649,114)               | (649,114)               | (492,437)          | 156,677   |
| <i>Fund Balance Beginning of Year</i> | 1,550,044               | 1,550,044               | 1,550,044          | 0   |
| Prior Year Encumbrances Appropriated  | 214,230                 | 214,230                 | 214,230            | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$1,115,160</u>      | <u>\$1,115,160</u>      | <u>\$1,271,837</u> | <u>\$156,677</u>  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Improvement Fund*  
*For the Year Ended December 31, 2016*

|   | Final<br>Budget | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|----------|---|
| <b>Revenues</b>                                     |                 |          |   |
| Intergovernmental                                   | \$83,743        | \$49,564 | (\$34,179)  |
| Interest  | 27              | 16       | (11)  |
| <i>Total Revenues</i>                               | 83,770          | 49,580   | (34,190)  |
| <b>Expenditures</b>                                 |                 |          |   |
| Current:  |                 |          |   |
| Transportation:                                     |                 |          |   |
| State Highway:                                      |                 |          |   |
| Materials and Supplies                              | 50,000          | 50,000   | 0   |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 33,770          | (420)    | (34,190)  |
| <b>Other Financing Sources (Uses)</b>               |                 |          |   |
| Advances Out  | (36,000)        | (36,000) | 0   |
| Transfers In  | 53,655          | 17,655   | (36,000)  |
| <i>Total Other Financing Sources (Uses)</i>         | 17,655          | (18,345) | (36,000)  |
| <i>Net Change in Fund Balance</i>                   | 51,425          | (18,765) | (70,190)  |
| <i>Fund Balance Beginning of Year</i>               | 44,176          | 44,176   | 0   |
| <i>Fund Balance End of Year</i>                     | \$95,601        | \$25,411 | (\$70,190)  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
DARE Program Fund  
For the Year Ended December 31, 2016*

|                                       | Final<br>Budget | Actual  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-----------------|---------|---|
| <b>Revenues</b>                       |                 |         |   |
| Intergovernmental                     | \$25,000        | \$5,500 | (\$19,500)  |
| <b>Expenditures</b>                   | 0               | 0       | 0   |
| <i>Net Change in Fund Balance</i>     | 25,000          | 5,500   | (19,500)  |
| <i>Fund Balance Beginning of Year</i> | 1,084           | 1,084   | 0   |
| <i>Fund Balance End of Year</i>       | \$26,084        | \$6,584 | (\$19,500)  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Drug Law Enforcement Fund  
For the Year Ended December 31, 2016*

|                                       | Final<br>Budget | Actual  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-----------------|---------|---|
| <b>Revenues</b>                       |                 |         |   |
| Fines and Forfeitures                 | \$5,000         | \$140   | (\$4,860)   |
| <b>Expenditures</b>                   |                 |         |   |
| Current:                              |                 |         |   |
| Security of Persons and Property:     |                 |         |   |
| Drug Law Enforcement:                 |                 |         |   |
| Capital Outlay                        | 2,500           | 0       | 2,500   |
| <i>Net Change in Fund Balance</i>     | 2,500           | 140     | (2,360)   |
| <i>Fund Balance Beginning of Year</i> | 2,777           | 2,777   | 0   |
| <i>Fund Balance End of Year</i>       | \$5,277         | \$2,917 | (\$2,360)   |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Fund*  
*For the Year Ended December 31, 2016*

|                                       | Final<br>Budget | Actual  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-----------------|---------|---|
| <b>Revenues</b>                       |                 |         |   |
| Fines and Forfeitures                 | \$5,000         | \$815   | (\$4,185)   |
| <b>Expenditures</b>                   |                 |         |   |
| Current:                              |                 |         |   |
| Security of Persons and Property:     |                 |         |   |
| Law Enforcement:                      |                 |         |   |
| Capital Outlay                        | 2,500           | 0       | 2,500   |
| <i>Net Change in Fund Balance</i>     | 2,500           | 815     | (1,685)   |
| <i>Fund Balance Beginning of Year</i> | 2,377           | 2,377   | 0   |
| <i>Fund Balance End of Year</i>       | \$4,877         | \$3,192 | (\$1,685)   |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
DWI Enforcement and Education Fund  
For the Year Ended December 31, 2016*

|                                       | Final<br>Budget | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-----------------|----------|---|
| <b>Revenues</b>                       |                 |          |   |
| Fines and Forfeitures                 | \$0             | \$6,338  | \$6,338   |
| <b>Expenditures</b>                   |                 |          |   |
| Current:                              |                 |          |   |
| Security of Persons and Property:     |                 |          |   |
| Law Enforcement:                      |                 |          |   |
| Purchased Services                    | 23,421          | 22,052   | 1,369   |
| <i>Net Change in Fund Balance</i>     | (23,421)        | (15,714) | 7,707   |
| <i>Fund Balance Beginning of Year</i> | 17,154          | 17,154   | 0   |
| Prior Year Encumbrances Appropriated  | 8,421           | 8,421    | 0   |
| <i>Fund Balance End of Year</i>       | \$2,154         | \$9,861  | \$7,707   |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Cemetery Fund*  
*For the Year Ended December 31, 2016*

|                                       | Final<br>Budget | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-----------------|----------|---|
| <b>Revenues</b>                       |                 |          |   |
| Charges for Services                  | \$500           | \$2,092  | \$1,592   |
| <b>Expenditures</b>                   |                 |          |   |
| Current:                              |                 |          |   |
| Public Health Services:               |                 |          |   |
| Cemetery:                             |                 |          |   |
| Purchased Services                    | 1,500           | 0        | 1,500   |
| <i>Net Change in Fund Balance</i>     | (1,000)         | 2,092    | 3,092   |
| <i>Fund Balance Beginning of Year</i> | 15,148          | 15,148   | 0   |
| <i>Fund Balance End of Year</i>       | \$14,148        | \$17,240 | \$3,092   |



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Special Events Fund  
For the Year Ended December 31, 2016*

|   | Final<br>Budget       | Actual                | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------------|-----------------------|---|
| <b>Revenues</b>                             |                       |                       |   |
| Contributions and Donations                 | \$350                 | \$50                  | (\$300)   |
| <b>Expenditures</b>                         | <u>0</u>              | <u>0</u>              | <u>0</u>  |
| <i>Excess of Revenues Over Expenditures</i> | 350                   | 50                    | (300)   |
| <b>Other Financing Sources</b>              |                       |                       |   |
| Transfers In                                | <u>3,000</u>          | <u>0</u>              | <u>(3,000)</u>  |
| <i>Net Change in Fund Balance</i>           | 3,350                 | 50                    | (3,300)   |
| <i>Fund Balance Beginning of Year</i>       | <u>4,909</u>          | <u>4,909</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>             | <u><u>\$8,259</u></u> | <u><u>\$4,959</u></u> | <u><u>(\$3,300)</u></u>                                 |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Police and Fire Disability and Pension Fund  
For the Year Ended December 31, 2016*

|   | Final<br>Budget         | Actual                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-------------------------|---|
| <b>Revenues</b>                         |                         |                         |   |
| Property Taxes                          | \$63,247                | \$63,608                | \$361   |
| Intergovernmental                       | 11,370                  | 9,675                   | (1,695)   |
| <i>Total Revenues</i>                   | <u>74,617</u>           | <u>73,283</u>           | <u>(1,334)</u>  |
| <b>Expenditures</b>                     |                         |                         |   |
| Current:                                |                         |                         |   |
| General Government:                     |                         |                         |   |
| Police and Fire Disability and Pension: |                         |                         |   |
| Fringe Benefits                         | 79,712                  | 80,000                  | (288)   |
| Purchased Services                      | 2,488                   | 2,497                   | (9)   |
| <i>Total Expenditures</i>               | <u>82,200</u>           | <u>82,497</u>           | <u>(297)</u>  |
| <i>Net Change in Fund Balance</i>       | (7,583)                 | (9,214)                 | (1,631)   |
| <i>Fund Balance Beginning of Year</i>   | <u>133,786</u>          | <u>133,786</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>         | <u><u>\$126,203</u></u> | <u><u>\$124,572</u></u> | <u><u>(\$1,631)</u></u>                                 |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Mayor's Court Fund  
For the Year Ended December 31, 2016*

|   | Final<br>Budget        | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------------|-------------------|---|
| <b>Revenues</b>                             |                        |                   |   |
| Fines and Forfeitures                       | \$6,300                | \$0               | (\$6,300)   |
| <b>Expenditures</b>                         | <u>0</u>               | <u>0</u>          | <u>0</u>  |
| <i>Excess of Revenues Over Expenditures</i> | 6,300                  | 0                 | (6,300)   |
| <b>Other Financing Uses</b>                 |                        |                   |   |
| Transfers Out                               | <u>0</u>               | <u>(64,363)</u>   | <u>(64,363)</u>   |
| <i>Net Change in Fund Balance</i>           | 6,300                  | (64,363)          | (70,663)  |
| <i>Fund Balance Beginning of Year</i>       | <u>64,363</u>          | <u>64,363</u>     | <u>0</u>  |
| <i>Fund Balance End of Year</i>             | <u><u>\$70,663</u></u> | <u><u>\$0</u></u> | <u><u>(\$70,663)</u></u>                                |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Water System Fund*  
*For the Year Ended December 31, 2016*

|                                       | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-----------------|-----------|---|
| <b>Revenues</b>                       |                 |           |   |
| Charges for Services                  | \$228,000       | \$169,717 | (\$58,283)  |
| <b>Expenditures</b>                   |                 |           |   |
| Current:                              |                 |           |   |
| Public Health Services:               |                 |           |   |
| Waterline Improvement:                |                 |           |   |
| Purchased Services                    | 16,025          | 6,845     | 9,180   |
| Capital Outlay                        | 25,000          | 1,000     | 24,000  |
| <i>Total Expenditures</i>             | 41,025          | 7,845     | 33,180  |
| <i>Net Change in Fund Balance</i>     | 186,975         | 161,872   | (25,103)  |
| <i>Fund Balance Beginning of Year</i> | 767,385         | 767,385   | 0   |
| Prior Year Encumbrances Appropriated  | 425             | 425       | 0   |
| <i>Fund Balance End of Year</i>       | \$954,785       | \$929,682 | (\$25,103)  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Sanitary Sewer Fund*  
*For the Year Ended December 31, 2016*

|                                       | Final<br>Budget         | Actual                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|---------------------------|---|
| <b>Revenues</b>                       |                         |                           |   |
| Charges for Services                  | \$85,000                | \$81,166                  | (\$3,834)   |
| <b>Expenditures</b>                   |                         |                           |   |
| Current:                              |                         |                           |   |
| Public Health Services:               |                         |                           |   |
| Sewerline Improvement:                |                         |                           |   |
| Purchased Services                    | 6,910                   | 1,092                     | 5,818   |
| Capital Outlay                        | 250,000                 | 24,710                    | 225,290   |
| <i>Total Expenditures</i>             | <u>256,910</u>          | <u>25,802</u>             | <u>231,108</u>  |
| <i>Net Change in Fund Balance</i>     | (171,910)               | 55,364                    | 227,274   |
| <i>Fund Balance Beginning of Year</i> | 1,162,000               | 1,162,000                 | 0   |
| Prior Year Encumbrances Appropriated  | <u>2,010</u>            | <u>2,010</u>              | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$992,100</u></u> | <u><u>\$1,219,374</u></u> | <u><u>\$227,274</u></u>                                 |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Equipment Fund*  
*For the Year Ended December 31, 2016*

|   | Final<br>Budget | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|----------|---|
| <b>Revenues</b>                           |                 |          |   |
| Charges for Services                      | \$0             | \$36,395 | \$36,395  |
| <b>Expenditures</b>                       |                 |          |   |
| Current:                                  |                 |          |   |
| Security of Persons and Property:         |                 |          |   |
| Sewerline Improvement:                    |                 |          |   |
| Capital Outlay                            | 24,015          | 24,015   | 0   |
| <i>Net Change in Fund Balance</i>         | (24,015)        | 12,380   | 36,395  |
| <i>Fund Balance Beginning of Year</i>     | 20,219          | 20,219   | 0   |
| <i>Fund Balance (Deficit) End of Year</i> | (\$3,796)       | \$32,599 | \$36,395  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Permissive License Plate Tax Fund*  
*For the Year Ended December 31, 2016*

|  | Final<br>Budget           | Actual                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------------|------------------------|---|
| <b>Revenues</b>                              |                           |                        |   |
| Intergovernmental                            | \$483,760                 | \$70,449               | (\$413,311)   |
| Interest                                     | 4,278                     | 623                    | (3,655)   |
| <i>Total Revenues</i>                        | <u>488,038</u>            | <u>71,072</u>          | <u>(416,966)</u>  |
| <b>Expenditures</b>                          |                           |                        |   |
| Current:                                     |                           |                        |   |
| Transportation:                              |                           |                        |   |
| Special Permissive License Plate Tax:        |                           |                        |   |
| Purchased Services                           | 55,521                    | 55,521                 | 0   |
| Materials and Supplies                       | 124,259                   | 87,558                 | 36,701  |
| Capital Outlay                               | 1,431,108                 | 1,262,086              | 169,022   |
| <i>Total Expenditures</i>                    | <u>1,610,888</u>          | <u>1,405,165</u>       | <u>205,723</u>  |
| <i>Excess of Revenues Under Expenditures</i> | (1,122,850)               | (1,334,093)            | (211,243)   |
| <b>Other Financing Sources</b>               |                           |                        |   |
| Transfers In                                 | 615,699                   | 1,315,699              | 700,000   |
| <i>Net Change in Fund Balance</i>            | (507,151)                 | (18,394)               | 488,757   |
| <i>Fund Balance Beginning of Year</i>        | 42,077                    | 42,077                 | 0   |
| Prior Year Encumbrances Appropriated         | 888                       | 888                    | 0   |
| <i>Fund Balance (Deficit) End of Year</i>    | <u><u>(\$464,186)</u></u> | <u><u>\$24,571</u></u> | <u><u>\$488,757</u></u>                                 |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Community Center Fund*  
*For the Year Ended December 31, 2016*

|   | Final<br>Budget | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|-----------------|---|
| <b>Revenues</b>                             |                 |                 |   |
| Licenses, Permits and Fees                  | \$6,956         | \$8,395         | \$1,439   |
| Intergovernmental                           | 58,004          | 70,000          | 11,996  |
| Miscellaneous                               | 40              | 48              | 8   |
| <i>Total Revenues</i>                       | <u>65,000</u>   | <u>78,443</u>   | <u>13,443</u>   |
| <b>Expenditures</b>                         |                 |                 |   |
| Current:                                    |                 |                 |   |
| Leisure Time Activities:                    |                 |                 |   |
| Community Recreation:                       |                 |                 |   |
| Salaries and Wages                          | 2,890           | 2,090           | 800   |
| Fringe Benefits                             | 345             | 345             | 0   |
| Purchased Services                          | 20,200          | 16,628          | 3,572   |
| <i>Total Expenditures</i>                   | <u>23,435</u>   | <u>19,063</u>   | <u>4,372</u>  |
| <i>Excess of Revenues Over Expenditures</i> | 41,565          | 59,380          | 17,815  |
| <b>Other Financing Sources</b>              |                 |                 |   |
| Transfers In                                | 15,000          | 15,000          | 0   |
| <i>Net Change in Fund Balance</i>           | 56,565          | 74,380          | 17,815  |
| <i>Fund Deficit Beginning of Year</i>       | <u>(45,000)</u> | <u>(45,000)</u> | <u>0</u>  |
| <i>Fund Balance End of Year</i>             | <u>\$11,565</u> | <u>\$29,380</u> | <u>\$17,815</u>   |



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Greenwich Road Fund  
For the Year Ended December 31, 2016*

|   | Final<br>Budget | Actual  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|---------|---|
| <b>Revenues</b>                           | \$0             | \$0     | \$0   |
| <b>Expenditures</b>                       |                 |         |   |
| Current:                                  |                 |         |   |
| Leisure Time Activities:                  |                 |         |   |
| Historical Greenwich Road:                |                 |         |   |
| Purchased Services                        | 6,800           | 1,648   | 5,152   |
| <i>Net Change in Fund Balance</i>         | (6,800)         | (1,648) | 5,152   |
| <i>Fund Balance Beginning of Year</i>     | 2,440           | 2,440   | 0   |
| <i>Fund Balance (Deficit) End of Year</i> | (\$4,360)       | \$792   | \$5,152   |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recycling Fund*  
*For the Year Ended December 31, 2016*

|                                       | Final<br>Budget | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-----------------|----------------|---|
| <b>Revenues</b>                       |                 |                |   |
| Intergovernmental                     | \$6,500         | \$4,481        | (2,019)   |
| <b>Expenditures</b>                   |                 |                |   |
| Current:                              |                 |                |   |
| General Government:                   |                 |                |   |
| Recycling:                            |                 |                |   |
| Purchased Services                    | 10,500          | 13,226         | (2,726)   |
| <i>Net Change in Fund Balance</i>     | (4,000)         | (8,745)        | (4,745)   |
| <i>Fund Balance Beginning of Year</i> | 18,067          | 18,067         | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$14,067</u> | <u>\$9,322</u> | <u>(\$4,745)</u>  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Brentwood Water Fund  
For the Year Ended December 31, 2016*

|   | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|------------|---|
| <b>Revenues</b>                             | \$0             | \$0        | \$0   |
| <b>Expenditures</b>                         | 0               | 0          | 0   |
| <i>Excess of Revenues Over Expenditures</i> | 0               | 0          | 0   |
| <b>Other Financing Uses</b>                 |                 |            |   |
| Transfers Out                               | 0               | (59,910)   | (59,910)  |
| <i>Net Change in Fund Balance</i>           | 0               | (59,910)   | (59,910)  |
| <i>Fund Balance Beginning of Year</i>       | 59,910          | 59,910     | 0   |
| <i>Fund Balance End of Year</i>             | <u>\$59,910</u> | <u>\$0</u> | <u>(\$59,910)</u>                                       |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Obligation Bond Retirement Fund*  
*For the Year Ended December 31, 2016*

|   | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|-----------|---|
| <b>Revenues</b>                                     |                 |           |   |
| Other   | \$380,000       | \$2,464   | (\$377,536)   |
| <b>Expenditures</b>                                 |                 |           |   |
| Current:  |                 |           |   |
| General Government:                                 |                 |           |   |
| Purchased Services                                  | 15,101          | 58        | 15,043  |
| Debt Service:                                       |                 |           |   |
| Principal Retirement:                               |                 |           |   |
| 2010 Various Purpose Bonds - Series A               | 75,000          | 75,000    | 0   |
| 2012 General Obligation Refunding Bonds             | 128,000         | 128,000   | 0   |
| Total Principal Retirement                          | 203,000         | 203,000   | 0   |
| Interest and Fiscal Charges:                        |                 |           |   |
| 2010 Various Purpose Bonds - Series A               | 99,097          | 99,097    | 0   |
| 2012 General Obligation Refunding Bonds             | 12,160          | 12,160    | 0   |
| Total Interest and Fiscal Charges                   | 111,257         | 111,257   | 0   |
| Total Debt Service                                  | 314,257         | 314,257   | 0   |
| <i>Total Expenditures</i>                           | 329,358         | 314,315   | 15,043  |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 50,642          | (311,851) | (362,493)   |
| <b>Other Financing Sources</b>                      |                 |           |   |
| Transfers In  | 474,401         | 312,861   | (161,540)   |
| <i>Net Change in Fund Balance</i>                   | 525,043         | 1,010     | (524,033)   |
| <i>Fund Balance Beginning of Year</i>               | 96              | 96        | 0   |
| <i>Fund Balance End of Year</i>                     | \$525,139       | \$1,106   | (\$524,033)   |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Land and Land Improvements Fund  
For the Year Ended December 31, 2016*

|                                       | Final<br>Budget         | Actual                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|-------------------------|---|
| <b>Revenues</b>                       |                         |                         |   |
| Charges for Services                  | \$131,597               | \$126,447               | (\$5,150)   |
| Other                                 | 3,403                   | 3,270                   | (133)   |
| <i>Total Revenues</i>                 | <u>135,000</u>          | <u>129,717</u>          | <u>(5,283)</u>  |
| <b>Expenditures</b>                   |                         |                         |   |
| Capital Outlay:                       |                         |                         |   |
| Capital Outlay                        | <u>107,875</u>          | <u>65,599</u>           | <u>42,276</u>   |
| Debt Service:                         |                         |                         |   |
| Principal Retirement                  | 15,000                  | 15,000                  | 0   |
| Interest and Fiscal Charges           | <u>3,600</u>            | <u>3,600</u>            | <u>0</u>  |
| Total Debt Service                    | <u>18,600</u>           | <u>18,600</u>           | <u>0</u>  |
| <i>Total Expenditures</i>             | <u>126,475</u>          | <u>84,199</u>           | <u>42,276</u>   |
| <i>Net Change in Fund Balance</i>     | 8,525                   | 45,518                  | 36,993  |
| <i>Fund Balance Beginning of Year</i> | 189,593                 | 189,593                 | 0   |
| Prior Year Encumbrances Appropriated  | <u>7,875</u>            | <u>7,875</u>            | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$205,993</u></u> | <u><u>\$242,986</u></u> | <u><u>\$36,993</u></u>                                  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Streets, Highways and Bridges Fund*  
*For the Year Ended December 31, 2016*

|   | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|-----------|---|
| <b>Revenues</b>                           |                 |           |   |
| Intergovernmental                         | \$350,000       | \$1,537   | (\$348,463)   |
| <b>Expenditures</b>                       |                 |           |   |
| Capital Outlay:                           |                 |           |   |
| Capital Outlay                            | 885,835         | 4,029     | 881,806   |
| <i>Net Change in Fund Balance</i>         | (535,835)       | (2,492)   | 533,343   |
| <i>Fund Balance Beginning of Year</i>     | 158,288         | 158,288   | 0   |
| Prior Year Encumbrances Appropriated      | 35,835          | 35,835    | 0   |
| <i>Fund Balance (Deficit) End of Year</i> | (\$341,712)     | \$191,631 | \$533,343   |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Storm Sewer Fund*  
*For the Year Ended December 31, 2016*

|                                       | Final<br>Budget | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-----------------|----------|---|
| <b>Revenues</b>                       | \$0             | \$0      | \$0   |
| <b>Expenditures</b>                   |                 |          |   |
| Capital Outlay:                       |                 |          |   |
| Capital Outlay                        | 21,198          | 14,869   | 6,329   |
| <i>Net Change in Fund Balance</i>     | (21,198)        | (14,869) | 6,329   |
| <i>Fund Balance Beginning of Year</i> | 0               | 0        | 0   |
| Prior Year Encumbrances Appropriated  | 21,198          | 21,198   | 0   |
| <i>Fund Balance End of Year</i>       | \$0             | \$6,329  | \$6,329   |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Newpark Drive Reconstruction Fund*  
*For the Year Ended December 31, 2016*

|  | Final<br>Budget | Actual | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------|--------|---|
| <b>Revenues</b>                              | \$0             | \$0    | \$0   |
| <b>Expenditures</b>                          |                 |        |   |
| Capital Outlay:                              |                 |        |   |
| Capital Outlay                               | 645,000         | 540    | 644,460   |
| <i>Excess of Revenues Under Expenditures</i> | (645,000)       | (540)  | 644,460   |
| <b>Other Financing Sources</b>               |                 |        |   |
| Transfers In                                 | 504             | 540    | 36  |
| <i>Net Change in Fund Balance</i>            | (644,496)       | 0      | 644,496   |
| <i>Fund Balance Beginning of Year</i>        | 0               | 0      | 0   |
| <i>Fund Balance (Deficit) End of Year</i>    | (\$644,496)     | \$0    | \$644,496   |



**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Nash Heights East Fund*  
*For the Year Ended December 31, 2016*

|   | Final<br>Budget      | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|----------------------|------------|---|
| <b>Revenues</b>                           |                      |            |   |
| Intergovernmental                         | \$300,500            | \$0        | (\$300,500)   |
| <b>Expenditures</b>                       |                      |            |   |
| Capital Outlay:                           |                      |            |   |
| Capital Outlay                            | 4,130,000            | 0          | 4,130,000   |
| <i>Net Change in Fund Balance</i>         | (3,829,500)          | 0          | 3,829,500   |
| <i>Fund Balance Beginning of Year</i>     | 0                    | 0          | 0   |
| <i>Fund Balance (Deficit) End of Year</i> | <u>(\$3,829,500)</u> | <u>\$0</u> | <u>\$3,829,500</u>                                      |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Cleveland-Massillon Widening Fund*  
*For the Year Ended December 31, 2016*

|  | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------|-----------|---|
| <b>Revenues</b>                              |                 |           |   |
| Intergovernmental                            | \$0             | \$312,656 | \$312,656   |
| <b>Expenditures</b>                          |                 |           |   |
| Capital Outlay:                              |                 |           |   |
| Capital Outlay                               | 798,881         | 906,414   | (107,533)   |
| <i>Excess of Revenues Under Expenditures</i> | (798,881)       | (593,758) | 205,123   |
| <b>Other Financing Sources</b>               |                 |           |   |
| Transfers In                                 | 400,000         | 550,000   | (150,000)   |
| <i>Net Change in Fund Balance</i>            | (398,881)       | (43,758)  | 55,123  |
| <i>Fund Balance Beginning of Year</i>        | 1,642           | 1,642     | 0   |
| Prior Year Encumbrances Appropriated         | 186,881         | 186,881   | 0   |
| <i>Fund Balance (Deficit) End of Year</i>    | (\$210,358)     | \$144,765 | \$55,123  |

**City of Norton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Greenwich Pump Station Fund*  
*For the Year Ended December 31, 2016*

|   | Final<br>Budget | Actual | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|--------|---|
| <b>Revenues</b>                           | \$0             | \$0    | \$0   |
| <b>Expenditures</b>                       |                 |        |   |
| Capital Outlay:                           |                 |        |   |
| Capital Outlay                            | 550,000         | 0      | 550,000   |
| <i>Net Change in Fund Balance</i>         | (550,000)       | 0      | 550,000   |
| <i>Fund Balance Beginning of Year</i>     | 0               | 0      | 0   |
| <i>Fund Balance (Deficit) End of Year</i> | (\$550,000)     | \$0    | \$550,000   |

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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*City of*  
**NORTON**

**Statistical**

**Section**



**2016**

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# Statistical Section

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

| <b><u>Contents</u></b> | <b><u>Page(s)</u></b> |
|------------------------|-----------------------|
|------------------------|-----------------------|

|                         |               |
|-------------------------|---------------|
| <b>Financial Trends</b> | <b>S2-S11</b> |
|-------------------------|---------------|

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

|                         |                |
|-------------------------|----------------|
| <b>Revenue Capacity</b> | <b>S12-S20</b> |
|-------------------------|----------------|

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These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the municipal income tax.

|                      |                |
|----------------------|----------------|
| <b>Debt Capacity</b> | <b>S21-S25</b> |
|----------------------|----------------|

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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

|   |                |
|---|----------------|
| <b>Economic and Demographic Information</b> | <b>S26-S28</b> |
|---|----------------|

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These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

|                              |                |
|------------------------------|----------------|
| <b>Operating Information</b> | <b>S30-S37</b> |
|------------------------------|----------------|

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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**City of Norton, Ohio**  
*Net Position by Component*  
*Last Ten Years*  
*(Accrual Basis of Accounting)*

|   | <u>2016</u>                | <u>2015 (1)</u>            | <u>2014</u>                | <u>2013</u>                |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Governmental Activities                           |                            |                            |                            |                            |
| Net Investment in Capital Assets                  | \$21,366,802               | \$19,026,829               | \$17,549,395               | \$15,997,153               |
| Restricted:                                       |                            |                            |                            |                            |
| Capital Projects                                  | 419,111                    | 255,837                    | 298,792                    | 319,094                    |
| Debt Service                                      | 2,030,745                  | 1,883,002                  | 2,135,396                  | 2,206,606                  |
| Police  | 128,039                    | 133,343                    | 108,101                    | 87,313                     |
| Fire/EMS  | 1,823,272                  | 1,919,138                  | 1,714,333                  | 1,600,748                  |
| Transportation                                    | 721,503                    | 972,141                    | 960,450                    | 1,035,559                  |
| Sewerline/Waterline Maintenance                   | 2,197,256                  | 1,980,557                  | 1,662,644                  | 1,621,036                  |
| Other Purposes                                    | 0                          | 64,363                     | 63,297                     | 60,950                     |
| Unclaimed Monies                                  | 9,542                      | 8,329                      | 8,329                      | 7,033                      |
| Unrestricted                                      | <u>2,711,856</u>           | <u>3,736,490</u>           | <u>3,152,937</u>           | <u>6,049,719</u>           |
| <i>Total Governmental Activities Net Position</i> | <u><u>\$31,408,126</u></u> | <u><u>\$29,980,029</u></u> | <u><u>\$27,653,674</u></u> | <u><u>\$28,985,211</u></u> |

(1) The City reported the impact of GASB Statement No. 68 beginning in 2015.



| 2012                | 2011                | 2010                | 2009                | 2008                | 2007                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$15,103,220        | \$15,529,859        | \$14,229,214        | \$12,983,587        | \$10,673,140        | \$9,834,555         |
| 454,614             | 325,017             | 949,705             | 966,739             | 768,494             | 423,673             |
| 2,269,790           | 399,345             | 383,156             | 682,976             | 820,130             | 918,452             |
| 62,123              | 83,564              | 66,161              | 33,363              | 45,893              | 36,217              |
| 1,338,729           | 1,186,143           | 1,632,559           | 922,576             | 735,962             | 186,546             |
| 780,096             | 647,652             | 504,317             | 992,559             | 1,012,433           | 1,063,984           |
| 1,497,061           | 851,439             | 717,047             | 1,304,656           | 1,146,715           | 881,202             |
| 57,990              | 52,709              | 113,047             | 160,556             | 393,029             | 180,234             |
| 6,633               | 5,320               | 5,320               | 0                   | 0                   | 0                   |
| 5,446,624           | 4,212,600           | 2,972,863           | 1,570,092           | 1,365,408           | 2,070,283           |
| <u>\$27,016,880</u> | <u>\$23,293,648</u> | <u>\$21,573,389</u> | <u>\$19,617,104</u> | <u>\$16,961,204</u> | <u>\$15,595,146</u> |

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

|   | 2016                 | 2015 (1)             | 2014                 | 2013                 |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Program Revenues</b>                               |                      |                      |                      |                      |
| Governmental Activities:                              |                      |                      |                      |                      |
| Charges for Services and Sales:                       |                      |                      |                      |                      |
| General Government                                    | \$331,914            | \$320,652            | \$301,110            | \$361,645            |
| Security of Persons and Property                      | 369,815              | 390,310              | 457,479              | 452,148              |
| Transportation  | 13,888               | 20,008               | 80,220               | 45,147               |
| Community Environment                                 | 3,468                | 4,381                | 14,538               | 11,415               |
| Public Health Services                                | 251,703              | 326,831              | 283,247              | 269,186              |
| Leisure Time Activities                               | 16,753               | 11,498               | 6,418                | 4,862                |
| Subtotal - Charges for Services                       | <u>987,541</u>       | <u>1,073,680</u>     | <u>1,143,012</u>     | <u>1,144,403</u>     |
| Operating Grants and Contributions:                   |                      |                      |                      |                      |
| General Government                                    | 14,190               | 20,362               | 21,670               | 15,076               |
| Security of Persons and Property                      | 250,064              | 600,938              | 244,608              | 285,302              |
| Transportation  | 834,131              | 730,329              | 754,921              | 776,227              |
| Community Environment                                 | 0                    | 0                    | 0                    | 0                    |
| Leisure Time Activities                               | 2,488                | 8,314                | 2,912                | 0                    |
| Subtotal - Operating Grants and Contributions         | <u>1,100,873</u>     | <u>1,359,943</u>     | <u>1,024,111</u>     | <u>1,076,605</u>     |
| Capital Grants and Contributions:                     |                      |                      |                      |                      |
| General Government                                    | 0                    | 0                    | 0                    | 0                    |
| Security of Persons and Property                      | 0                    | 0                    | 0                    | 0                    |
| Transportation  | 314,191              | 335,767              | 554,695              | 214,930              |
| Public Health Services                                | 0                    | 0                    | 0                    | 0                    |
| Leisure Time Activities                               | 0                    | 0                    | 0                    | 0                    |
| Subtotal - Capital Grants and Contributions           | <u>314,191</u>       | <u>335,767</u>       | <u>554,695</u>       | <u>214,930</u>       |
| <i>Total Governmental Activities Program Revenues</i> | <u>2,402,605</u>     | <u>2,769,390</u>     | <u>2,721,818</u>     | <u>2,435,938</u>     |
| <b>Expenses</b>                                       |                      |                      |                      |                      |
| Governmental Activities:                              |                      |                      |                      |                      |
| General Government                                    | 2,182,194            | 2,215,323            | 1,897,592            | 1,936,401            |
| Security of Persons and Property                      | 4,639,014            | 4,279,816            | 4,054,819            | 4,046,180            |
| Transportation  | 1,864,094            | 1,861,856            | 2,219,620            | 1,585,557            |
| Community Environment                                 | 50,195               | 83,176               | 182,717              | 176,888              |
| Public Health Services                                | 154,236              | 26,810               | 279,427              | 88,571               |
| Leisure Time Activities                               | 278,580              | 359,994              | 115,566              | 153,148              |
| Interest and Fiscal Charges                           | 216,860              | 218,992              | 218,845              | 250,152              |
| <i>Total Governmental Activities Expenses</i>         | <u>9,385,173</u>     | <u>9,045,967</u>     | <u>8,968,586</u>     | <u>8,236,897</u>     |
| <b>Net (Expense)/Revenue</b>                          | <u>(\$6,982,568)</u> | <u>(\$6,276,577)</u> | <u>(\$6,246,768)</u> | <u>(\$5,800,959)</u> |

| 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$2,264,295          | \$302,108            | \$276,251            | \$300,905            | \$301,207            | \$227,855            |
| 410,342              | 598,990              | 297,053              | 360,415              | 396,414              | 408,448              |
| 5,346                | 97,791               | 19,669               | 17,867               | 44,801               | 15,047               |
| 13,861               | 9,913                | 11,201               | 9,121                | 14,141               | 19,018               |
| 335,691              | 98,585               | 583,767              | 229,682              | 313,884              | 321,192              |
| 3,977                | 8,123                | 113,014              | 9,285                | 7,983                | 9,893                |
| <u>3,033,512</u>     | <u>1,115,510</u>     | <u>1,300,955</u>     | <u>927,275</u>       | <u>1,078,430</u>     | <u>1,001,453</u>     |
| 0                    | 0                    | 0                    | 33,741               | 1,520                | 9,030                |
| 236,940              | 245,158              | 431,812              | 293,797              | 190,692              | 57,822               |
| 759,919              | 776,542              | 1,040,826            | 861,965              | 835,367              | 751,886              |
| 0                    | 0                    | 0                    | 0                    | 0                    | 4,293                |
| 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| <u>996,859</u>       | <u>1,021,700</u>     | <u>1,472,638</u>     | <u>1,189,503</u>     | <u>1,027,579</u>     | <u>823,031</u>       |
| 0                    | 0                    | 0                    | 0                    | 27,549               | 47,346               |
| 0                    | 0                    | 0                    | 0                    | 0                    | 125,852              |
| 145,167              | 257,935              | 3,971                | 1,156,369            | 12,282               | 0                    |
| 0                    | 8,388                | 377,076              | 597,946              | 53,216               | 0                    |
| 0                    | 0                    | 0                    | 247,550              | 0                    | 146,993              |
| <u>145,167</u>       | <u>266,323</u>       | <u>381,047</u>       | <u>2,001,865</u>     | <u>93,047</u>        | <u>320,191</u>       |
| <u>4,175,538</u>     | <u>2,403,533</u>     | <u>3,154,640</u>     | <u>4,118,643</u>     | <u>2,199,056</u>     | <u>2,144,675</u>     |
| 2,024,702            | 1,867,424            | 2,162,226            | 2,125,361            | 1,960,544            | 1,797,290            |
| 3,404,024            | 3,894,241            | 4,596,289            | 3,663,609            | 3,635,906            | 3,486,686            |
| 1,369,735            | 1,361,018            | 942,026              | 1,350,060            | 1,890,748            | 1,305,616            |
| 205,175              | 136,519              | 207,963              | 215,613              | 264,377              | 266,813              |
| 90,538               | 336,423              | 0                    | 149,466              | 134,428              | 167,598              |
| 132,009              | 173,648              | 151,742              | 130,210              | 187,932              | 172,172              |
| 355,527              | 280,450              | 241,181              | 219,038              | 130,774              | 174,121              |
| <u>7,581,710</u>     | <u>8,049,723</u>     | <u>8,301,427</u>     | <u>7,853,357</u>     | <u>8,204,709</u>     | <u>7,370,296</u>     |
| <u>(\$3,406,172)</u> | <u>(\$5,646,190)</u> | <u>(\$5,146,787)</u> | <u>(\$3,734,714)</u> | <u>(\$6,005,653)</u> | <u>(\$5,225,621)</u> |

(continued)

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

|   | 2016               | 2015 (1)           | 2014               | 2013               |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>General Revenues and Other Changes in Net Position</b> |                    |                    |                    |                    |
| Governmental Activities                                   |                    |                    |                    |                    |
| Taxes:  |                    |                    |                    |                    |
| Property Taxes Levied For:                                |                    |                    |                    |                    |
| General Purposes  | \$337,668          | \$337,438          | \$344,483          | \$334,169          |
| Police and Fire Disability and Pension                    | 63,312             | 63,270             | 64,597             | 62,650             |
| Fire/EMS  | 1,583,197          | 1,762,935          | 1,636,440          | 1,651,119          |
| Municipal Income Taxes levied for                         |                    |                    |                    |                    |
| General Purposes  | 5,291,209          | 5,236,793          | 4,523,622          | 4,391,800          |
| Debt Service  | 0                  | 0                  | 0                  | 0                  |
| Capital Projects  | 0                  | 0                  | 0                  | 0                  |
| Street Repair and Maintenance                             | 0                  | 0                  | 0                  | 0                  |
| Water and Sewer Improvements                              | 636,854            | 648,945            | 624,802            | 694,590            |
| Grants and Entitlements not Restricted to                 |                    |                    |                    |                    |
| Specific Programs   | 394,364            | 422,526            | 430,244            | 455,722            |
| Interest  | 14,469             | 4,355              | 4,331              | 6,920              |
| Other   | 89,592             | 126,670            | 112,396            | 172,320            |
| <i>Total Governmental Activities</i>                      | <u>8,410,665</u>   | <u>8,602,932</u>   | <u>7,740,915</u>   | <u>7,769,290</u>   |
| <b>Change in Net Position</b>                             | <u>\$1,428,097</u> | <u>\$2,326,355</u> | <u>\$1,494,147</u> | <u>\$1,968,331</u> |

(1) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

| 2012        | 2011        | 2010        | 2009        | 2008        | 2007      |
|-------------|-------------|-------------|-------------|-------------|-----------|
| \$382,368   | \$337,450   | \$379,153   | \$378,213   | \$357,431   | \$430,607 |
| 63,078      | 71,888      | 88,107      | 70,915      | 67,018      | 81,662    |
| 1,215,093   | 1,303,819   | 1,285,947   | 1,281,165   | 1,326,211   | 742,025   |
| 4,316,218   | 4,227,715   | 3,745,475   | 3,461,568   | 3,903,789   | 2,759,385 |
| 0           | 80,000      | 113,273     | 0           | 0           | 252,565   |
| 0           | 0           | 0           | 0           | 0           | 157,456   |
| 0           | 0           | 0           | 0           | 0           | 542,585   |
| 549,706     | 406,234     | 310,855     | 135,842     | 0           | 0         |
| 409,661     | 753,015     | 908,884     | 811,264     | 1,577,087   | 953,675   |
| 6,069       | 6,412       | 9,242       | 75,019      | 101,997     | 282,650   |
| 187,211     | 179,916     | 262,136     | 176,628     | 38,178      | 19,459    |
| 7,129,404   | 7,366,449   | 7,103,072   | 6,390,614   | 7,371,711   | 6,222,069 |
| \$3,723,232 | \$1,720,259 | \$1,956,285 | \$2,655,900 | \$1,366,058 | \$996,448 |

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

|   | 2016                | 2015                | 2014               | 2013               |
|---|---------------------|---------------------|--------------------|--------------------|
| <b>General Fund</b>                       |                     |                     |                    |                    |
| Nonspendable                              | \$38,681            | \$26,969            | \$37,610           | \$98,982           |
| Committed                                 | 49,313              | 139,396             | 288,342            | 288,560            |
| Assigned                                  | 391,007             | 1,319,338           | 2,294,197          | 897,613            |
| Unassigned                                | 2,889,200           | 2,432,922           | 1,057,499          | 2,661,398          |
| Reserved                                  | N/A                 | N/A                 | N/A                | N/A                |
| Unreserved                                | N/A                 | N/A                 | N/A                | N/A                |
| <b>Total General Fund</b>                 | <u>3,368,201</u>    | <u>3,918,625</u>    | <u>3,677,648</u>   | <u>3,946,553</u>   |
| <b>All Other Governmental Funds</b>       |                     |                     |                    |                    |
| Nonspendable                              | 446,443             | 243,160             | 189,003            | 383,514            |
| Restricted                                | 4,519,704           | 4,612,381           | 4,035,695          | 3,984,514          |
| Committed                                 | 1,611,360           | 1,832,367           | 1,635,499          | 1,472,771          |
| Assigned                                  | 276,999             | 254,185             | 241,059            | 237,206            |
| Unassigned (Deficit)                      | N/A                 | (139,208)           | (162,453)          | (184,773)          |
| Reserved                                  | N/A                 | N/A                 | N/A                | N/A                |
| Unreserved, Undesignated, Reported in:    |                     |                     |                    |                    |
| Special Revenue funds                     | N/A                 | N/A                 | N/A                | N/A                |
| Debt Service funds                        | N/A                 | N/A                 | N/A                | N/A                |
| Capital Projects funds (Deficit)          | N/A                 | N/A                 | N/A                | N/A                |
| <b>Total All Other Governmental Funds</b> | <u>6,854,506</u>    | <u>6,802,885</u>    | <u>5,938,803</u>   | <u>5,893,232</u>   |
| <b>Total Governmental Funds</b>           | <u>\$10,222,707</u> | <u>\$10,721,510</u> | <u>\$9,616,451</u> | <u>\$9,839,785</u> |

Note: Due to the implementation of GASB Statement No. 54, in 2009-2016 the special permissive license plate tax, community center, Greenwich Road, recycling, scrap tire and Brentwood water funds are included with general fund on a GAAP basis. In 2008 and prior years, these fund balances were included in all other governmental funds.

| 2012               | 2011               | 2010               | 2009               | 2008               | 2007               |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$44,748           | \$32,783           | \$27,921           | \$27,037           | N/A                | N/A                |
| 119,975            | 253,670            | 217,314            | 218,844            | N/A                | N/A                |
| 424,568            | 96,525             | 108,088            | 563,189            | N/A                | N/A                |
| 3,154,498          | 2,403,847          | 1,130,346          | 384,481            | N/A                | N/A                |
| N/A                | N/A                | N/A                | N/A                | \$152,340          | \$29,733           |
| N/A                | N/A                | N/A                | N/A                | 1,534,583          | 1,871,927          |
| <u>3,743,789</u>   | <u>2,786,825</u>   | <u>1,483,669</u>   | <u>1,193,551</u>   | <u>1,686,923</u>   | <u>1,901,660</u>   |
| 329,246            | 260,680            | 247,239            | 273,409            | N/A                | N/A                |
| 3,613,285          | 2,476,805          | 3,254,262          | 2,208,636          | N/A                | N/A                |
| 1,176,524          | 767,541            | 372,084            | 62,195             | N/A                | N/A                |
| 151,091            | 91,777             | 211,448            | 208,707            | N/A                | N/A                |
| (253,907)          | (236,462)          | (184,108)          | (1,759,933)        | N/A                | N/A                |
| N/A                | N/A                | N/A                | N/A                | 342,587            | 219,485            |
| N/A                | N/A                | N/A                | N/A                | 2,122,723          | 1,830,304          |
| N/A                | N/A                | N/A                | N/A                | 63,349             | 61,381             |
| N/A                | N/A                | N/A                | N/A                | (182,235)          | 38,243             |
| <u>5,016,239</u>   | <u>3,360,341</u>   | <u>3,900,925</u>   | <u>993,014</u>     | <u>2,346,424</u>   | <u>2,149,413</u>   |
| <u>\$8,760,028</u> | <u>\$6,147,166</u> | <u>\$5,384,594</u> | <u>\$2,186,565</u> | <u>\$4,033,347</u> | <u>\$4,051,073</u> |

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

|   | 2016               | 2015               | 2014               | 2013               |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>Revenues</b>   |                    |                    |                    |                    |
| Property Taxes  | \$1,993,504        | \$2,001,248        | \$2,026,631        | \$2,082,476        |
| Municipal Income Taxes                                  | 5,855,346          | 5,832,540          | 4,963,954          | 5,086,439          |
| Charges for Services                                    | 904,150            | 948,416            | 850,157            | 845,918            |
| Special Assessments                                     | 202,419            | 203,517            | 216,399            | 220,208            |
| Licenses, Permits and Fees                              | 46,625             | 58,842             | 157,191            | 45,683             |
| Fines and Forfeitures                                   | 25,588             | 35,324             | 74,276             | 87,202             |
| Intergovernmental                                       | 1,803,860          | 2,189,512          | 1,998,353          | 1,693,928          |
| Contributions and Donations                             | 50                 | 0                  | 0                  | 0                  |
| Interest  | 14,469             | 4,355              | 4,331              | 6,920              |
| Other   | 89,592             | 126,670            | 112,396            | 172,320            |
| <i>Total Revenues</i>                                   | <u>10,935,603</u>  | <u>11,400,424</u>  | <u>10,403,688</u>  | <u>10,241,094</u>  |
| <b>Expenditures</b>                                     |                    |                    |                    |                    |
| Current:  |                    |                    |                    |                    |
| General Government                                      | 2,177,948          | 2,252,940          | 1,859,765          | 1,963,390          |
| Security of Persons and Property                        | 4,359,494          | 4,177,697          | 3,992,931          | 3,818,902          |
| Transportation  | 2,526,130          | 1,835,865          | 1,758,558          | 1,389,802          |
| Community Environment                                   | 49,538             | 83,273             | 209,388            | 176,232            |
| Public Health Services                                  | 32,912             | 7,532              | 138,189            | 91,729             |
| Leisure Time Activities                                 | 259,183            | 307,243            | 63,375             | 78,496             |
| Capital Outlay  | 1,554,870          | 909,614            | 1,160,198          | 712,306            |
| Debt Service:   |                    |                    |                    |                    |
| Principal Retirement                                    | 558,170            | 490,121            | 1,459,298          | 1,720,000          |
| Interest and Fiscal Charges                             | 221,349            | 231,080            | 241,729            | 274,652            |
| Bond Issuance Costs                                     | 0                  | 0                  | 0                  | 0                  |
| <i>Total Expenditures</i>                               | <u>11,739,594</u>  | <u>10,295,365</u>  | <u>10,883,431</u>  | <u>10,225,509</u>  |
| <i>Excess of Revenues Over (Under) Expenditures</i>     | <u>(803,991)</u>   | <u>1,105,059</u>   | <u>(479,743)</u>   | <u>15,585</u>      |
| <b>Other Financing Sources (Uses)</b>                   |                    |                    |                    |                    |
| Sale of Capital Assets                                  | 33,188             | 0                  | 0                  | 0                  |
| Inception of Capital Lease                              | 272,000            | 0                  | 256,409            | 64,172             |
| Refunding Bonds Issued                                  | 0                  | 0                  | 0                  | 0                  |
| General Obligation Bonds Issued                         | 0                  | 0                  | 0                  | 0                  |
| Special Assessment Bonds Issued                         | 0                  | 0                  | 0                  | 0                  |
| Premium on Bonds  | 0                  | 0                  | 0                  | 0                  |
| Notes Issued  | 0                  | 0                  | 0                  | 1,000,000          |
| Premium on Notes  | 0                  | 0                  | 0                  | 0                  |
| Payments to Refunded Bond Escrow Agent                  | 0                  | 0                  | 0                  | 0                  |
| Refunded Bonds Redeemed                                 | 0                  | 0                  | 0                  | 0                  |
| Transfers In  | 1,666,557          | 1,409,482          | 844,785            | 1,061,733          |
| Transfers Out   | (1,666,557)        | (1,409,482)        | (844,785)          | (1,061,733)        |
| <i>Total Other Financing Sources (Uses)</i>             | <u>305,188</u>     | <u>0</u>           | <u>256,409</u>     | <u>1,064,172</u>   |
| <i>Net Change in Fund Balances</i>                      | <u>(\$498,803)</u> | <u>\$1,105,059</u> | <u>(\$223,334)</u> | <u>\$1,079,757</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 8.8%               | 8.3%               | 17.4%              | 21.7%              |



| 2012        | 2011        | 2010        | 2009          | 2008        | 2007        |
|-------------|-------------|-------------|---------------|-------------|-------------|
| \$1,686,380 | \$1,683,465 | \$1,730,639 | \$1,690,813   | \$1,758,595 | \$1,164,082 |
| 4,837,150   | 4,645,951   | 4,182,044   | 3,738,028     | 3,995,958   | 3,880,264   |
| 889,126     | 665,220     | 919,612     | 706,886       | 819,646     | 720,637     |
| 189,719     | 160,343     | 270,117     | 75,171        | 76,111      | 71,790      |
| 47,727      | 33,694      | 73,657      | 74,823        | 102,918     | 102,217     |
| 90,768      | 170,662     | 145,257     | 115,799       | 109,155     | 170,967     |
| 1,659,832   | 2,256,857   | 2,660,564   | 2,533,500     | 2,543,424   | 1,925,630   |
| 0           | 0           | 0           | 0             | 0           | 0           |
| 6,069       | 6,412       | 9,242       | 75,019        | 101,997     | 282,650     |
| 187,211     | 179,916     | 262,136     | 176,628       | 38,178      | 19,459      |
| 9,593,982   | 9,802,520   | 10,253,268  | 9,186,667     | 9,545,982   | 8,337,696   |
| 1,798,467   | 2,039,058   | 2,237,251   | 2,577,602     | 2,004,444   | 1,819,921   |
| 3,222,091   | 3,763,267   | 6,642,568   | 3,716,697     | 4,056,371   | 3,198,169   |
| 1,163,451   | 1,382,450   | 1,715,431   | 1,708,913     | 1,758,624   | 2,155,630   |
| 181,650     | 136,317     | 209,513     | 221,965       | 258,713     | 256,666     |
| 112,933     | 69,907      | 1,037,150   | 230,224       | 54,164      | 92,725      |
| 92,904      | 140,871     | 133,830     | 251,167       | 171,382     | 159,719     |
| 392,174     | 365,560     | 516,896     | 1,878,003     | 975,903     | 802,520     |
| 1,675,000   | 2,312,000   | 225,000     | 229,364       | 232,931     | 262,917     |
| 237,315     | 296,328     | 221,843     | 219,514       | 131,176     | 171,270     |
| 183,519     | 0           | 126,198     | 0             | 0           | 0           |
| 9,059,504   | 10,505,758  | 13,065,680  | 11,033,449    | 9,643,708   | 8,919,537   |
| 534,478     | (703,238)   | (2,812,412) | (1,846,782)   | (97,726)    | (581,841)   |
| 0           | 0           | 0           | 0             | 80,000      | 0           |
| 0           | 0           | 0           | 0             | 0           | 0           |
| 2,238,000   | 0           | 0           | 0             | 0           | 0           |
| 0           | 0           | 3,890,000   | 0             | 0           | 0           |
| 657,000     | 0           | 0           | 0             | 0           | 0           |
| 149,211     | 0           | 136,235     | 0             | 0           | 0           |
| 1,315,000   | 1,315,000   | 1,967,000   | 0             | 0           | 0           |
| 0           | 0           | 17,206      | 0             | 0           | 0           |
| (2,240,740) | 0           | 0           | 0             | 0           | 0           |
| (40,087)    | 0           | 0           | 0             | 0           | 0           |
| 928,519     | 1,010,988   | 655,094     | 1,043,419     | 1,627,890   | 613,230     |
| (928,519)   | (860,178)   | (655,094)   | (1,043,419)   | (1,627,890) | (613,230)   |
| 2,078,384   | 1,465,810   | 6,010,441   | 0             | 80,000      | 0           |
| \$2,612,862 | \$762,572   | \$3,198,029 | (\$1,846,782) | (\$17,726)  | (\$581,841) |
| 23.0%       | 27.5%       | 4.6%        | 5.0%          | 4.7%        | 6.2%        |

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

| Collection<br>Year | Real Property                |                             |                              | Tangible Personal Property |                              |
|--------------------|------------------------------|-----------------------------|------------------------------|----------------------------|------------------------------|
|                    | Assessed Value               |                             | Estimated<br>Actual<br>Value | Public Utility             |                              |
|                    | Residential/<br>Agricultural | Commercial<br>Industrial/PU |                              | Assessed<br>Value          | Estimated<br>Actual<br>Value |
| 2016               | \$195,916,920                | \$37,868,350                | \$667,957,914                | \$8,959,310                | \$10,181,034                 |
| 2015               | 195,729,110                  | 38,123,000                  | 668,148,886                  | 8,810,290                  | 10,011,693                   |
| 2014               | 202,787,640                  | 38,090,060                  | 688,222,000                  | 8,226,100                  | 9,347,841                    |
| 2013               | 203,623,800                  | 35,486,820                  | 683,173,200                  | 7,634,790                  | 8,675,898                    |
| 2012               | 203,018,390                  | 36,257,850                  | 683,646,400                  | 6,104,960                  | 6,937,455                    |
| 2011               | 220,399,790                  | 43,550,250                  | 754,142,971                  | 5,777,560                  | 6,565,409                    |
| 2010               | 220,322,280                  | 43,993,900                  | 755,189,086                  | 5,582,820                  | 6,344,114                    |
| 2009               | 219,772,920                  | 43,273,710                  | 751,561,800                  | 5,339,870                  | 6,068,034                    |
| 2008               | 218,888,440                  | 41,757,830                  | 744,703,629                  | 5,144,670                  | 5,846,216                    |
| 2007               | 216,297,250                  | 40,422,950                  | 733,486,286                  | 6,507,780                  | 7,395,205                    |

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

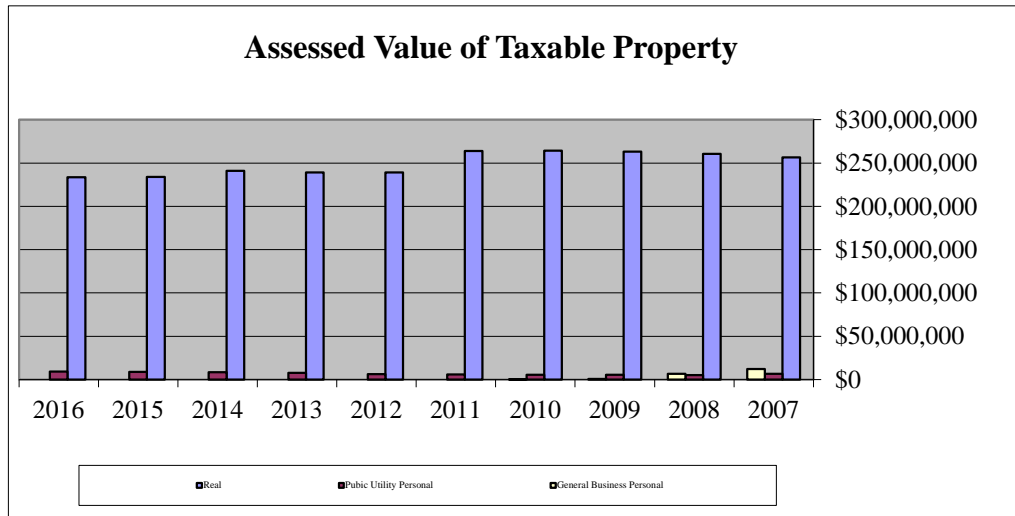
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. 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 2010).

The tangible personal property values associated with each year are the value 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 a 10 percent, 2 1/2 percent rollback, and homestead exemptions before being billed.

Source: Summit County, Fiscal Officer

Tangible Personal Property

| General Business  |                              | Total             |                              |        | Full Tax Rate<br>Per \$1,000 of<br>Assessed<br>Valuation | Weighted<br>Average<br>Tax Rate |
|-------------------|------------------------------|-------------------|------------------------------|--------|--|---------------------------------|
| Assessed<br>Value | Estimated<br>Actual<br>Value | Assessed<br>Value | Estimated<br>Actual<br>Value | Ratio  |  |                                 |
| \$0               | \$0                          | \$242,744,580     | \$678,138,948                | 35.80% | \$9.5000   | \$9.4117                        |
| 0                 | 0                            | 242,662,400       | 678,160,579                  | 35.78  | 9.5000   | 9.4149                          |
| 0                 | 0                            | 249,103,800       | 697,569,841                  | 35.71  | 9.5000   | 9.4083                          |
| 0                 | 0                            | 246,745,410       | 691,849,098                  | 35.66  | 9.5000   | 9.5000                          |
| 0                 | 0                            | 245,381,200       | 690,583,855                  | 35.53  | 9.5000   | 9.5000                          |
| 0                 | 0                            | 269,727,600       | 760,708,381                  | 35.46  | 9.5000   | 7.5866                          |
| 238,565           | 3,817,040                    | 270,137,565       | 765,350,239                  | 35.30  | 9.5000   | 7.3184                          |
| 480,359           | 7,685,744                    | 268,866,859       | 765,315,578                  | 35.13  | 9.5000   | 7.3157                          |
| 6,536,255         | 104,580,080                  | 272,327,195       | 855,129,924                  | 31.85  | 9.5000   | 7.3518                          |
| 12,197,400        | 97,579,200                   | 275,425,380       | 838,460,690                  | 32.85  | 6.5000   | 4.4009                          |



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

|  | 2016            | 2015            | 2014            | 2013            |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Unvoted Millage</b>                         |                 |                 |                 |                 |
| Operating                                      | \$1.6000        | \$1.6000        | \$1.6000        | \$1.6000        |
| Police Pension                                 | 0.3000          | 0.3000          | 0.3000          | 0.3000          |
| <i>Total Unvoted Millage</i>                   | <u>1.9000</u>   | <u>1.9000</u>   | <u>1.9000</u>   | <u>1.9000</u>   |
| <b>Voted Millage by Levy</b>                   |                 |                 |                 |                 |
| 1988 Ambulance and EMS                         |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| Commercial/Industrial and Public Utility Real  | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| General Business and Public Utility Personal   | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| 1988 Fire                                      |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| Commercial/Industrial and Public Utility Real  | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| General Business and Public Utility Personal   | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| 1996 Ambulance and EMS                         |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| Commercial/Industrial and Public Utility Real  | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| General Business and Public Utility Personal   | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| 1996 Fire                                      |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| Commercial/Industrial and Public Utility Real  | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| General Business and Public Utility Personal   | 0.0000          | 0.0000          | 0.0000          | 0.0000          |
| 2007 Fire                                      |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 3.0000          | 3.0000          | 3.0000          | 3.0000          |
| Commercial/Industrial and Public Utility Real  | 2.7685          | 2.7862          | 2.7612          | 3.0000          |
| General Business and Public Utility Personal   | 3.0000          | 3.0000          | 3.0000          | 3.0000          |
| 2012 Fire                                      |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 4.6000          | 4.6000          | 4.6000          | 4.6000          |
| Commercial/Industrial and Public Utility Real  | 4.2450          | 4.2722          | 4.2339          | 4.6000          |
| General Business and Public Utility Personal   | <u>4.6000</u>   | <u>4.6000</u>   | <u>4.6000</u>   | <u>4.6000</u>   |
| <b>Total Voted Millage by type of property</b> |                 |                 |                 |                 |
| Residential/Agricultural Real                  | \$7.6000        | \$7.6000        | \$7.6000        | \$7.6000        |
| Commercial/Industrial and Public Utility Real  | 7.0135          | 7.0584          | 6.9951          | 7.6000          |
| General Business and Public Utility Personal   | <u>7.6000</u>   | <u>7.6000</u>   | <u>7.6000</u>   | <u>7.6000</u>   |
| <b>Total Millage by type of property</b>       |                 |                 |                 |                 |
| Residential/Agricultural Real                  | \$9.5000        | \$9.5000        | \$9.5000        | \$9.5000        |
| Commercial/Industrial and Public Utility Real  | 8.9135          | 8.9584          | 8.8951          | 9.5000          |
| General Business and Public Utility Personal   | <u>9.5000</u>   | <u>9.5000</u>   | <u>9.5000</u>   | <u>9.5000</u>   |
| <b>Total Weighted Average Tax Rate</b>         | <u>\$9.4117</u> | <u>\$9.4149</u> | <u>\$9.4083</u> | <u>\$9.5000</u> |
| <b>Overlapping Rates by Taxing District</b>    |                 |                 |                 |                 |
| Norton City School District                    |                 |                 |                 |                 |
| Residential/Agricultural Real                  | \$37.9003       | \$37.8793       | \$37.8562       | \$37.1794       |
| Commercial/Industrial and Public Utility Real  | 46.0701         | 46.3062         | 45.8159         | 48.7633         |
| General Business and Public Utility Personal   | 65.6900         | 65.6900         | 65.6900         | 65.6900         |
| Summit County                                  |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 12.6367         | 12.6392         | 12.6389         | 12.6216         |
| Commercial/Industrial and Public Utility Real  | 12.4514         | 12.4764         | 12.4472         | 12.6974         |
| General Business and Public Utility Personal   | 12.7000         | 12.7000         | 12.7000         | 12.7000         |
| Akron/Summit Library                           |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 2.6000          | 2.6200          | 2.1000          | 2.1100          |
| Commercial/Industrial and Public Utility Real  | 2.5529          | 2.5854          | 2.0610          | 2.1100          |
| General Business and Public Utility Personal   | 2.6000          | 2.6200          | 2.1000          | 2.1100          |
| Summit Metropolitan Park District              |                 |                 |                 |                 |
| Residential/Agricultural Real                  | 1.4599          | 1.4600          | 1.4600          | 1.4600          |
| Commercial/Industrial and Public Utility Real  | 1.4287          | 1.4317          | 1.4279          | 1.4600          |
| General Business and Public Utility Personal   | 1.4600          | 1.4600          | 1.4600          | 1.4600          |

Source: County Fiscal Officer

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents. Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Overlapping rates are those of local and county governments that apply to property owners within the City.

| 2012      | 2011      | 2010      | 2009      | 2008      | 2007      |
|-----------|-----------|-----------|-----------|-----------|-----------|
| \$1.6000  | \$1.6000  | \$1.6000  | \$1.6000  | \$1.6000  | \$1.6000  |
| 0.3000    | 0.3000    | 0.3000    | 0.3000    | 0.3000    | 0.3000    |
| 1.9000    | 1.9000    | 1.9000    | 1.9000    | 1.9000    | 1.9000    |
| 0.0000    | 0.4622    | 0.4233    | 0.4226    | 0.4219    | 0.4180    |
| 0.0000    | 0.6722    | 0.5599    | 0.5606    | 0.5572    | 0.5643    |
| 0.0000    | 1.0000    | 1.0000    | 1.0000    | 1.0000    | 1.0000    |
| 0.0000    | 0.7395    | 0.6772    | 0.6762    | 0.6751    | 0.6688    |
| 0.0000    | 1.0755    | 0.8958    | 0.8970    | 0.8915    | 0.9029    |
| 0.0000    | 1.6000    | 1.6000    | 1.6000    | 1.6000    | 1.6000    |
| 0.0000    | 0.6313    | 0.5781    | 0.5772    | 0.5763    | 0.5709    |
| 0.0000    | 0.9049    | 0.7537    | 0.7547    | 0.7501    | 0.7596    |
| 0.0000    | 1.0000    | 1.0000    | 1.0000    | 1.0000    | 1.0000    |
| 0.0000    | 0.6313    | 0.5781    | 0.5772    | 0.5763    | 0.5709    |
| 0.0000    | 0.9049    | 0.7537    | 0.7547    | 0.7501    | 0.7596    |
| 0.0000    | 1.0000    | 1.0000    | 1.0000    | 1.0000    | 1.0000    |
| 3.0000    | 3.0000    | 3.0000    | 3.0000    | 3.0000    | 0.0000    |
| 3.0000    | 3.0000    | 2.9765    | 2.9805    | 2.9622    | 0.0000    |
| 3.0000    | 3.0000    | 3.0000    | 3.0000    | 3.0000    | 0.0000    |
| 4.6000    | 0.0000    | 0.0000    | 0.0000    | 0.0000    | 0.0000    |
| 4.6000    | 0.0000    | 0.0000    | 0.0000    | 0.0000    | 0.0000    |
| 4.6000    | 0.0000    | 0.0000    | 0.0000    | 0.0000    | 0.0000    |
| \$7.6000  | \$5.4643  | \$5.2567  | \$5.2532  | \$5.2496  | \$2.2286  |
| 7.6000    | 6.5575    | 5.9396    | 5.9475    | 5.9111    | 2.9864    |
| 7.6000    | 7.6000    | 7.6000    | 7.6000    | 7.6000    | 4.6000    |
| \$9.5000  | \$7.3643  | \$7.1567  | \$7.1532  | \$7.1496  | \$4.1286  |
| 9.5000    | 8.4575    | 7.8396    | 7.8475    | 7.8111    | 4.8864    |
| 9.5000    | 9.5000    | 9.5000    | 9.5000    | 9.5000    | 6.5000    |
| \$9.5000  | \$7.5866  | \$7.3184  | \$7.3157  | \$7.3518  | \$4.4009  |
| \$33.2344 | \$31.3055 | \$29.2630 | \$29.2311 | \$29.1958 | \$28.8335 |
| 44.8455   | 42.5417   | 37.1239   | 37.1675   | 36.9567   | 37.2881   |
| 61.8000   | 59.9000   | 59.9000   | 59.9000   | 59.9000   | 59.9000   |
| 12.6205   | 12.6193   | 12.5601   | 12.5592   | 12.5574   | 10.5997   |
| 12.6935   | 12.6843   | 12.2165   | 12.2347   | 12.1034   | 11.4020   |
| 12.7000   | 12.7000   | 12.7000   | 12.7000   | 12.7000   | 13.1100   |
| 2.1400    | 2.1000    | 2.1000    | 2.0170    | 1.9921    | 1.9206    |
| 2.1400    | 2.1000    | 2.0972    | 2.0199    | 1.9799    | 1.9896    |
| 2.1400    | 2.1000    | 2.1000    | 2.1000    | 2.0800    | 2.0300    |
| 1.4600    | 1.4600    | 1.4600    | 1.4600    | 1.4600    | 1.4573    |
| 1.4600    | 1.4600    | 1.4075    | 1.4102    | 1.3914    | 1.4600    |
| 1.4600    | 1.4600    | 1.4600    | 1.4600    | 1.4600    | 1.4600    |

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

| Year | Total<br>Tax<br>Levy | Current<br>Tax<br>Collections (1) | Percentage of<br>Current Tax<br>Collections<br>to Tax Levy | Delinquent<br>Tax<br>Collections | Total<br>Tax<br>Collections |
|------|----------------------|-----------------------------------|--|----------------------------------|-----------------------------|
| 2016 | \$2,286,053          | \$2,213,402                       | 96.82%   | \$72,651                         | \$2,286,053                 |
| 2015 | 2,282,245            | 2,206,432                         | 96.68  | 75,814                           | 2,282,246                   |
| 2014 | 2,348,806            | 2,252,337                         | 95.89  | 79,338                           | 2,331,675                   |
| 2013 | 2,344,094            | 2,271,743                         | 96.91  | 83,778                           | 2,355,521                   |
| 2012 | 1,859,759            | 1,779,092                         | 95.66  | 125,306                          | 1,904,398                   |
| 2011 | 1,973,642            | 1,867,333                         | 94.61  | 88,101                           | 1,955,434                   |
| 2010 | 1,974,665            | 1,873,101                         | 94.86  | 71,363                           | 1,944,464                   |
| 2009 | 1,960,075            | 1,855,966                         | 94.69  | 59,685                           | 1,915,651                   |
| 2008 | 1,940,960            | 1,859,423                         | 95.80  | 33,625                           | 1,893,048                   |
| 2007 | 1,132,826            | 1,085,632                         | 95.83  | 30,202                           | 1,115,834                   |

Source: Summit County Fiscal Officer

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

Note: The County's current reporting system does not track delinquent tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

| <u>Percentage of<br/>Total Tax<br/>Collections to<br/>Tax Levy</u> | <u>Accumulated<br/>Outstanding<br/>Delinquent<br/>Taxes</u> | <u>Percentage of<br/>Delinquent<br/>Taxes to Total<br/>Tax Levy</u> |
|--|---|---|
| 100.00%  | \$143,204   | 6.26%   |
| 100.00   | 144,401   | 6.33  |
| 99.27  | 161,763   | 6.89  |
| 100.49   | 144,566   | 6.17  |
| 102.40   | 155,992   | 8.39  |
| 99.08  | 200,631   | 10.17   |
| 98.47  | 182,423   | 9.24  |
| 97.73  | 152,552   | 7.78  |
| 97.53  | 108,128   | 5.57  |
| 98.50  | 60,217  | 5.32  |

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

| <u>Tax Year</u> | <u>Tax Rate</u> | <u>Total Tax Collected (1)</u> | <u>Taxes from Individual Payments</u> | <u>Percentage of Taxes from Individual Payments</u> | <u>Taxes from Withholding</u> | <u>Percentage of Taxes from Withholding</u> |
|-----------------|-----------------|--------------------------------|---------------------------------------|---|-------------------------------|---|
| 2016            | 2.00 %          | \$5,809,183                    | \$1,577,176                           | 27.15 %   | \$3,523,090                   | 60.65 %                                     |
| 2015            | 2.00            | 5,672,736                      | 1,414,780                             | 24.94   | 3,357,125                     | 59.18                                       |
| 2014            | 2.00            | 5,039,544                      | 1,424,441                             | 28.27   | 3,146,456                     | 62.44                                       |
| 2013            | 2.00            | 5,042,325                      | 1,369,495                             | 27.16   | 3,069,767                     | 60.88                                       |
| 2012            | 2.00            | 4,848,364                      | 1,398,753                             | 28.85   | 2,988,047                     | 61.63                                       |
| 2011            | 2.00            | 4,577,929                      | 1,323,479                             | 28.91   | 2,860,290                     | 62.48                                       |
| 2010            | 2.00            | 4,094,388                      | 782,847                               | 19.12   | 3,057,280                     | 74.67                                       |
| 2009            | 2.00            | 3,757,159                      | 707,473                               | 18.83   | 2,641,283                     | 70.30                                       |
| 2008            | 2.00            | 4,014,015                      | 726,135                               | 18.09   | 2,888,084                     | 71.95                                       |
| 2007            | 2.00            | 3,979,767                      | 626,813                               | 15.75   | 2,873,790                     | 72.21                                       |

(1) Cash Basis



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| <u>Taxes<br/>from<br/>Net Profits</u> | <u>Percentage<br/>of Taxes<br/>from<br/>Net Profits</u> |
|---------------------------------------|---|
| \$708,917                             | 12.20 %   |
| 900,831                               | 15.88   |
| 577,023                               | 11.45   |
| 603,062                               | 11.96   |
| 461,564                               | 9.52  |
| 394,160                               | 8.61  |
| 254,261                               | 6.21  |
| 408,403                               | 10.87   |
| 399,796                               | 9.96  |
| 479,164                               | 12.04   |

**City of Norton, Ohio**  
*Principal Real Estate Property Taxpayers*  
 2016 and 2007

| Taxpayer                             | 2016                             |                                       |
|--------------------------------------|----------------------------------|---------------------------------------|
|                                      | Real Property Assessed Valuation | Percentage of Real Assessed Valuation |
| Columbia Woods Apartments, LLC       | \$2,520,320                      | 1.09 %                                |
| Albrecht, Incorporated               | 2,397,760                        | 1.03                                  |
| J R Engineering, Incorporated        | 1,576,170                        | 0.67                                  |
| World Real Estate Services, LTD      | 1,520,340                        | 0.65                                  |
| Seal Real Estate Holdings, LLC       | 1,292,540                        | 0.55                                  |
| Pittsburgh Plate Glass Company       | 1,106,420                        | 0.47                                  |
| Newpark Drive Limited Partnership    | 908,690                          | 0.39                                  |
| Falkenstein, Albert J. Trustee       | 898,580                          | 0.38                                  |
| Barber Road Storage, LLC             | 843,820                          | 0.36                                  |
| Strachan, Wyman ET AIL               | 605,050                          | 0.26                                  |
| <b>Total</b>                         | <b>\$13,669,690</b>              | <b>5.85 %</b>                         |
| <b>Total Real Assessed Valuation</b> | <b>\$233,785,270</b>             |                                       |

| Taxpayer                             | 2007                             |                                       |
|--------------------------------------|----------------------------------|---------------------------------------|
|                                      | Real Property Assessed Valuation | Percentage of Real Assessed Valuation |
| Columbia Woods Apartments, LLC       | \$2,887,300                      | 1.12 %                                |
| Albrecht, Incorporated               | 1,920,910                        | 0.75                                  |
| B&C Corporation                      | 1,372,470                        | 0.53                                  |
| Falkenstein, Albert J. Trustee       | 1,003,450                        | 0.39                                  |
| Newpark Drive Limited Partnership    | 872,990                          | 0.34                                  |
| B&C Corporation                      | 793,820                          | 0.31                                  |
| Pittsburgh Plate Glass Company       | 704,040                          | 0.28                                  |
| Strachan, Wyman ET AIL               | 661,550                          | 0.27                                  |
| Norton Energy Storage, LLC           | 653,020                          | 0.25                                  |
| Holland Oil Company                  | 626,620                          | 0.24                                  |
| <b>Total</b>                         | <b>\$11,496,170</b>              | <b>4.48 %</b>                         |
| <b>Total Real Assessed Valuation</b> | <b>\$256,720,200</b>             |                                       |

Source: Summit County Fiscal Officer

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

| <u>Year</u> | <u>Population (1)</u> | <u>Estimated<br/>Actual Value<br/>of Taxable<br/>Property (2)</u> | <u>Bonded<br/>Debt (3)</u> | <u>Ratio of General<br/>Obligation Bonded<br/>Debt to Estimated<br/>Actual Value of<br/>Taxable Property</u> | <u>General<br/>Obligation<br/>Bonded<br/>Debt Per<br/>Capita</u> |
|-------------|-----------------------|---|----------------------------|--|--|
| 2016        | 12,085                | \$678,138,948   | \$3,350,373                | 0.49 %   | \$277.23   |
| 2015        | 12,085                | 678,160,579   | 3,662,025                  | 0.54   | 303.02   |
| 2014        | 12,085                | 697,569,841   | 3,967,789                  | 0.57   | 328.32   |
| 2013        | 12,085                | 691,849,098   | 4,267,401                  | 0.62   | 353.12   |
| 2012        | 12,085                | 690,583,855   | 4,557,733                  | 0.66   | 377.14   |
| 2011        | 12,085                | 760,708,381   | 4,717,669                  | 0.62   | 390.37   |
| 2010        | 12,085                | 765,350,239   | 4,972,443                  | 0.65   | 411.46   |
| 2009        | 11,523                | 765,315,578   | 2,464,119                  | 0.32   | 213.84   |
| 2008        | 11,523                | 855,129,924   | 2,641,884                  | 0.31   | 229.27   |
| 2007        | 11,523                | 838,460,690   | 2,829,649                  | 0.34   | 245.57   |

Sources:

(1) U. S. Bureau of Census, 2007-2009 - 2000 Census of Population; 2010-2016 - 2010 Census of Population.

(2) Summit County Fiscal Officer

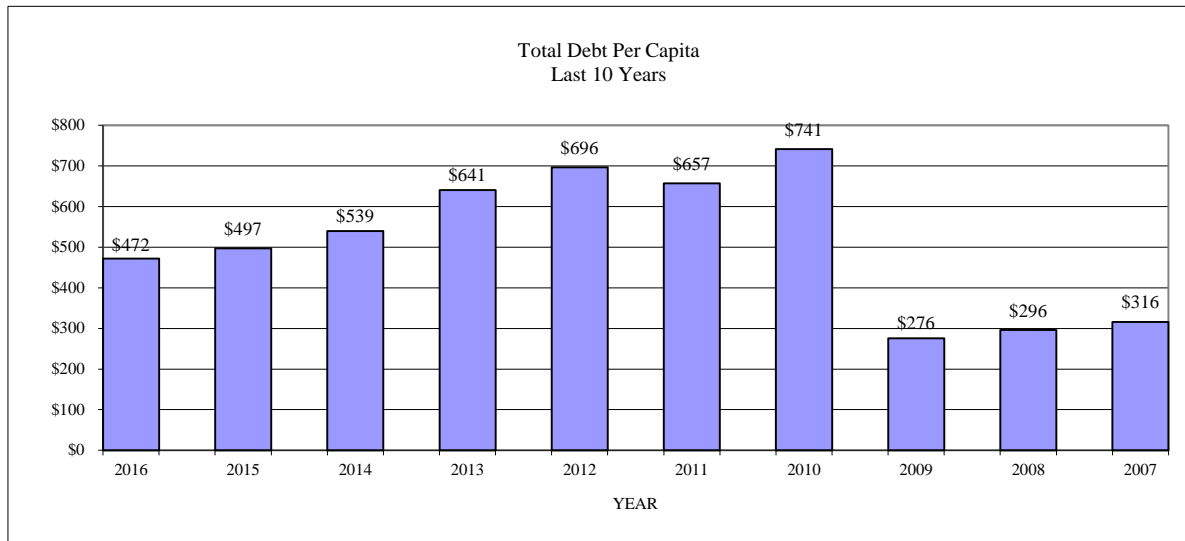
(3) Includes all general obligation bonded debt with the exception of special assessment debt.

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

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

| Year | General<br>Obligation<br>Bonds | Long-Term<br>Notes | Special<br>Assessment<br>Bonds | Capital<br>Leases | Total<br>Debt | Percentage<br>of Personal<br>Income | Per<br>Capita |
|------|--------------------------------|--------------------|--------------------------------|-------------------|---------------|-------------------------------------|---------------|
| 2016 | \$3,350,373                    | \$0                | \$1,995,580                    | \$359,992         | \$5,705,945   | 1.81%                               | \$472         |
| 2015 | 3,662,025                      | 0                  | 2,137,650                      | 211,162           | 6,010,837     | 1.91                                | 497           |
| 2014 | 3,967,789                      | 0                  | 2,275,610                      | 276,283           | 6,519,682     | 2.07                                | 539           |
| 2013 | 4,267,401                      | 1,000,000          | 2,409,719                      | 64,172            | 7,741,292     | 2.46                                | 641           |
| 2012 | 4,557,733                      | 1,315,000          | 2,543,111                      | 0                 | 8,415,844     | 2.67                                | 696           |
| 2011 | 4,717,669                      | 1,315,000          | 1,910,222                      | 0                 | 7,942,891     | 2.52                                | 657           |
| 2010 | 4,972,443                      | 1,979,422          | 2,006,706                      | 0                 | 8,958,571     | 2.84                                | 741           |
| 2009 | 2,464,119                      | 0                  | 715,881                        | 0                 | 3,180,000     | 1.34                                | 276           |
| 2008 | 2,641,884                      | 0                  | 758,116                        | 9,364             | 3,409,364     | 1.43                                | 296           |
| 2007 | 2,829,649                      | 0                  | 800,351                        | 12,295            | 3,642,295     | 1.53                                | 316           |

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



**City of Norton, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2016*

| Jurisdiction                         | Governmental<br>Activities Debt<br>Outstanding | Percentage<br>Applicable<br>to City (1) | Amount<br>Applicable<br>to City |
|--------------------------------------|--|---|---------------------------------|
| <b>Direct:</b>                       |  |   |                                 |
| General Obligation Bonds             | \$3,350,373                                    | 100.00%                                 | \$3,350,373                     |
| Special Assessment Bonds             | 1,995,580                                      | 100.00                                  | 1,995,580                       |
| Capital Leases                       | 359,992  | 100.00                                  | 359,992                         |
| <i>Total Direct Debt</i>             | <u>5,705,945</u>                               |   | <u>5,705,945</u>                |
| <b>Overlapping:</b>                  |  |   |                                 |
| Norton City School District          |  |   |                                 |
| General Obligation Bonds             | 23,210,812                                     | 84.19                                   | 19,541,183                      |
| Akron-Summit County Library District |  |   |                                 |
| General Obligation Bonds             | 19,200,000                                     | 3.07                                    | 589,440                         |
| Summit County                        |  |   |                                 |
| General Obligation Bonds             | 57,464,354                                     | 2.12                                    | 1,218,244                       |
| Barberton City School District       |  |   |                                 |
| General Obligation Bonds             | 44,285,000                                     | 2.00                                    | 885,700                         |
| <i>Total Overlapping Debt</i>        | <u>144,160,166</u>                             |   | <u>22,234,567</u>               |
| <b>Total</b>                         | <u><u>\$149,866,111</u></u>                    |   | <u><u>\$27,940,512</u></u>      |

Source: County Fiscal Officer

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

**City of Norton, Ohio**

*Legal Debt Margin*

*Last Ten Years*

|   | 2016                 | 2015                 | 2014                 | 2013                 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total Assessed Property Value   | <u>\$242,744,580</u> | <u>\$242,662,400</u> | <u>\$249,103,800</u> | <u>\$246,745,410</u> |
| Overall Legal Debt Limit<br>(10 ½ % of Assessed Valuation)                  | <u>\$25,488,181</u>  | <u>\$25,479,552</u>  | <u>\$26,155,899</u>  | <u>\$25,908,268</u>  |
| Debt Outstanding:   |                      |                      |                      |                      |
| General Obligation Bonds  | 3,228,054            | 3,526,694            | 3,819,444            | 4,106,044            |
| Special Assessment Bonds  | 1,921,946            | 2,058,306            | 2,190,556            | 2,318,956            |
| Manuscript Notes  | 0                    | 0                    | 0                    | 0                    |
| Notes   | <u>200,000</u>       | <u>270,000</u>       | <u>465,000</u>       | <u>1,000,000</u>     |
| Total Gross Indebtedness  | 5,350,000            | 5,855,000            | 6,475,000            | 7,425,000            |
| Less:   |                      |                      |                      |                      |
| Special Assessment Bonds  | (1,921,946)          | (2,058,306)          | (2,190,556)          | (2,318,956)          |
| Amount Available in Debt Service  | <u>1,106</u>         | <u>(95)</u>          | <u>(151,315)</u>     | <u>(147,492)</u>     |
| Total Net Debt Applicable to Debt Limit                                     | <u>3,429,160</u>     | <u>3,796,599</u>     | <u>4,133,129</u>     | <u>4,958,552</u>     |
| Legal Debt Margin Within 10 ½ % Limitations                                 | <u>\$22,059,021</u>  | <u>\$21,682,953</u>  | <u>\$22,022,770</u>  | <u>\$20,949,716</u>  |
| Legal Debt Margin as a<br>Percentage of the Debt Limit                      | 86.55%               | 85.10%               | 84.20%               | 80.86%               |
| Unvoted Debt Limitation<br>(5 ½ % of Assessed Valuation)                    | <u>\$13,350,952</u>  | <u>\$13,346,432</u>  | <u>\$13,700,709</u>  | <u>\$13,570,998</u>  |
| Total Gross Indebtedness  | 5,350,000            | 5,855,000            | 6,475,000            | 7,425,000            |
| Less:   |                      |                      |                      |                      |
| Special Assessment Bonds  | (1,921,946)          | (2,058,306)          | (2,190,556)          | (2,318,956)          |
| Amount Available in Debt Service  | <u>1,106</u>         | <u>(95)</u>          | <u>(151,315)</u>     | <u>(147,492)</u>     |
| Net Debt Within 5 ½ % Limitations   | <u>3,429,160</u>     | <u>3,796,599</u>     | <u>4,133,129</u>     | <u>4,958,552</u>     |
| Unvoted Legal Debt Margin<br>Within 5 ½ % Limitations                       | <u>\$9,921,792</u>   | <u>\$9,549,833</u>   | <u>\$9,567,580</u>   | <u>\$8,612,446</u>   |
| Unvoted legal Debt Margin as a Percentage<br>of the Unvoted Debt Limitation | 74.32%               | 71.55%               | 69.83%               | 63.46%               |

Source: City Financial Records

| 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$245,381,200</u> | <u>\$269,727,600</u> | <u>\$270,137,565</u> | <u>\$268,866,859</u> | <u>\$272,327,195</u> | <u>\$275,425,380</u> |
| <u>\$25,765,026</u>  | <u>\$28,321,398</u>  | <u>\$28,364,444</u>  | <u>\$28,231,020</u>  | <u>\$28,594,355</u>  | <u>\$28,919,665</u>  |
| 4,383,362            | 4,632,903            | 4,883,216            | 2,464,119            | 2,641,884            | 2,829,649            |
| 2,446,638            | 1,867,097            | 1,961,784            | 715,881              | 758,116              | 800,351              |
| 0                    | 0                    | 0                    | 0                    | 560,000              | 806,000              |
| <u>1,315,000</u>     | <u>1,445,000</u>     | <u>1,979,422</u>     | <u>3,139,099</u>     | <u>563,000</u>       | <u>0</u>             |
| 8,145,000            | 7,945,000            | 8,824,422            | 6,319,099            | 4,523,000            | 4,436,000            |
| (2,446,638)          | (1,867,097)          | (1,961,784)          | (715,881)            | (758,116)            | (800,351)            |
| <u>(170,451)</u>     | <u>(36,221)</u>      | <u>(29,397)</u>      | <u>(6,753)</u>       | <u>0</u>             | <u>(30,914)</u>      |
| <u>5,527,911</u>     | <u>6,041,682</u>     | <u>6,833,241</u>     | <u>5,596,465</u>     | <u>3,764,884</u>     | <u>3,604,735</u>     |
| <u>\$20,237,115</u>  | <u>\$22,279,716</u>  | <u>\$21,531,203</u>  | <u>\$22,634,555</u>  | <u>\$24,829,471</u>  | <u>\$25,314,930</u>  |
| 78.54%               | 78.67%               | 75.91%               | 80.18%               | 86.83%               | 87.54%               |
| <u>\$13,495,966</u>  | <u>\$14,835,018</u>  | <u>\$14,857,566</u>  | <u>\$14,787,677</u>  | <u>\$14,977,996</u>  | <u>\$15,148,396</u>  |
| 8,145,000            | 7,945,000            | 8,824,422            | 6,319,099            | 4,523,000            | 4,436,000            |
| (2,446,638)          | (1,867,097)          | (1,961,784)          | (715,881)            | (758,116)            | (800,351)            |
| <u>(170,451)</u>     | <u>(36,221)</u>      | <u>(29,397)</u>      | <u>(6,753)</u>       | <u>0</u>             | <u>(30,914)</u>      |
| <u>5,527,911</u>     | <u>6,041,682</u>     | <u>6,833,241</u>     | <u>5,596,465</u>     | <u>3,764,884</u>     | <u>3,604,735</u>     |
| <u>\$7,968,055</u>   | <u>\$8,793,336</u>   | <u>\$8,024,325</u>   | <u>\$9,191,212</u>   | <u>\$11,213,112</u>  | <u>\$11,543,661</u>  |
| 59.04%               | 59.27%               | 54.01%               | 62.15%               | 74.86%               | 76.20%               |

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

| Year | Population (1) | Total Personal Income (5) | Personal Income Per Capita (1) | Median Household Income (1) | Median Age (1) |
|------|----------------|---------------------------|--------------------------------|-----------------------------|----------------|
| 2016 | 12,085         | \$314,923,015             | \$26,059                       | \$56,645                    | 43.7           |
| 2015 | 12,085         | 314,923,015               | 26,059                         | 56,645                      | 43.7           |
| 2014 | 12,085         | 314,923,015               | 26,059                         | 56,645                      | 43.7           |
| 2013 | 12,085         | 314,923,015               | 26,059                         | 56,645                      | 43.7           |
| 2012 | 12,085         | 314,923,015               | 26,059                         | 56,645                      | 43.7           |
| 2011 | 12,085         | 314,923,015               | 26,059                         | 56,645                      | 43.7           |
| 2010 | 12,085         | 314,923,015               | 26,059                         | 56,645                      | 43.7           |
| 2009 | 11,523         | 238,076,703               | 20,661                         | 47,085                      | 40.3           |
| 2008 | 11,523         | 238,076,703               | 20,661                         | 47,085                      | 40.3           |
| 2007 | 11,523         | 238,076,703               | 20,661                         | 47,085                      | 40.3           |

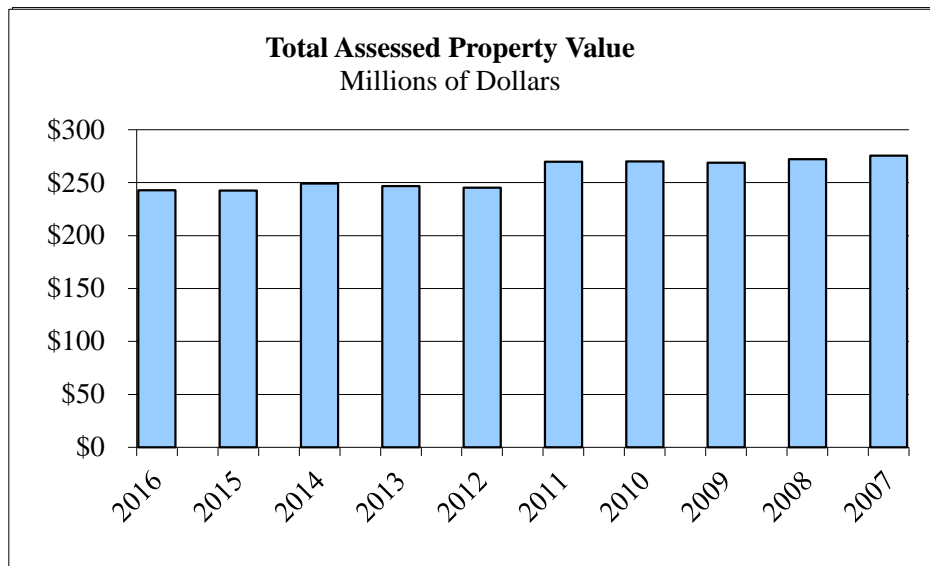
(1) Source: U. S. Census, 2007-2009 - 2000 Census of Population;  
2010-2016 - 2010 Census of Population

(2) Source: Norton City School District Audited Financials

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

(4) Source: Summit County Fiscal Officer

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





| Educational Attainment: Bachelor's Degree or Higher (1) | School Enrollment (2) | Summit County Unemployment Rate (3) | Average Sales Price of Residential Property (4) | Total Assessed Property Value (4) |
|---|-----------------------|-------------------------------------|---|-----------------------------------|
| 18.90 %   | 2,582                 | 6.20 %                              | \$109,877                                       | \$242,744,580                     |
| 18.90   | 2,510                 | 4.70                                | 102,250   | 242,662,400                       |
| 18.90   | 2,581                 | 5.50                                | 129,306   | 249,103,800                       |
| 18.90   | 2,587                 | 7.20                                | 137,112   | 246,745,410                       |
| 18.90   | 2,593                 | 6.80                                | 125,430   | 245,381,200                       |
| 18.90   | 2,680                 | 8.50                                | 152,129   | 269,727,600                       |
| 18.90   | 2,562                 | 10.00                               | 140,246   | 270,137,565                       |
| 17.10   | 2,483                 | 9.80                                | 159,827   | 268,866,859                       |
| 17.10   | 2,505                 | 6.10                                | 132,566   | 272,327,195                       |
| 17.10   | 2,417                 | 5.40                                | 150,956   | 275,425,380                       |



**City of Norton, Ohio**

Principal Employers

2016 and 2007

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| 2016 (1)   |               |
|--|---------------|
| Employers  |               |
| S.A. Comunale Company                                    |               |
| Fred Martin Motor Company                                |               |
| Norton City School District                              |               |
| PPG Industries, Incorporated                             |               |
| B&C Corporation  |               |
| Ganley Ford, Incorporated                                |               |
| ICP Adhesive & Sealant                                   |               |
| Alberts Screeprint, Incorporated                         |               |
| City of Norton   |               |
| Fred W. Albrecht Grocery Company                         |               |
| Total Employees of Top Ten Employers                     | <u>2,673</u>  |
| Percentage of Total City Employment at Top Ten Employers | <u>48.14%</u> |
| Total Estimated Employment within the City               | <u>5,553</u>  |

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| 2007                                       |              |
|--|--------------|
| Employers                                  |              |
| B&C Corporation                            |              |
| Norton City School District                |              |
| S.A. Comunale Company                      |              |
| Fred Martin Motor Company                  |              |
| Fred W. Albrecht Grocery Company           |              |
| Alberts Screeprint, Incorporated           |              |
| Ganley Ford, Incorporated                  |              |
| City of Norton                             |              |
| PPG Industries, Incorporated               |              |
| Milich's Village Inn, Incorporated         |              |
| Total Employees of Top Employers           | <u>3,315</u> |
| Total Estimated Employment within the City | <u>5,308</u> |

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

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

Note: The City is prohibited by statute from presenting information regarding individual taxpayers.

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

| Function/Program  | 2016     | 2015     | 2014     | 2013     |
|---|----------|----------|----------|----------|
| <b>General Government</b>                                   |          |          |          |          |
| <i><b>Council and Clerk</b></i>                             |          |          |          |          |
| Number of Ordinances  | 82       | 57       | 71       | 72       |
| Number of Resolutions                                       | 17       | 32       | 43       | 39       |
| Number of Planning Commission docket items                  | 14       | 3        | 18       | 37       |
| Zoning Board of Appeals docket items                        | 7        | 8        | 8        | 17       |
| Park and Cemetery Board docket items                        | 2        | 1        | 10       | 1        |
| <i><b>Finance Department</b></i>                            |          |          |          |          |
| Number of checks/ vouchers issued                           | 1,788    | 1,815    | 1,648    | 1,680    |
| General Fund Interest earnings for fiscal year (cash basis) | \$13,944 | \$4,113  | \$4,029  | \$6,650  |
| Agency Ratings - Fitch                                      | AA       | A+       | A+       | A+       |
| Health Insurance Costs (cash basis in thousands)            | \$811    | \$728    | \$566    | \$607    |
| Health Insurance Costs vs General Fund Expenditures %       | 17.5%    | 12.1%    | 9.6%     | 9.0%     |
| General Fund Receipts (cash basis in thousands)             | \$6,311  | \$5,764  | \$6,253  | \$6,302  |
| General Fund Expenditures (cash basis in thousands)         | \$4,637  | \$6,023  | \$5,889  | \$6,749  |
| General Fund Cash Balances (in thousands)                   | \$2,671  | \$3,002  | \$2,527  | \$1,869  |
| <i><b>Municipal Court</b></i>                               |          |          |          |          |
| Number of Misdemeanor Cases                                 | 533      | 268      | 27       | 61       |
| Number of OVI cases   | 112      | 84       | 6        | 81       |
| Number of Traffic cases                                     | 2,223    | 1,429    | 787      | 878      |
| <i><b>Building Department Indicators</b></i>                |          |          |          |          |
| Residential/Commercial Permits Issued (1)                   | 0        | 26       | 166      | 106      |
| Zoning Permits  | 112      | 17       | 52       | 56       |
| Electric Permits (1)  | 0        | 22       | 62       | 72       |
| Heating Permits (1)   | 0        | 25       | 68       | 55       |
| Number of permits issued (1)                                | 0        | 90       | 348      | 289      |
| Permit Revenue  | \$19,900 | \$28,235 | \$41,079 | \$22,808 |

| 2012     | 2011     | 2010     | 2009     | 2008      | 2007      |
|----------|----------|----------|----------|-----------|-----------|
| 68       | 58       | 101      | 77       | 79        | 72        |
| 36       | 39       | 18       | 38       | 31        | 19        |
| 49       | 45       | 16       | 71       | 47        | 27        |
| 26       | 13       | 11       | 25       | 35        | 25        |
| 3        | 9        | 1        | 38       | 16        | 35        |
| 1,545    | 1,700    | 2,172    | 2,397    | 1,841     | 1,797     |
| \$5,643  | \$6,111  | \$9,494  | \$57,073 | \$116,367 | \$272,512 |
| A+       | A+       | A+       | A        | A         | A         |
| \$571    | \$564    | \$538    | \$694    | \$666     | \$700     |
| 9.2%     | 9.7%     | 9.5%     | 10.8%    | 14.1%     | 9.9%      |
| \$6,467  | \$6,738  | \$6,173  | \$6,603  | \$5,827   | \$5,892   |
| \$6,178  | \$5,788  | \$5,689  | \$6,425  | \$4,728   | \$7,090   |
| \$2,103  | \$1,655  | \$545    | \$719    | \$767     | \$156     |
| 51       | 98       | 108      | 83       | 99        | 124       |
| 43       | 71       | 63       | 14       | 22        | 25        |
| 845      | 1,766    | 1,195    | 1,401    | 1,280     | 1,473     |
| 119      | 119      | 144      | 203      | 356       | 189       |
| 64       | 49       | 65       | 64       | 65        | 66        |
| 90       | 76       | 110      | 107      | 150       | 162       |
| 77       | 53       | 68       | 61       | 77        | 58        |
| 350      | 297      | 387      | 435      | 648       | 475       |
| \$27,987 | \$20,631 | \$32,477 | \$29,216 | \$53,652  | \$48,397  |

(continued)

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

| Function/Program                          | 2016      | 2015      | 2014      | 2013      |
|---|-----------|-----------|-----------|-----------|
| <b>Security of Persons &amp; Property</b> |           |           |           |           |
| <i>Police</i>                             |           |           |           |           |
| Felony Arrests                            | 144       | 79        | 100       | 69        |
| Misdemeanor Arrests                       | 533       | 301       | 284       | 220       |
| Arson                                     | 1         | 0         | 0         | 0         |
| Assault                                   | 20        | 25        | 16        | 13        |
| Residential Burglary                      | 50        | 54        | 78        | 37        |
| Domestic Violence                         | 133       | 128       | 49        | 46        |
| Drug Offense                              | 246       | 108       | 75        | 73        |
| Homicide                                  | 0         | 2         | 0         | 0         |
| Larceny                                   | 299       | 255       | 233       | 202       |
| Vandalism/Criminal Damaging               | 69        | 90        | 72        | 66        |
| Robbery                                   | 2         | 3         | 0         | 3         |
| Sex Offense                               | 16        | 8         | 8         | 5         |
| Auto Theft/Stolen Plates                  | 20        | 12        | 12        | 7         |
| Traffic Crashes                           | 382       | 326       | 335       | 315       |
| Traffic Fatalities                        | 1         | 1         | 0         | 0         |
| Driving While Intoxicated                 | 112       | 69        | 63        | 82        |
| Traffic Citations Issued                  | 2,223     | 1,819     | 1,139     | 1,376     |
| Warrant Arrests                           | 223       | 145       | 108       | 161       |
| <i>Fire</i>                               |           |           |           |           |
| EMS Calls                                 | 1,126     | 1,129     | 1,070     | 1,004     |
| Ambulance Billing Collections (GROSS)     | \$256,749 | \$306,753 | \$295,625 | \$257,198 |
| Revenue per run                           | 228       | 272       | 276       | 256       |
| Fire Calls                                | 538       | 440       | 464       | 369       |
| <b>Public Health and Welfare</b>          |           |           |           |           |
| Cemetery burials                          | 1         | 0         | 1         | 2         |
| Cemetery foundations                      | 1         | 0         | 1         | 1         |
| Cemetery (re)sale of lots                 | 2         | 0         | 0         | 1         |
| Cemetery receipts                         | \$2,092   | \$0       | \$2,694   | \$2,200   |
| Health Advisory Board docket items        | 1         | 1         | 1         | 1         |

Source: City Records

(1) The City of Barberton's building department now handles the permits in the City.

| 2012      | 2011      | 2010      | 2009      | 2008      | 2007      |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 100       | 110       | 75        | 111       | 130       | 106       |
| 287       | 380       | 498       | 559       | 507       | 521       |
| 2         | 2         | 1         | 1         | 1         | 2         |
| 19        | 31        | 36        | 45        | 65        | 65        |
| 21        | 45        | 41        | 43        | 54        | 30        |
| 54        | 75        | 78        | 76        | 107       | 84        |
| 57        | 101       | 101       | 46        | 44        | 28        |
| 0         | 0         | 0         | 0         | 0         | 0         |
| 222       | 227       | 255       | 232       | 296       | 269       |
| 69        | 75        | 46        | 63        | 42        | 75        |
| 3         | 1         | 2         | 2         | 3         | 4         |
| 13        | 3         | 2         | 15        | 13        | 10        |
| 23        | 17        | 18        | 31        | 58        | 41        |
| 294       | 339       | 374       | 388       | 490       | 487       |
| 4         | 0         | 0         | 2         | 1         | 2         |
| 144       | 159       | 269       | 102       | 67        | 95        |
| 1,533     | 2,972     | 2,702     | 2,666     | 2,064     | 2,603     |
| 219       | 217       | 182       | 254       | 291       | 303       |
| 876       | 980       | 1,046     | 1,005     | 966       | 968       |
| \$230,169 | \$291,695 | \$264,759 | \$292,858 | \$273,510 | \$200,624 |
| 263       | 298       | 253       | 291       | 283       | 207       |
| 451       | 378       | 379       | 378       | 373       | 332       |
| 1         | 6         | 1         | 0         | 1         | 3         |
| 1         | 5         | 0         | 1         | 3         | 0         |
| 2         | 7         | 4         | 12        | 0         | 8         |
| \$512     | \$2,765   | \$2,546   | \$4,130   | \$1,150   | \$4,355   |
| 1         | 15        | 0         | 29        | 19        | 19        |

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

| Function/Program              | 2016  | 2015  | 2014  | 2013  |
|-------------------------------|-------|-------|-------|-------|
| <b>General Government</b>     |       |       |       |       |
| Square Footage Occupied       | 4,080 | 4,080 | 4,080 | 4,080 |
| Administrative Vehicles       | 0     | 0     | 0     | 0     |
| Inspection Vehicles           | 1     | 1     | 1     | 1     |
| <b>Police</b>                 |       |       |       |       |
| Stations                      | 1     | 1     | 1     | 1     |
| Square Footage of Building    | 3,600 | 3,600 | 3,600 | 3,600 |
| Vehicles                      | 10    | 10    | 10    | 10    |
| <b>Fire</b>                   |       |       |       |       |
| Stations                      | 1     | 1     | 2     | 2     |
| <b>Recreation</b>             |       |       |       |       |
| Number of Parks               | 7     | 7     | 7     | 7     |
| Number of Tennis Courts       | 4     | 4     | 4     | 4     |
| Number of Baseball Diamonds   | 5     | 5     | 5     | 5     |
| Number of Soccer Fields       | 3     | 3     | 3     | 3     |
| Number of Football Fields     | 1     | 1     | 1     | 1     |
| <b>Other Public Works</b>     |       |       |       |       |
| Service Garage Square Footage | 6,800 | 6,800 | 6,800 | 6,800 |
| Streets (lane miles)          | 260   | 260   | 260   | 260   |
| Service Vehicles              | 17    | 16    | 15    | 13    |
| City Cemeteries               | 2     | 2     | 2     | 2     |
| <b>Wastewater</b>             |       |       |       |       |
| Sanitary Sewers (miles)       | 9.00  | 9.00  | 9.00  | 9.00  |
| <b>Water Department</b>       |       |       |       |       |
| Water Lines (miles)           | 14.80 | 14.80 | 14.80 | 14.80 |

Source: City Records



| 2012  | 2011  | 2010  | 2009  | 2008  | 2007  |
|-------|-------|-------|-------|-------|-------|
| 4,080 | 4,080 | 4,080 | 4,080 | 4,080 | 4,080 |
| 0     | 0     | 0     | 0     | 1     | 2     |
| 1     | 1     | 1     | 1     | 1     | 1     |
| 1     | 1     | 1     | 1     | 1     | 1     |
| 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 |
| 11    | 12    | 9     | 10    | 8     | 10    |
| 2     | 2     | 2     | 2     | 2     | 2     |
| 7     | 7     | 7     | 7     | 7     | 7     |
| 4     | 4     | 4     | 4     | 4     | 4     |
| 5     | 5     | 5     | 5     | 5     | 5     |
| 3     | 3     | 3     | 3     | 3     | 3     |
| 1     | 1     | 1     | 1     | 1     | 1     |
| 6,800 | 6,800 | 6,800 | 6,800 | 6,800 | 6,800 |
| 260   | 260   | 260   | 260   | 260   | 260   |
| 15    | 15    | 15    | 15    | 13    | 12    |
| 2     | 2     | 2     | 2     | 2     | 2     |
| 9.00  | 9.00  | 8.40  | 8.40  | 8.40  | 8.40  |
| 14.80 | 14.80 | 14.50 | 12.50 | 12.50 | 12.50 |

**City of Norton, Ohio**  
*City Government Employees by Function/Program*  
*Last Ten Years*

| Function/Program                        | 2016      | 2015      | 2014      | 2013      |
|---|-----------|-----------|-----------|-----------|
| <b>General Government</b>               |           |           |           |           |
| Mayor                                   | 1         | 1         | 2         | 2         |
| Council                                 | 8         | 8         | 8         | 8         |
| Finance                                 | 3         | 3         | 3         | 3         |
| City Administrator                      | 1         | 1         | 1         | 1         |
| Law                                     | 2         | 2         | 2         | 2         |
| Administration                          | 1         | 2         | 2         | 2         |
| Engineer                                | 0         | 0         | 0         | 0         |
| Planning                                | 0         | 0         | 0         | 0         |
| Civil Service                           | 0         | 0         | 0         | 0         |
| Court                                   | 0         | 2         | 2         | 2         |
| <b>Security of Persons and Property</b> |           |           |           |           |
| Police                                  | 22        | 19        | 21        | 28        |
| Fire Full Time                          | 11        | 10        | 3         | 3         |
| Fire Part Time                          | 22        | 22        | 30        | 25        |
| Fire - Secretary - Other                | 1         | 1         | 1         | 1         |
| <b>Community Development</b>            |           |           |           |           |
| Building                                | 1         | 1         | 1         | 1         |
| <b>Transportation</b>                   |           |           |           |           |
| Service                                 | 11        | 11        | 8         | 8         |
| Totals:                                 | <u>84</u> | <u>83</u> | <u>84</u> | <u>86</u> |

Source: City Payroll Department

Method: Using 1.0 for each employee at December 31

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|------|------|------|------|------|------|
| 2    | 2    | 2    | 2    | 2    | 2    |
| 8    | 8    | 8    | 8    | 8    | 8    |
| 3    | 3    | 3    | 5    | 5    | 4    |
| 1    | 1    | 1    | 1    | 1    | 1    |
| 2    | 2    | 1    | 1    | 1    | 1    |
| 2    | 2    | 2    | 2    | 2    | 3    |
| 0    | 1    | 0    | 0    | 1    | 1    |
| 1    | 0    | 0    | 0    | 0    | 1    |
| 0    | 0    | 0    | 0    | 0    | 1    |
| 2    | 2    | 2    | 3    | 3    | 3    |
| 28   | 27   | 30   | 30   | 30   | 30   |
| 3    | 2    | 4    | 3    | 3    | 4    |
| 29   | 32   | 30   | 29   | 27   | 33   |
| 1    | 1    | 1    | 1    | 1    | 1    |
| 1    | 1    | 1    | 2    | 2    | 2    |
| 8    | 9    | 10   | 11   | 12   | 12   |
| 91   | 93   | 95   | 98   | 98   | 107  |

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# Dave Yost • Auditor of State

**CITY OF NORTON**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 6, 2017**