

**CITY OF NORTON
SUMMIT COUNTY, OHIO**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2007

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA
Auditor of State

Mayor and Members of Council
City of Norton
4060 Columbia Woods Drive
Norton, Ohio 44203

We have reviewed the *Independent Auditor's Report* of the City of Norton, Summit County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 5, 2008

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**CITY OF NORTON
SUMMIT COUNTY, OHIO**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2007

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Norton, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2007-05 to be a significant deficiency in internal control over financial reporting.

City of Norton
Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 2007-05 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Responses as items 2007-01 through 2007-05. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated October 22, 2008.

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

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

October 22, 2008

**CITY OF NORTON
SUMMIT COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2007

Finding 2007-01

Section 5705.10, Revised Code, states, in part, money that is paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from another fund was used to cover the expenses of another fund.

Negative fund balances were noted at various times through-out the year as follows:

<u>FUND</u>	<u>2/28/2007</u>	<u>4/30/2007</u>	<u>8/31/2007</u>	<u>12/31/2007</u>
State Highway	\$39,002	\$31,414	\$15,186	
Special Permissive			45,769	\$43,032
Fire Fund	2,401			
EMS Fund	28,640			
Community Center			1,176	
Historical Fund		358	711	
Road Program			283,030	
Equipment Fund		85,813	106,270	
Storm Sewer		256	256	
Gardner Phase II	192,869	137,465	348,598	
Debt Service	204,517	204,517	375,167	
Barber Debt Services			95,258	

Corrective Action: Contact Person: John Moss, Finance Director and Tax Administrator

Two changes will be implemented. First, transfers, which have been made once in the later part of the year, will be made on a periodic basis throughout the year. Second, additional attention will be paid to funds unreceipted funds from outside and authority established for an Advance when needed for fund balance.

**CITY OF NORTON
SUMMIT COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2007

(continued)

Finding 2007-02

Section 5705.41(B), Revised Code, prohibits a subdivision to expend money unless it has been appropriated.

The Land and Land Improvements Fund had the following line item account where expenditures and encumbrances exceeded authorized appropriations:

<u>Account</u>	<u>Amount</u>
Principal Retirement	\$180,000
Interest and Fiscal Charges	9,900

Corrective Action: Contact Person: John Moss, Finance Director and Tax Administrator

The Budget Ordinance did not include language that appropriated the funds and attention will be given to insure that Budgetary Authorization for all debt costs are included.

Finding 2007-03

Section 135.21 Revised Code, states in part that all investment earnings, except as otherwise expressly provided by law, shall be credited to the General Fund. One exception is found in Ohio Constitution, Article XII, Section 5a, which states that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal. All other interest must be credited to the General Fund.

The City made investments of pooled cash from various funds and did not distribute the interest earned in accordance with the above requirement. Interest was only credited to the General Fund and should have also been credited to the funds with money derived from motor vehicle license and fuel tax as follows:

Service Fund	\$33,745
State Highway Fund	593
Road Program	14,286

The financials as presented have not been adjusted for these amounts. The City has moved the money to the appropriate funds by transfer in 2008.

Corrective Action: Contact Person: John Moss, Finance Director and Tax Administrator

Transfers well in excess of these amounts were historically made with the belief that the requirement was covered. The City has since made the transfer for 2007 by Ordinance and has made corrections to the Revenue Receipts for 2008 YTD. Going forward the interest is being deposited directly as received.

**CITY OF NORTON
SUMMIT COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2007

(continued)

Finding 2007-04

Section 5705.14, 5705.15, 5705.16 Revised Code, provides guidelines pertaining to allowable interfund transfers, generally before a transfer can be made, a resolution of the taxing authority of the political subdivision shall be passed by a majority of the governing board and such taxing authority shall prepare a petition to be presented to the tax commissioner and to the Court of Common Pleas of the County requesting approval of said transfers. Transfers from the General Fund to any other fund only need to be done by resolution of the taxing authority.

The City made the following transfers out of the General Fund without a resolution:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Street Construction, Maintenance and Repair	\$13,426
General Fund	Road Program Fund	68,678

The City made the following transfer without obtaining approval by resolution, the tax commissioner and the Court of Common Pleas:

<u>From</u>	<u>To</u>	<u>Amount</u>
Water System Fund	Brentwood Water Fund	\$45,000
Sanitary Sewer Fund	SA Debt Service	3,500
Debt Service	Land Fund	35,725

Corrective Action: Contact Person: John Moss, Finance Director and Tax Administrator

The City has a long standing practice of using transfers in this manner to fund related fund projects and said structure is incorporated into the City Ordinances. For 2008, the Finance Department will reevaluate the process and make transfers directly in some cases, roll up related funds in others and combine some into single funds to eliminate the need for transfers. Any remaining transfers will be properly authorized.

**CITY OF NORTON
SUMMIT COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2007

(continued)

Finding 2007-05 **SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS**

Net assets for Governmental Activities on the Government-Wide Financial Statements have been restated from \$12,541,150 to \$14,884,742 as of December 31, 2006. The restatement is mainly the result of previously donated capital assets not being recorded on the City's financial statements.

Corrective Action: Contact Person: John Moss, Finance Director and Tax Administrator

The City found assets that were not on the financial reports and properly included them. As part of the GAAP process we will ask The Building and Economic Development Departments if any projects or developments have been completed and include donated assets. Any such donations will be valued and recorded.

**CITY OF NORTON
SUMMIT COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2006-001	Capital assets not reported properly	No	Partially corrected
2006-002	Restatement of Compensated Absences	Yes	Finding no longer valid
2006-003	ORC Section 5735.29 Motor fuel excise taxes to supplant not supplement	Yes	Finding no longer valid
2006-004	ORC Section 5705.10 Negative Cash Balances	No	Partially Corrected
2006-005	ORC Section 5705.39 Appropriations exceeding estimated resources	Yes	Finding no longer valid

City of Norton, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2007

Issued by:

**City of Norton
Department of Finance**

**John P. Moss
Finance Director**

City of Norton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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Mayor Dave Koontz

City of Norton

4060 Columbia Woods Drive
Norton, Ohio 44203

Administration (330) 825-7815 * Finance (330) 825-4511
FAX (330) 825-3104 * Website: www.cityofnorton.org

October 22, 2008

Members of City Council and
Citizens of Norton

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of fiscal 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 County either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. Varney, Fink and Associates rendered an opinion on the City's financial statements as of December 31, 2007, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

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

Independent Norton Township was formed in the spring of 1818 and named after landowner Birdseye Norton. It was incorporated as a village in 1961, became a charter village in 1962 and became a charter city in 1969. Under the Ohio Constitution, the City of Norton may exercise all powers of self-

government, and police powers to the extent not in conflict with applicable general laws. The City is subject to some general laws applicable to all cities.

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

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

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

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

As previously mentioned, the City of Norton was organized as a City in March of 1961; the City is a home-rule municipal corporation operating under the laws of the State of Ohio. The original charter was adopted on November 6, 1962. The Charter was readopted by the voters in its entirety on November 5, 1991. The Charter was amended in 1994 and 2007.

Legislative authority is vested in a seven member Council, four of which are elected from wards and three elected at-large. Council's term of office begins January 1st 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.

LOCAL ECONOMY

The City continues to grow both in the areas of commercial and residential development. During 2007, 475 permits were issued for a total stated construction value of \$12,621,225.

Several projects were completed in 2007. A consortium of doctors new to Norton completed the Digestive Health Center, bringing specialists and their staffs together in one facility to provide for all digestive health needs. The City completed two baseball fields which will open for the 2008 season. The City purchased a new salt storage facility which alone will store just over half of the City's salt needs for a year.

New commercial projects are proceeding. The Walkly Group is constructing Utopia, a multi-purpose retail facility.

In November 2004, the voters of Norton approved a .5 percent increase for City income tax and then in 2005 out-sourced the collection to CCA, a regional Income Tax Collecting Service in Cleveland. The annual income tax collections (cash basis) have increased from \$2,657,039 in 2004 to \$3,979,767 in 2007 for an increase of 50 percent. Additional revenue growth is expected again in 2008 due to efforts to improve the accuracy and completeness of the taxpayer rolls.

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balances for funds with annual operating expenses need a healthy carryover to avoid cash management issues and to cover budget increases when necessary. For planning and budgetary purposes for operating funds, Norton has targeted 15 to 33 percent carryover balances as a percent of appropriations. This large carryover is needed to cover accrued obligations and unexpected expenses. Further, the healthy balances are intended to be attractive to financing sources should we choose to issue debt.

Looking forward, the City continues capital investments in Columbia Woods Park (a main park adjacent to the City Offices and the Community Center) with the completion of two baseball fields. The pond was drained and completely re-graded with level banks and an eight foot shelf around the perimeter. The pond was stocked and will open for fishing in 2008. A new playground area was graded and a new play structure was installed.

RELEVANT FINANCIAL POLICIES

The City of Norton budgets for the cost of salt needed for an average to above average winter. For 2006, we experienced a below average cost of salt leaving an unspent budget. It was decided late in the year to apply those one time savings to the purchase of a salt storage facility. This will allow the City to stock salt for half a year's use and allow greater flexibility as to when to purchase salt. This will provide purchase and operations savings for subsequent periods. The shed was completed in 2007. If the situation occurs again, the City will have salt storage for a full year's use.

MAJOR INITIATIVES

The Johnson United Methodist Church petitioned the City of Norton to construct, grade, curb and pave a road in the proposed Meadows at Johnson senior living community known as Meadows Lane. The project was postponed another year, but is anticipated to begin in 2008. This would include the construction of sanitary sewers, water lines, hydrants, storm sewers, utilities and all necessary appurtenances for a Senior Living Facility and senior only condominiums. The petition requested lots

and lands to be assessed the cost of constructing the improvements in proportion to the benefits. The Meadows at Johnson part of the Johnson United Methodist Church is fully responsible for all related costs of this project. The Meadows at Johnson senior living community will consist of 104 villas and 37 patio homes. The anticipated completion is five years. Debt service for this project has been allocated at \$4,500 per unit.

The Ohio Public Works Commission (OPWC) has approved grants for the waterline replacement in the Connect Road and Hazelwood Avenue area of the City. Engineering began in 2007 and should go to bid in 2008. The project is estimated at \$177,500 with a 50 percent funding request from OPWC.

New projects on the horizon include a \$15 million expansion of Cleveland Massillon Road, a main thoroughfare. A new fire station is to be built using revenue from the 2007 Fire/EMS property tax levy. The City will begin collecting revenue from this levy in 2008. A gazebo is to be erected in the Columbia Woods Park. The City also plans to purchase Lake Dorothy, a 200 acre lake in the center of the community.

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, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

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

Additionally, The Ohio Auditor of State has awarded the City finance office the 'Making Your Tax Dollars Count' award, which recognizes less than 5 percent of all Ohio Government agencies for their accounting of tax dollars.

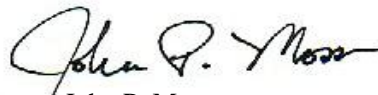
Your Director of Finance strongly supports full disclosure of the City's finances. We would like to thank the Members of Council, whose leadership made the preparation of this report possible. The employees of the City of Norton are dedicated to serve its citizens. The preparation of a report of this scope depends upon the dedication of many employees, but especially to the employees in the Department of Finance and to the Local Government Services Division 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,



Dave Koontz
Mayor



John P. Moss
Finance Director and Tax Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norton
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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



Clare S. Cox

President

Jeffrey R. Emer

Executive Director

City of Norton, Ohio
Principal Officials
December 31, 2007

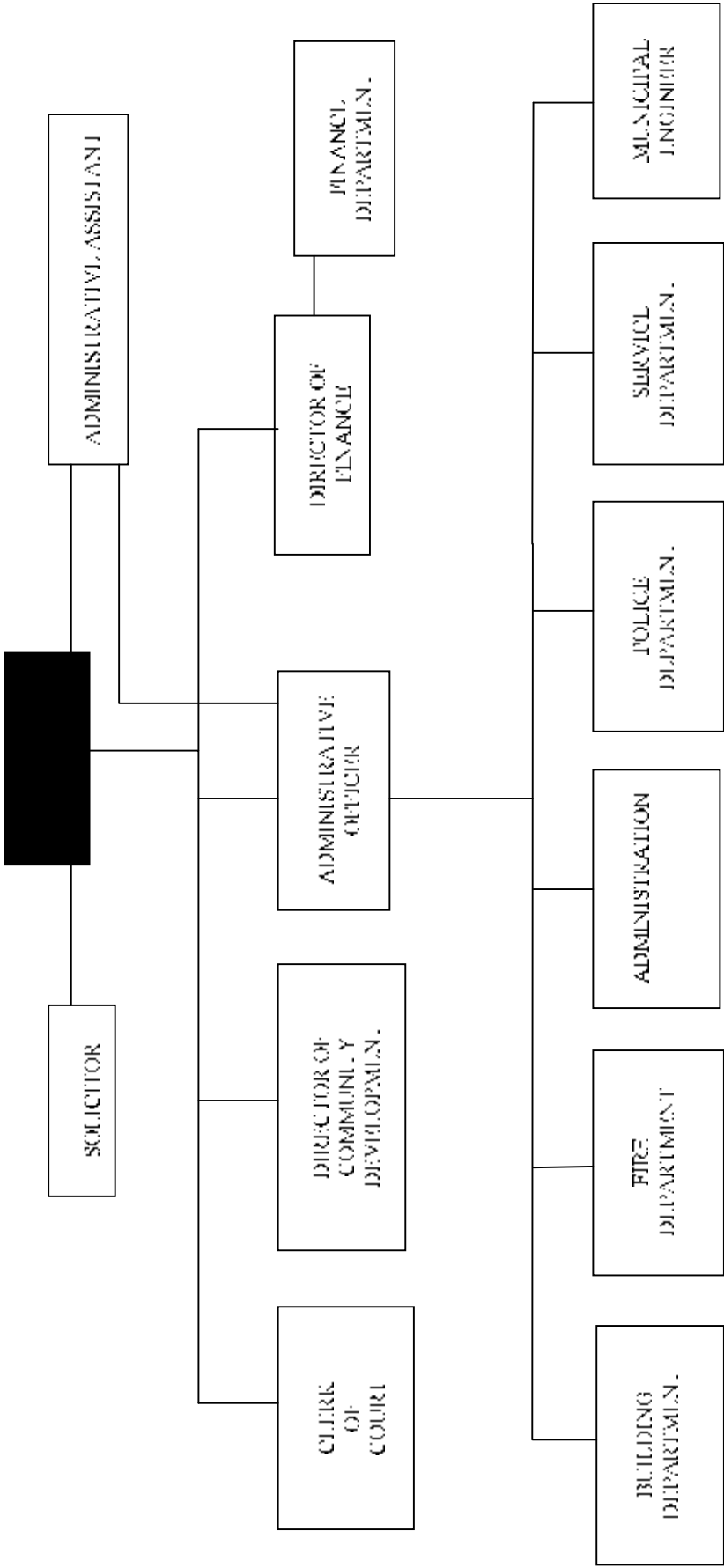
Elected Officials

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

Administrators

Rick Ryland.....	Administrative Officer
John P. Moss.....	Director of Finance and Tax Administrator
(2) Michael Lyons	Director of Law
(3) Jeffrey Pritchard.....	Director of Community Development
(4) J. Greg Carris	Chief of Police
Mike Shultz	Chief of Fire/EMS
Russ Arters	Superintendent of Buildings and Zoning Inspector
James Mitchell.....	Clerk of Mayor's Court
Thomas Gipson.....	Court Magistrate
Karla Richards	Clerk

- (1) As of January 1, 2007, Dave Koontz was elected Mayor of the City of Norton.
- (2) As of the issuance of this report, Peter Kostoff of Roetzel & Andress has been appointed Director of Law.
- (3) As of the issuance of this report, Jeffery Pritchard has resigned and the City is searching for a replacement.
- (4) As of the issuance of this report, J. Greg Carris has retired and Lieutenant Hete has been appointed as Interim Chief.



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INDEPENDENT AUDITOR'S REPORT

City of Norton
4060 Columbia Woods Drive
Norton, Ohio 44203

To Members of Council:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Norton, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Street Construction, and Repair Fund, Fire Fund and Emergency Medical Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.

Certified Public Accountants

October 22, 2008

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The discussion and analysis for the City of Norton's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2007. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the transmittal letter as well as the basic financial statements.

Financial Highlights

Financial Highlights for 2007 are as follows:

- Total net assets increased \$996,448, or a 6.69 percent over 2006 from an increase in capital assets of \$1,557,794 offset by a decrease in cash and cash equivalents of \$738,033.
- Total assets of governmental activities increased \$1,176,059 which represents a 5.50 percent increase over 2006.
- Total liabilities increased by \$179,611, which represents a 2.77 percent increase over 2006.
- Total invested in capital assets, net of debt increased \$2,005,711 or 25.38 percent from 2006.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2007 and how they affected the City of Norton's operations. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City of Norton as a Whole

Statement of Net Assets and the Statement of Activities

This financial view of the City as a whole considers all transactions and answers the question of how the City of Norton performed financially during 2007. The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status.

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

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

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

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

Reporting the City of Norton's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial reports give detailed information of activities within these funds. The City currently has forty-one funds, which have been established to account for the multitude of services provided to residents, for employee health care and the operation of facilities, as well as for infrastructure and capital purchases. These fund financial statements focus on the City's five major funds: the general fund, the street construction, maintenance and repair, the fire, and the emergency medical service special revenue funds, and the special assessment bond retirement fund.

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

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

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

The City of Norton as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2007 as they compare to 2006.

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 1
Net Assets

	Governmental Activities		
	2007	2006	Change
<i>Assets</i>			
Current and Other Assets	\$9,004,309	\$9,386,044	(\$381,735)
Capital Assets, Net	13,551,297	11,993,503	1,557,794
Total Assets	22,555,606	21,379,547	1,176,059
<i>Liabilities</i>			
Current and Other Liabilities	2,218,485	1,837,872	380,613
Long-term Liabilities			
Due Within One Year	523,180	519,620	3,560
Due in More than One Year	3,932,752	4,137,314	(204,562)
Total Liabilities	6,674,417	6,494,806	179,611
<i>Net Assets</i>			
Invested in Capital Assets			
Net of Related Debt	9,909,002	7,903,291	2,005,711
Restricted:			
Capital Projects	423,673	979,920	(556,247)
Debt Service	918,452	955,831	(37,379)
Police	36,217	34,637	1,580
Fire and EMS	186,546	315,989	(129,443)
Transportation	1,063,984	1,593,221	(529,237)
Sewerline/Waterline Maintenance	881,202	655,415	225,787
Other Purposes	180,234	48,876	131,358
Unrestricted	2,281,879	2,397,561	(115,682)
Total Net Assets	\$15,881,189	\$14,884,741	\$996,448

Total assets increased by \$1,176,059 from 2006 to 2007. This increase was primarily the result of an increase in capital assets of \$1,557,794. The capital assets increase was due in large part to additions to construction in progress.

Total liabilities increased by \$179,611 for the year. This increase is due to an increase in deferred revenue offset by the decrease in long-term liabilities.

Total net assets increased by \$996,448. Some factors partly responsible for this increase included the increase in capital assets offset by an increase in deferred revenue and a decrease in equity in pooled cash and cash equivalents.

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2 shows the changes in net assets for the year ended December 31, 2007.

Table 2
Changes in Net Assets

	Governmental Activities		
	2007	2006	Change
<i>Revenues</i>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$1,001,453	\$972,994	\$28,459
Operating Grants and Contributions	823,031	1,054,304	(231,273)
Capital Grants and Contributions	320,191	1,016,047	(695,856)
Total Program Revenues	<u>2,144,675</u>	<u>3,043,345</u>	<u>(898,670)</u>
<i>General Revenues:</i>			
Property Taxes	1,254,294	1,173,509	80,785
Income Tax	3,711,991	4,585,451	(873,460)
Grants and Entitlements	953,675	857,119	96,556
Interest	282,650	276,651	5,999
Other	19,459	65,968	(46,509)
Total General Revenues	<u>6,222,069</u>	<u>6,958,698</u>	<u>(736,629)</u>
<i>Total Revenues</i>	<u>8,366,744</u>	<u>10,002,043</u>	<u>(1,635,299)</u>
<i>Program Expenses:</i>			
General Government	1,797,290	2,258,088	(460,798)
Security of Persons and Property	3,486,686	3,697,437	(210,751)
Transportation	1,305,616	1,105,515	200,101
Community Environment	266,813	310,737	(43,924)
Public Health Services	167,598	101,908	65,690
Leisure Time Activities	172,172	230,960	(58,788)
Interest and Fiscal Charges	174,121	169,150	4,971
<i>Total Expenses</i>	<u>7,370,296</u>	<u>7,873,795</u>	<u>(503,499)</u>
<i>Increase in Net Assets</i>	996,448	2,128,248	(1,131,800)
<i>Net Assets Beginning of Year</i>	<u>14,884,741</u>	<u>12,756,493</u>	<u>2,128,248</u>
<i>Net Assets End of Year</i>	<u>\$15,881,189</u>	<u>\$14,884,741</u>	<u>\$996,448</u>

Governmental Activities

Several revenue sources fund governmental activities with the City of Norton's municipal income tax being the largest contributor. The income tax rate of 1 percent was created by City Charter adopted November 6, 1962 and re-adopted in its entirety by the voters at a general election held on November 5, 1992. The City

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allows a 100 percent credit of taxes paid to other municipalities, up to 1 percent of income. The 1 percent tax created by the Charter remained in effect until July 1, 1974, when Norton's electorate increased the income tax rate to 1.50 percent, with a 100 percent credit of taxes paid to other municipalities up to 1.50 percent of income. The 1.50 percent tax remained in effect until November 4, 2004, when Norton's electorate increased the income tax rate effective January 1, 2005 to 2 percent, with a 100 percent credit of taxes paid to other municipalities up to 2 percent of income. Council adopted a resolution of intent effective January 1, 2005 for the distribution of income tax funds. The allocations of tax funds collected are: first, to defray all tax collection and enforcement expenses. The net income tax collections are distributed to the following funds: general fund, street construction, maintenance and repair special revenue fund, special permissive license tax special revenue fund, special assessment bond retirement debt service fund, general obligation bond retirement debt service fund, equipment capital projects fund, and the buildings capital projects fund.

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

The operations of the City's safety forces account for the largest expense in governmental activities, representing 47.31 percent of the total governmental activity expenses. The police service for the City of Norton is a full time, 24-hour per day, 365 days per year operation. The staff consists of a full time chief, one full time lieutenant, three full time sergeants, eleven full time patrol officers, five part time patrol officers, and one full time secretary. The police operations also include dispatch for police, fire and EMS, with four full time dispatchers, and three part time dispatchers.

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

Transportation expenses increased \$200,101 due to ongoing maintenance of roadways throughout the City. This increase was offset by the reduction of general government expenses of \$460,798 from cost cutting measures and careful spending controls during 2007.

The City's Funds

Information about the City's governmental funds begins on page 14. These funds are accounted for by using the modified accrual method of accounting. All governmental funds had total revenues of \$8,337,696 and expenditures of \$8,919,537. The general fund had revenues of \$4,749,536 and expenditures of \$4,267,581 for a surplus of \$481,955. The street construction, maintenance and repair fund had revenues of \$1,213,387 and expenditures of \$1,213,668, leaving deficit spending of \$281. The fire fund had revenues of \$421,878 and expenditures of \$589,590. The deficit fund balance of \$77,573 for the fire fund was the result of increased staffing costs. The emergency medical service fund had revenues of \$567,038 and expenditures of \$562,340.

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

City of Norton, Ohio
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is adopted at an object level of control by City Council at a regularly scheduled council meeting. Any budgetary modifications must be made by ordinance of the City Council.

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

For the general fund, final budgeted revenues were \$6,268,891 and actual revenue collections were \$4,866,942. Of this \$1,401,949 difference, most is due to less actual income tax revenues than anticipated. The general fund final budgeted expenditures were \$6,030,621 and the actual expenditures were \$4,307,056. This reduction of \$1,723,565 is due to efforts to control actual expenditures.

Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		
	2007	2006	Change
Land	\$330,122	\$330,122	\$0
Construction in Progress	1,979,846	493,928	1,485,918
Building and Improvements	944,994	901,148	43,846
Equipment, Furniture and Fixtures	983,936	946,409	37,527
Vehicles	1,229,380	1,127,505	101,875
Infrastructure			
Water Lines	2,311,079	2,338,048	(26,969)
Sanitary Sewer Lines	4,490,684	4,538,587	(47,903)
Roads	1,281,256	1,317,756	(36,500)
<i>Totals</i>	\$13,551,297	\$11,993,503	\$1,557,794

Total Capital Assets for the City of Norton as of December 31, 2007, amounted to \$13,551,297, which was an increase of \$1,557,794 from 2006. This increase was a result of ongoing construction in progress additions of \$1,544,364. For more information about the City's capital assets, see Note 9 in the basic financial statements.

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

Debt

As of December 31, 2007, the City of Norton had \$3,630,000 in outstanding debt.

Table 4
Outstanding Debt at Year End

	Governmental Activities		
	2007	2006	Change
General Obligation Bonds	\$2,829,649	\$3,012,414	(\$182,765)
Long-term Notes	0	35,000	(35,000)
Special Assessment Bonds	800,351	842,586	(42,235)
<i>Totals</i>	\$3,630,000	\$3,890,000	(\$260,000)

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

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

Also, the City has manuscript notes which represent four separate improvement issues in the form of manuscript notes issued by the City. Manuscript notes are notes issued and purchased by the City and held until maturity as an investment vehicle whereby the City pays interest to the General fund from the Debt Service fund. This form of issue avoids the underwriting and insurance costs and is used primarily in projects which require minimal funding. These notes are shown on the balance sheet as interfund receivables/payables between the general fund and the capital projects fund. At year end, the outstanding manuscript notes were \$806,000.

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

Current Financial Related Issues

Effective January 1, 2005 the electorate of Norton approved a .5 percent City income tax increase. This increase was to provide funds for general municipal operations, new equipment, debt service, purchase of a City Service Garage, and the overall commitment of municipal services. As a result of the rate change income tax revenue increased by about 50 percent over 2005 on a cash basis to \$3,979,767. Since this increased tax rate remains in place the City expects to receive further increases based on normal economic growth.

As the City of Norton continues to grow, meeting the financial challenges to provide services and infrastructure needs in the community is a primary goal, and expanding utilities (such as water and sewer lines) is secondary. Through the Administration's strong fiscal management and City Council's strict budget supervision, the City has been able to hold general operating expenditures in check while sustaining City

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

services at past levels. Financial planning has included a utilities study to assist decision making relative to the economic delivery of utility services to the community. Equipment purchases as well as facility improvements, acquisitions and other necessary major purchases have been paid for in cash where possible to facilitate the pay-down of debt. Attention to healthy carryover balances and the pay-down of debt will continue in the future. The City has kept the work force size at a financially manageable level and still has met the needs of City residents.

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

Contacting the City of Norton's Finance Department

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

Basic Financial Statements

City of Norton, Ohio
Statement of Net Assets
December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,869,163
Cash and Cash Equivalents In Segregated Accounts	17,342
Materials and Supplies Inventory	129,441
Accounts Receivable	204,608
Accrued Interest Receivable	41,052
Intergovernmental Receivable	859,675
Prepaid Items	66,159
Income Taxes Receivable	1,240,275
Property Taxes Receivable	1,776,243
Special Assessments Receivable	800,351
Nondepreciable Capital Assets	2,309,968
Depreciable Capital Assets, Net	11,241,329
<i>Total Assets</i>	22,555,606
Liabilities	
Accounts Payable	81,089
Accrued Wages and Benefits	159,080
Intergovernmental Payable	235,004
Claims Payable	115,961
Deferred Revenue	1,588,124
Matured Compensated Absences Payable	14,380
Accrued Interest Payable	24,847
Long-Term Liabilities:	
Due Within One Year	523,180
Due in More Than One Year	3,932,752
<i>Total Liabilities</i>	6,674,417
Net Assets	
Invested in Capital Assets, Net of Related Debt	9,909,002
Restricted for:	
Capital Projects	423,673
Debt Service	918,452
Police	36,217
Fire and EMS	186,546
Transportation	1,063,984
Sewerline/Waterline Maintenance	881,202
Other Purposes	180,234
Unrestricted	2,281,879
<i>Total Net Assets</i>	\$15,881,189

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,797,290	\$227,855	\$9,030	\$47,346	(\$1,513,059)
Security of Persons and Property	3,486,686	408,448	57,822	125,852	(2,894,564)
Transportation	1,305,616	15,047	751,886	0	(538,683)
Community Environment	266,813	19,018	4,293	0	(243,502)
Public Health Services	167,598	321,192	0	0	153,594
Leisure Time Activities	172,172	9,893	0	146,993	(15,286)
Interest and Fiscal Charges	174,121	0	0	0	(174,121)
Totals	\$7,370,296	\$1,001,453	\$823,031	\$320,191	(5,225,621)

General Revenues

Property Taxes Levied for:

General Purposes	430,607
Fire	422,687
EMS	319,338
Police and Fire Disability and Pension	81,662

Income Taxes Levied for

General Purposes	2,759,385
Debt Service	252,565
Capital Projects	157,456
Street Repair and Maintenance	542,585

Grants and Entitlements not Restricted
to Specific Programs

Interest	953,675
Other	282,650
	19,459

Total General Revenues 6,222,069

Change in Net Assets 996,448

*Net Assets Beginning of Year -
Restated (See Note 4)* 14,884,741

Net Assets End of Year \$15,881,189

See accompanying notes to the basic financial statements

City of Norton, Ohio
Balance Sheet
Governmental Funds
December 31, 2007

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement
Assets					
Equity in Pooled Cash and Cash Equivalents	\$376,080	\$563,617	\$42,470	\$55,604	\$20,539
Cash and Cash Equivalents In Segregated Accounts	17,342	0	0	0	0
Materials and Supplies Inventory	2,232	127,209	0	0	0
Accounts Receivable	34,101	1,243	0	157,833	0
Accrued Interest Receivable	41,052	0	0	0	0
Intergovernmental Receivable	467,807	291,126	20,383	16,176	0
Prepaid Items	33,849	2,769	2,206	2,206	0
Income Taxes Receivable	902,649	214,986	0	0	30,295
Property Taxes Receivable	454,168	0	659,864	577,055	0
Special Assessments Receivable	0	0	0	0	800,351
Interfund Receivable	1,351,277	0	0	0	0
<i>Total Assets</i>	<u>\$3,680,557</u>	<u>\$1,200,950</u>	<u>\$724,923</u>	<u>\$808,874</u>	<u>\$851,185</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$62,732	\$6,120	\$734	\$1,520	\$0
Accrued Wages and Benefits	98,957	25,217	17,357	17,357	0
Intergovernmental Payable	157,267	36,547	20,539	20,538	0
Interfund Payable	0	0	70,000	0	0
Accrued Interest Payable	0	0	0	0	0
Matured Compensated Absences Payable	761	0	13,619	0	0
Deferred Revenue	1,459,180	333,782	680,247	718,568	820,718
<i>Total Liabilities</i>	<u>1,778,897</u>	<u>401,666</u>	<u>802,496</u>	<u>757,983</u>	<u>820,718</u>
Fund Balances					
Reserved for Encumbrances	29,733	11,991	1,305	1,005	0
Unreserved, Undesignated, Reported in:					
General Fund	1,871,927	0	0	0	0
Special Revenue Funds (Deficit)	0	787,293	(78,878)	49,886	0
Debt Service Funds	0	0	0	0	30,467
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,901,660</u>	<u>799,284</u>	<u>(77,573)</u>	<u>50,891</u>	<u>30,467</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,680,557</u>	<u>\$1,200,950</u>	<u>\$724,923</u>	<u>\$808,874</u>	<u>\$851,185</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$4,051,073
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$2,592,253	\$3,650,563	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,551,297
0	17,342	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
0	129,441	Delinquent Property Taxes	188,119
11,431	204,608	Income Tax	833,842
0	41,052	Special Assessments	800,351
64,183	859,675	Grants	637,930
506	41,536	Charges for Services	157,273
92,345	1,240,275	Total	2,617,515
85,156	1,776,243	In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(10,026)
0	800,351	An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of activities.	127,262
0	1,351,277	Long-term liabilities, including notes and bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
\$2,845,874	\$10,112,363	General Obligation Bonds	(2,829,649)
		Special Assessment Bonds	(800,351)
\$9,983	\$81,089	Capital Leases	(12,295)
192	159,080	Compensated Absences	(673,637)
113	235,004	Claims and Judgment Payable	(140,000)
1,281,277	1,351,277	Total	(4,455,932)
14,821	14,821	<i>Net Assets of Governmental Activities</i>	\$15,881,189
0	14,380		
193,144	4,205,639		
1,499,530	6,061,290		
205,184	249,218		
0	1,871,927		
1,072,003	1,830,304		
30,914	61,381		
38,243	38,243		
1,346,344	4,051,073		
\$2,845,874	\$10,112,363		

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement
Revenues					
Property Taxes	\$407,336	\$0	\$379,304	\$300,144	\$0
Municipal Income Tax	2,881,850	571,752	0	0	82,570
Charges for Services	62,853	15,047	0	233,120	0
Special Assessments	0	0	0	0	71,790
Licenses, Permits and Fees	102,217	0	0	0	0
Fines and Forfeitures	136,563	0	0	0	0
Intergovernmental	876,067	622,589	42,296	33,571	6,063
Interest	282,650	0	0	0	0
Other	0	3,999	278	203	0
<i>Total Revenues</i>	<u>4,749,536</u>	<u>1,213,387</u>	<u>421,878</u>	<u>567,038</u>	<u>160,423</u>
Expenditures					
Current:					
General Government	1,808,817	0	0	0	3,381
Security of Persons and Property	2,069,676	0	553,109	562,340	0
Transportation	0	1,213,303	0	0	0
Community Environment	252,374	0	0	0	0
Public Health Services	0	0	0	0	0
Leisure Time Activities	132,262	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	2,554	363	35,000	0	105,000
Interest and Fiscal Charges	1,898	2	1,481	0	74,390
<i>Total Expenditures</i>	<u>4,267,581</u>	<u>1,213,668</u>	<u>589,590</u>	<u>562,340</u>	<u>182,771</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>481,955</u>	<u>(281)</u>	<u>(167,712)</u>	<u>4,698</u>	<u>(22,348)</u>
Other Financing Sources (Uses)					
Transfers In	0	13,427	0	0	29,500
Transfers Out	(529,005)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(529,005)</u>	<u>13,427</u>	<u>0</u>	<u>0</u>	<u>29,500</u>
<i>Net Change in Fund Balances</i>	(47,050)	13,146	(167,712)	4,698	7,152
<i>Fund Balances Beginning of Year</i>	<u>1,948,710</u>	<u>786,138</u>	<u>90,139</u>	<u>46,193</u>	<u>23,315</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,901,660</u>	<u>\$799,284</u>	<u>(\$77,573)</u>	<u>\$50,891</u>	<u>\$30,467</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, 2007*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances -Total Governmental Funds	(\$581,841)
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
		Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
		Capital Asset Additions:	
\$77,298	\$1,164,082	Capital Outlay	1,942,669
344,092	3,880,264	Capital Contributions	125,852
409,617	720,637	Current Year Depreciation	<u>(492,291)</u>
0	71,790		
0	102,217		
34,404	170,967		
345,044	1,925,630		
0	282,650		
14,979	19,459		
<u>1,225,434</u>	<u>8,337,696</u>	Total	1,576,230
		Government Funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(18,436)
7,723	1,819,921	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
13,044	3,198,169	Delinquent Property Taxes	90,212
942,327	2,155,630	Income Tax	(168,273)
4,292	256,666	Special Assessments	(42,235)
92,725	92,725	Grants	15,860
27,457	159,719	Charges for Services	(456)
802,520	802,520	Fines and Forfeitures	<u>8,088</u>
120,000	262,917		
93,499	171,270		
<u>2,103,587</u>	<u>8,919,537</u>	Total	(96,804)
(878,153)	(581,841)	Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	262,917
570,303	613,230	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(2,851)
(84,225)	(613,230)	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
486,078	0	Compensated Absences	(131,915)
(392,075)	(581,841)	Claims and Judgement Payable	<u>70,000</u>
1,738,419	4,632,914		
<u>\$1,346,344</u>	<u>\$4,051,073</u>	Total	(61,915)
		The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the entity- wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.	<u>(80,852)</u>
		<i>Change in Net Assets of Governmental Activities</i>	<u>\$996,448</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$390,243	\$437,307	\$407,336	(\$29,971)
Municipal Income Tax	3,812,769	4,272,586	2,954,267	(1,318,319)
Charges for Services	60,216	67,478	62,853	(4,625)
Licenses, Permits and Fees	97,928	109,738	102,217	(7,521)
Fines and Forfeitures	114,218	127,993	119,221	(8,772)
Intergovernmental	842,188	943,756	941,576	(2,180)
Interest	261,077	292,563	272,512	(20,051)
Other	6,668	17,470	6,960	(10,510)
<i>Total Revenues</i>	<u>5,585,307</u>	<u>6,268,891</u>	<u>4,866,942</u>	<u>(1,401,949)</u>
Expenditures				
Current:				
General Government	2,147,856	2,503,863	1,820,264	683,599
Security of Persons and Property	2,490,415	2,939,970	2,080,065	859,905
Community Environment	326,499	385,532	270,057	115,475
Leisure Time Activities	170,405	201,256	136,670	64,586
<i>Total Expenditures</i>	<u>5,135,175</u>	<u>6,030,621</u>	<u>4,307,056</u>	<u>1,723,565</u>
<i>Excess of Revenues Over Expenditures</i>	<u>450,132</u>	<u>238,270</u>	<u>559,886</u>	<u>321,616</u>
Other Financing Uses				
Advances Out	0	0	(1,351,277)	(1,351,277)
Transfers Out	(1,225,918)	(1,447,867)	(529,005)	918,862
<i>Total Other Financing Uses</i>	<u>(1,225,918)</u>	<u>(1,447,867)</u>	<u>(1,880,282)</u>	<u>(432,415)</u>
<i>Net Change in Fund Balance</i>	(775,786)	(1,209,597)	(1,320,396)	(110,799)
<i>Fund Balance Beginning of Year</i>	1,436,040	1,436,040	1,436,040	0
Prior Year Encumbrances Appropriated	189,252	189,252	189,252	0
<i>Fund Balance End of Year</i>	<u>\$849,506</u>	<u>\$415,695</u>	<u>\$304,896</u>	<u>(\$110,799)</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Tax	\$589,000	\$589,000	\$589,000	\$0
Charges for Services	15,201	16,941	15,047	(1,894)
Intergovernmental	624,595	696,085	618,276	(77,809)
Other	5,205	5,800	5,152	(648)
<i>Total Revenues</i>	1,234,001	1,307,826	1,227,475	(80,351)
Expenditures				
Current:				
Transportation	1,359,529	1,402,729	1,237,375	165,354
<i>Excess of Revenues Under Expenditures</i>	(125,528)	(94,903)	(9,900)	85,003
Other Financing Sources				
Transfers In	31,000	31,000	13,427	(17,573)
<i>Net Change in Fund Balance</i>	(94,528)	(63,903)	3,527	67,430
<i>Fund Balance Beginning of Year</i>	457,552	457,552	457,552	0
Prior Year Encumbrances Appropriated	78,653	78,653	78,653	0
<i>Fund Balance End of Year</i>	<u>\$441,677</u>	<u>\$472,302</u>	<u>\$539,732</u>	<u>\$67,430</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$387,287	\$438,424	\$379,304	(\$59,120)
Intergovernmental	43,186	48,888	42,296	(6,592)
Other	284	322	278	(44)
<i>Total Revenues</i>	<u>430,757</u>	<u>487,634</u>	<u>421,878</u>	<u>(65,756)</u>
Expenditures				
Current:				
Security of Persons and Property	652,328	574,687	541,729	32,958
Debt Service:				
Principal Retirement	42,368	37,325	35,000	2,325
Interest and Fiscal Charges	1,792	1,579	1,481	98
Total Debt Service	<u>44,160</u>	<u>38,904</u>	<u>36,481</u>	<u>2,423</u>
<i>Total Expenditures</i>	<u>696,488</u>	<u>613,591</u>	<u>578,210</u>	<u>35,381</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(265,731)	(125,957)	(156,332)	(30,375)
Other Financing Sources				
Advances In	<u>0</u>	<u>0</u>	<u>70,000</u>	<u>70,000</u>
<i>Net Change in Fund Balance</i>	(265,731)	(125,957)	(86,332)	39,625
<i>Fund Balance Beginning of Year</i>	<u>125,957</u>	<u>125,957</u>	<u>125,957</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$139,774)</u>	<u>\$0</u>	<u>\$39,625</u>	<u>\$39,625</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$344,663	\$324,378	\$300,144	(\$24,234)
Charges for Services	230,382	216,822	200,624	(16,198)
Intergovernmental	38,550	36,282	33,571	(2,711)
Other	233	219	203	(16)
<i>Total Revenues</i>	613,828	577,701	534,542	(43,159)
Expenditures				
Current:				
Security of Persons and Property	685,572	660,121	564,382	95,739
<i>Net Change in Fund Balance</i>	(71,744)	(82,420)	(29,840)	52,580
<i>Fund Balance Beginning of Year</i>	78,582	78,582	78,582	0
Prior Year Encumbrances Appropriated	3,838	3,838	3,838	0
<i>Fund Balance End of Year</i>	<u>\$10,676</u>	<u>\$0</u>	<u>\$52,580</u>	<u>\$52,580</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Fund Net Assets
Internal Service Fund
For the Year Ended December 31, 2007

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$218,600
Prepaid Items	<u>24,623</u>
<i>Total Current Assets</i>	243,223
Liabilities	
Claims Payable	<u>115,961</u>
Net Assets	
Unrestricted	<u><u>\$127,262</u></u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Statement of Revenues,
 Expenses and Changes in Fund Net Assets
 Internal Service Fund
 For the Year Ended December 31, 2007*

	Insurance
Operating Revenues	
Charges for Services	\$644,062
Operating Expenses	
Purchased Services	214,446
Claims	510,468
<i>Total Operating Expenses</i>	724,914
<i>Operating Loss</i>	(80,852)
<i>Net Assets Beginning of Year</i>	208,114
<i>Net Assets End of Year</i>	\$127,262

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2007

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$644,062
Cash Payments for Goods and Services	(254,206)
Cash Payments for Claims	(446,068)
	(56,212)
<i>Net Decrease in Cash and Cash Equivalents</i>	(56,212)
<i>Cash and Cash Equivalents Beginning of Year</i>	274,812
	274,812
<i>Cash and Cash Equivalents End of Year</i>	\$218,600
	\$218,600
 <i>Reconciliation of Operating Loss to</i>	
<i>Net Cash Used in Operating Activities</i>	
<i>Operating Loss</i>	(\$80,852)
 Adjustments	
Increase in Prepaid Items	(24,623)
Increase in Claims Payable	49,263
	(24,623)
<i>Net Cash Used in Operating Activities</i>	(\$56,212)
	(\$56,212)

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$40,527</u>
Liabilities	
Undistributed Assets	<u>\$40,527</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, 2007

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

B. Fund Accounting

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

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

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

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

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

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

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

C. Measurement Focus

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the Waterlines capital projects fund is not reported because it is not included in the entity for which the "appropriate budget" is adopted and does not maintain budgetary financial records. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by City Council at the object level within each department for all funds. Budgetary modifications may only be made by ordinance of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original 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.

F. Cash and Cash Equivalents

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

During 2007, investments were limited to a repurchase agreement which is presented at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue is distributed to the general fund, certain special revenue funds, debt service funds and certain capital projects funds. Interest revenue credited to the general fund during 2007 amounted to \$282,650, which includes \$254,333 assigned from other City funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

H. Inventory

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

I. Capital Assets

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

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

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

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

The City's infrastructure consists of water lines, sanitary sewer lines and roads and includes infrastructure acquired after 2003. The City plans to phase in the prior year amounts in future years.

J. Interfund Balances

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

K. Compensated Absences

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

City of Norton, Ohio
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For the Year Ended December 31, 2007

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.

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.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance Reserves

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

N. Operating Revenues and Expenses

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

O. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular

City of Norton, Ohio
Notes to the Basic Financial Statements
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expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Net Assets

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

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$3,690,308 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for law enforcement and recycling.

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

Q. Extraordinary and Special Items

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

R. Estimates

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

Note 3 – Accountability and Compliance

A. Accountability

The fire special revenue fund had a deficit fund balance of \$77,573. The deficit was caused by the recognition of expenditures on the modified accrual basis of accounting. The general fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

The Meadows at Johnson, the land and land improvements, the waterlines and the gardner issue II capital projects funds had deficit fund balances of \$170,487, \$151,278, \$36,372 and \$191,093, respectively. The deficit fund balances in the capital projects funds are a result of the issuance of short-term manuscript notes reported on the financial statements as interfund receivable and payable (See Note 18). The deficit will be eliminated once bonds are issued and the notes are paid.

B. Compliance

The fire special revenue fund had total original appropriations in excess of estimated resources plus carryover balances by \$139,774 in violation of Section 5705.39, Ohio Revised Code.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

The land and land improvements capital projects fund had expenditures plus encumbrances in excess of appropriations by \$183,885 contrary to section 5705.41, Ohio Revised Code.

Note 4 – Change in Accounting Principles and Restatement of Prior Year Balances

A. Change in Accounting Principles

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and OP&F postemployment healthcare plans in the amount of \$21,638 and \$35,767, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

B. Restatement of Prior Year Balances

During 2007, it was determined that capital assets were understated in the amount of \$2,343,591, which adjusted net assets at December 31, 2006, from \$12,541,150 to \$14,884,741.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances-In and Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.

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

Net Change in Fund Balances				
	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service
GAAP Basis	(\$47,050)	\$13,146	(\$167,712)	\$4,698
Net Adjustment for Revenue Accruals	135,998	14,088	0	(32,496)
Advances In	0	0	70,000	0
Ending Unrecorded Cash	(18,592)	0	0	0
Net Adjustment for				
Expenditure Accruals	30,459	178	14,225	982
Advances Out	(1,351,277)	0	0	0
Adjustments for Encumbrances	(69,934)	(23,885)	(2,845)	(3,024)
Budget Basis	(\$1,320,396)	\$3,527	(\$86,332)	(\$29,840)

Note 6 - Deposits and Investments

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

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

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.

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

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

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

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

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

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

City of Norton, Ohio
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For the Year Ended December 31, 2007

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$3,523,574 and the bank balance was \$3,624,802. Of the bank balance \$274,802 was covered by federal depository insurance and \$3,350,000 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 market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the City had an investment in a repurchase agreement with a fair value of \$385,000. The underlying securities of the repurchase agreement are the Federal Home Loan Mortgage Bonds and have a maturity of less than thirty days.

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

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

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

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

Note 7 - Receivables

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, interest and accounts receivable.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for special assessments and delinquent property taxes are expected to be collected within one year.

Special assessments expected to be collected in one year amount to \$42,235, with the remaining \$758,116 expected to be collected in more than one year.

Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, the 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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

The full tax rate for all City operations for the year ended December 31, 2007 was \$6.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$216,297,250
Other Real Estate	40,422,950
Tangible Personal Property	
Public Utility	6,507,780
General	12,197,400
Total	<u><u>\$275,425,380</u></u>

On November 6, 2007, the residents of the City approved a 3 mill permanent Fire and EMS levy was passed. 30 percent of this levy will be used for capital improvements while the remaining 70 percent will be used for the operations of the Fire and EMS.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Norton. The County Fiscal Officer periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while the remainder of the receivable is deferred.

B. Income Tax

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

C. Intergovernmental Receivables

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

	<u>Amounts</u>
Local Government	\$322,959
Gasoline Tax	152,760
Inheritance Tax	114,933
Cents per Gallon	85,314
Motor Vehicle License Registration	62,616
Homestead and Rollback	56,257
Permissive Motor Vehicle License Tax	46,635
Public Utilities	9,479
Grants	8,421
Barberton Municipal Court	<u>301</u>
Total	<u><u>\$859,675</u></u>

Note 8 - Contingencies

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2007.

B. Litigation

One claim or lawsuit is pending against the City. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2007.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$330,122	\$0	\$0	\$330,122
Construction in Progress	493,928	1,544,364	(58,446)	1,979,846
<i>Total Capital Assets, not being depreciated</i>	<u>824,050</u>	<u>1,544,364</u>	<u>(58,446)</u>	<u>2,309,968</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	1,549,803	64,510	0	1,614,313
Equipment, Furniture and Fixtures	2,129,070	208,598	(15,551)	2,322,117
Vehicles	2,221,778	300,021	(40,278)	2,481,521
Infrastructure:				
Water Lines	2,696,876	0	0	2,696,876
Sanitary Sewer Lines	4,790,433	1	0	4,790,434
Roads	1,397,844	9,473	0	1,407,317
<i>Total Capital Assets, being depreciated</i>	<u>14,785,804</u>	<u>582,603</u>	<u>(55,829)</u>	<u>15,312,578</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(648,655)	(20,664)	0	(669,319)
Equipment, Furniture and Fixtures	(1,182,661)	(168,448)	12,928	(1,338,181)
Vehicles	(1,094,273)	(182,333)	24,465	(1,252,141)
Infrastructure:				
Water Lines	(358,828)	(26,969)	0	(385,797)
Sanitary Sewer Lines	(251,846)	(47,904)	0	(299,750)
Roads	(80,088)	(45,973)	0	(126,061)
<i>Total Accumulated Depreciation</i>	<u>(3,616,351)</u>	<u>(492,291) *</u>	<u>37,393</u>	<u>(4,071,249)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>11,169,453</u>	<u>90,312</u>	<u>(18,436)</u>	<u>11,241,329</u>
Governmental Activities Capital Assets, Net	<u>\$11,993,503</u>	<u>\$1,634,676</u>	<u>(\$76,882)</u>	<u>\$13,551,297</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$70,668
Security of Persons and Property	165,809
Transportation	170,639
Community Environment	865
Public Health Services	74,873
Leisure Time Activities	9,437
Total Depreciation Expense	<u>\$492,291</u>

City of Norton, Ohio
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For the Year Ended December 31, 2007

The City received a donated squad vehicle with a cost of \$125,852. The City has recorded this as a capital contribution.

Note 10 – Notes Payable

A summary of the note transactions for the year ended December 31, 2007, follows:

	Outstanding 12/31/2006	Issued	Retired	Outstanding 12/31/2007
Johnson Waterline Notes	\$85,000	\$0	\$85,000	\$0
Service Equipment Notes	100,000	0	100,000	0
Total	\$185,000	\$0	\$185,000	\$0

All of the notes were bond anticipation notes which are backed by the full faith and credit of the City. The Johnson Waterline and Service Equipment notes matured on February 20, 2007.

Note 11 - Long-Term Obligations

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds</i>				
Street Improvement	2003	2.00%	\$570,000	December 1, 2018
Police Cruisers	2003	2.00%	55,000	December 1, 2008
Police Radio System	2003	2.00%	415,000	December 1, 2018
Road Program	2003	2.00%	520,000	December 1, 2018
Ballfields	2003	2.00%	260,000	December 1, 2023
Gardner Engineering	2003	2.00%	215,000	December 1, 2023
Barber Road Sanitary Sewer	2003	2.00%	1,496,940	December 1, 2023
<i>Long-Term Notes</i>				
Fire Pumper	2002	4.28%	175,000	October 31, 2007
<i>Special Assessment Bonds</i>				
1996 Special Assessments	1996	6.60%	122,000	December 1, 2016
Barber Road Special Assessments	2003	2.00%	888,060	December 1, 2023

City of Norton, Ohio
Notes to the Basic Financial Statements
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A schedule of changes in bonds and other long-term obligations of the City during 2007 follows:

	Amounts Outstanding 12/31/06	Additions	Reductions	Amounts Outstanding 12/31/07	Amounts Due in One Year
<i>General Obligation Bonds:</i>					
Street Improvement	\$470,000	\$0	(\$35,000)	\$435,000	\$35,000
Police Cruisers	25,000	0	(10,000)	15,000	15,000
Police Radio System	340,000	0	(25,000)	315,000	25,000
Road Program	430,000	0	(30,000)	400,000	30,000
Ballfields	230,000	0	(10,000)	220,000	10,000
Gardner Engineering	185,000	0	(10,000)	175,000	10,000
Barber Road Sanitary Sewer	1,332,414	0	(62,765)	1,269,649	62,765
<i>Total General Obligation Bonds</i>	<u>3,012,414</u>	<u>0</u>	<u>(182,765)</u>	<u>2,829,649</u>	<u>187,765</u>
<i>Long-Term Notes:</i>					
Fire Pumper	35,000	0	(35,000)	0	0
<i>Special Assessment Bonds:</i>					
<i>with Governmental Commitment:</i>					
1996 Special Assessment	70,000	0	(5,000)	65,000	5,000
Barber Road Special Assessment	772,586	0	(37,235)	735,351	37,235
<i>Total Special Assessment Bonds</i>	<u>842,586</u>	<u>0</u>	<u>(42,235)</u>	<u>800,351</u>	<u>42,235</u>
<i>Other Long-Term Liabilities</i>					
Capital Leases	15,212	0	(2,917)	12,295	2,931
Claims and Judgement Payable	210,000	0	(70,000)	140,000	70,000
Compensated Absences	541,722	326,443	(194,528)	673,637	220,249
<i>Total Other Long-Term Liabilities</i>	<u>766,934</u>	<u>326,443</u>	<u>(267,445)</u>	<u>825,932</u>	<u>293,180</u>
<i>Total Governmental Long-Term Liabilities</i>	<u>\$4,656,934</u>	<u>\$326,443</u>	<u>(\$527,445)</u>	<u>\$4,455,932</u>	<u>\$523,180</u>

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

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

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

The City's overall debt margin was \$25,314,930 and the unvoted legal debt margin was \$11,543,661 at December 31, 2007.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007, are as follows:

	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2008	\$187,765	\$90,247	\$42,235	\$30,063
2009	177,174	86,337	42,826	29,143
2010	180,903	82,232	44,097	27,542
2011	180,313	77,323	44,687	26,622
2012	193,451	73,354	46,549	24,430
2013-2017	1,052,366	272,936	267,634	94,009
2018-2022	703,954	104,222	271,046	43,999
2023	153,723	5,456	41,277	2,344
Total	\$2,829,649	\$792,107	\$800,351	\$278,152

Note 12 – Capital Lease

In 2006, the City entered into a capital lease for a copier. The City's lease obligations meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases". Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. The original amounts capitalized for the capital lease and the book value as of December 31, 2007 follows:

<i>Asset:</i>	
Equipment, Furniture and Fixtures	\$16,000
Less: Accumulated Depreciation	(3,200)
Total Book Value as of December 31, 2007	\$12,800

The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2007.

Year Ending December 31,	Amounts
2008	\$4,452
2009	4,452
2010	4,452
2011	2,226
Total Minimum Lease Payments	15,582
Less: Amount representing interest	(3,287)
Present Value of Minimum Lease Payments	\$12,295

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 13 – 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.

Note 14 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007, the City contracted with Selective Insurance Company for various types of insurance. The coverage and deductibles are as follows:

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

The claims liability of \$60,005 reported in the self-insurance fund at December 31, 2007, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	\$44,776	\$403,205	\$381,283	\$66,698
2007	66,698	495,331	446,068	115,961

Note 15 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System (OPERS)

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$144,256, \$147,076, and \$156,609 respectively; 71.98 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$574 made by the City and \$394 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$138,744 and \$39,388 for the year ended December 31, 2007, \$118,595 and \$38,834 for the year ended December 31, 2006 and \$117,104 and \$36,620 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 70.41 percent has been contributed for police and 75.82 percent has been contributed for firefighters for 2007.

Note 16 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$95,019, \$63,946 and \$65,595 respectively; 71.98 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan with was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Police and Firemen’s Disability and Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$73,453 and \$15,413 for the year ended December 31, 2007, \$78,222 and \$18,521 for the year ended December 31, 2006, and \$77,239 and \$17,465 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 70.41 percent has been contributed for police and 75.82 percent has been contributed for firefighters for 2007.

Note 17 – Joint Economic Development Zones

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 18 - Interfund Transfers and Balances

A. Transfers

Interfund transfers for the year ended December 31, 2007, consisted of the following:

Transfer To	Transfer From		
	General	Nonmajor	Total
<i>Governmental Activities</i>			
Street Construction, Maintenance and Repair	\$13,427	\$0	\$13,427
Special Assessment Bond Retirement	26,000	3,500	29,500
Nonmajor Funds	489,578	80,725	570,303
Total	\$529,005	\$84,225	\$613,230

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

B. Balances

Interfund balances for the year ended December 31, 2007, consisted of the following:

Interfund Payable	General Fund		
	Manuscript Notes	Interfund Receivable	Total Interfund Receivable
<i>Major Fund:</i>			
Fire	\$0	\$70,000	\$70,000
<i>Other Governmental Funds:</i>			
The Meadows at Johnson	560,000	0	560,000
Waterlines	35,000	0	35,000
Land and Land Improvements	136,000	29,277	165,277
Streets, Highways and Bridges	75,000	0	75,000
Gardner Issue II	0	446,000	446,000
Total All Funds	\$806,000	\$545,277	\$1,351,277

The Meadows at Johnson manuscript note was issued on October 28, 2007 at 6 percent. This note is due on October 28, 2008 and was used to develop real estate on Johnson Road.

The Waterlines manuscript note was issued on February 16, 2007 at 6 percent. This note is due on February 16, 2008 and was used to extend the waterline to Johnson Road from Wooster.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

The Land and Land Improvements manuscript note was issued on December 10, 2007 at 6 percent. This note is due on December 10, 2008 and was used to build baseball fields in Columbia Woods Park.

The Streets, Highways and Bridges manuscript note was issued on February 16, 2007 at 6 percent. This note is due on February 16, 2008 and was used to pay costs of various equipment purchases.

The manuscript notes were issued by the City and purchased by the General fund as an investment. The remaining interfund balances at December 31, 2007 were made to support programs and projects in the Fire special revenue fund and the Land and Land Improvements and Gardner Issue II capital projects funds pending the receipt of property tax and grant monies that will be used to repay the loans. All are expected to be paid within one year.

Note 19 – Subsequent Event

During 2008, the City issued a Fire Tuck note for \$102,000 at 6 percent to purchase a new City fire truck.

During 2008, the City re-issued the Streets, Highways and Bridges manuscript note for \$50,000 at 6 percent that was used to pay costs of various equipment purchases.

Combining and Individual Fund Statements and Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

Water System Fund To account for water line maintenance fees.

Sanitary Sewer Fund To account for sewer line maintenance fees.

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

Nonmajor Debt Service Fund

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

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

Nonmajor Capital Projects Funds

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

The Meadows at Johnson Fund To account for revenues and expenditures designated for the construction of roads in the Meadows at Johnson area.

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

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

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds (continued)

Waterlines Fund To account for revenues and expenditures designated for the construction and maintenance of waterlines. The operations of this fund are not budgeted.

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

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

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

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,080,355	\$8,308	\$1,503,590	\$2,592,253
Accounts Receivable	11,431	0	0	11,431
Intergovernmental Receivable	62,455	0	1,728	64,183
Prepaid Items	506	0	0	506
Income Taxes Receivable	0	68,985	23,360	92,345
Property Taxes Receivable	85,156	0	0	85,156
<i>Total Assets</i>	<u>\$1,239,903</u>	<u>\$77,293</u>	<u>\$1,528,678</u>	<u>\$2,845,874</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$9,983	\$0	\$0	\$9,983
Accrued Wages and Benefits	192	0	0	192
Intergovernmental Payable	113	0	0	113
Interfund Payable	0	0	1,281,277	1,281,277
Accrued Interest Payable	0	0	14,821	14,821
Deferred Revenue	129,332	46,379	17,433	193,144
<i>Total Liabilities</i>	<u>139,620</u>	<u>46,379</u>	<u>1,313,531</u>	<u>1,499,530</u>
Fund Balances				
Reserved for Encumbrances	28,280	0	176,904	205,184
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,072,003	0	0	1,072,003
Debt Service Fund	0	30,914	0	30,914
Capital Projects Funds	0	0	38,243	38,243
<i>Total Fund Balances</i>	<u>1,100,283</u>	<u>30,914</u>	<u>215,147</u>	<u>1,346,344</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,239,903</u>	<u>\$77,293</u>	<u>\$1,528,678</u>	<u>\$2,845,874</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$77,298	\$0	\$0	\$77,298
Municipal Income Tax	0	183,466	160,626	344,092
Charges for Services	321,192	0	88,425	409,617
Fines and Forfeitures	34,404	0	0	34,404
Intergovernmental	137,411	0	207,633	345,044
Other	12,485	0	2,494	14,979
<i>Total Revenues</i>	<u>582,790</u>	<u>183,466</u>	<u>459,178</u>	<u>1,225,434</u>
Expenditures				
Current:				
General Government	7,723	0	0	7,723
Security of Persons and Property	13,044	0	0	13,044
Transportation	942,327	0	0	942,327
Community Environment	4,292	0	0	4,292
Public Health Services	92,725	0	0	92,725
Leisure Time Activities	27,457	0	0	27,457
Capital Outlay	0	0	802,520	802,520
Debt Service:				
Principal Retirement	0	120,000	0	120,000
Interest and Fiscal Charges	0	50,650	42,849	93,499
<i>Total Expenditures</i>	<u>1,087,568</u>	<u>170,650</u>	<u>845,369</u>	<u>2,103,587</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(504,778)</u>	<u>12,816</u>	<u>(386,191)</u>	<u>(878,153)</u>
Other Financing Sources (Uses)				
Transfers In	419,578	1,210	149,515	570,303
Transfers Out	(45,000)	0	(39,225)	(84,225)
<i>Total Other Financing Sources (Uses)</i>	<u>374,578</u>	<u>1,210</u>	<u>110,290</u>	<u>486,078</u>
<i>Net Change in Fund Balances</i>	(130,200)	14,026	(275,901)	(392,075)
<i>Fund Balances Beginning of Year</i>	<u>1,230,483</u>	<u>16,888</u>	<u>491,048</u>	<u>1,738,419</u>
<i>Fund Balances End of Year</i>	<u>\$1,100,283</u>	<u>\$30,914</u>	<u>\$215,147</u>	<u>\$1,346,344</u>

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,228	\$717	\$1,860	\$927
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	23,603	32,596	0	0
Prepaid Items	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$25,831</u>	<u>\$33,313</u>	<u>\$1,860</u>	<u>\$927</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$512	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	15,344	22,877	0	0
<i>Total Liabilities</i>	<u>15,856</u>	<u>22,877</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated	9,975	10,436	1,860	927
<i>Total Fund Balances</i>	<u>9,975</u>	<u>10,436</u>	<u>1,860</u>	<u>927</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$25,831</u>	<u>\$33,313</u>	<u>\$1,860</u>	<u>\$927</u>

<u>Law Enforcement</u>	<u>DWI Enforcement and Education</u>	<u>Community Center</u>	<u>Greenwich Road</u>	<u>Cemetery</u>
\$11,352	\$21,777	\$35,198	\$1,073	\$6,362
0	0	0	0	0
0	301	0	0	0
0	0	422	84	0
0	0	0	0	0
<u>\$11,352</u>	<u>\$22,078</u>	<u>\$35,620</u>	<u>\$1,157</u>	<u>\$6,362</u>

\$0	\$0	\$1,500	\$186	\$0
0	0	192	0	0
0	0	113	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>1,805</u>	<u>186</u>	<u>0</u>
0	0	684	0	0
<u>11,352</u>	<u>22,078</u>	<u>33,131</u>	<u>971</u>	<u>6,362</u>
<u>11,352</u>	<u>22,078</u>	<u>33,815</u>	<u>971</u>	<u>6,362</u>
<u>\$11,352</u>	<u>\$22,078</u>	<u>\$35,620</u>	<u>\$1,157</u>	<u>\$6,362</u>

(continued)

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	Special Event	Recycling	Scrap Tire	Police and Fire Disability and Pension
Assets				
Equity in Pooled Cash and Cash Equivalents	\$766	\$6,792	\$1,084	\$92,771
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	1,396	0	4,559
Prepaid Items	0	0	0	0
Property Taxes Receivable	0	0	0	85,156
<i>Total Assets</i>	<u>\$766</u>	<u>\$8,188</u>	<u>\$1,084</u>	<u>\$182,486</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$4,292	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	1,396	0	89,715
<i>Total Liabilities</i>	<u>0</u>	<u>5,688</u>	<u>0</u>	<u>89,715</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated	766	2,500	1,084	92,771
<i>Total Fund Balances</i>	<u>766</u>	<u>2,500</u>	<u>1,084</u>	<u>92,771</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$766</u>	<u>\$8,188</u>	<u>\$1,084</u>	<u>\$182,486</u>

Mayor's Court	Water System	Sanitary Sewer	Brentwood Water	Total Nonmajor Special Revenue Funds
\$26,266	\$160,924	\$645,349	\$64,909	\$1,080,355
0	5,318	6,113	0	11,431
0	0	0	0	62,455
0	0	0	0	506
0	0	0	0	85,156
<u>\$26,266</u>	<u>\$166,242</u>	<u>\$651,462</u>	<u>\$64,909</u>	<u>\$1,239,903</u>

\$2,082	\$0	\$0	\$1,411	\$9,983
0	0	0	0	192
0	0	0	0	113
0	0	0	0	129,332
<u>2,082</u>	<u>0</u>	<u>0</u>	<u>1,411</u>	<u>139,620</u>

316	27,280	0	0	28,280
<u>23,868</u>	<u>138,962</u>	<u>651,462</u>	<u>63,498</u>	<u>1,072,003</u>
<u>24,184</u>	<u>166,242</u>	<u>651,462</u>	<u>63,498</u>	<u>1,100,283</u>
<u>\$26,266</u>	<u>\$166,242</u>	<u>\$651,462</u>	<u>\$64,909</u>	<u>\$1,239,903</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, 2007

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	49,479	75,779	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>49,479</u>	<u>75,779</u>	<u>0</u>	<u>0</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	656	0
Transportation	64,512	877,815	0	0
Community Environment	0	0	0	0
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>64,512</u>	<u>877,815</u>	<u>656</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(15,033)</u>	<u>(802,036)</u>	<u>(656)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	0	333,678	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>333,678</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(15,033)	(468,358)	(656)	0
<i>Fund Balances Beginning of Year</i>	<u>25,008</u>	<u>478,794</u>	<u>2,516</u>	<u>927</u>
<i>Fund Balances End of Year</i>	<u>\$9,975</u>	<u>\$10,436</u>	<u>\$1,860</u>	<u>\$927</u>

<u>Law Enforcement</u>	<u>DWI Enforcement and Education</u>	<u>Community Center</u>	<u>Greenwich Road</u>	<u>Cemetery</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	2,921
7,412	7,212	0	0	0
0	0	0	0	0
0	0	8,400	0	0
<u>7,412</u>	<u>7,212</u>	<u>8,400</u>	<u>0</u>	<u>2,921</u>
0	0	0	0	0
5,000	7,388	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	241
0	0	26,078	1,379	0
<u>5,000</u>	<u>7,388</u>	<u>26,078</u>	<u>1,379</u>	<u>241</u>
<u>2,412</u>	<u>(176)</u>	<u>(17,678)</u>	<u>(1,379)</u>	<u>2,680</u>
0	0	39,000	1,900	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>39,000</u>	<u>1,900</u>	<u>0</u>
2,412	(176)	21,322	521	2,680
<u>8,940</u>	<u>22,254</u>	<u>12,493</u>	<u>450</u>	<u>3,682</u>
<u>\$11,352</u>	<u>\$22,078</u>	<u>\$33,815</u>	<u>\$971</u>	<u>\$6,362</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, 2007

	Special Event	Recycling	Scrap Tire	Police and Fire Disability and Pension
Revenues				
Property Taxes	\$0	\$0	\$0	\$77,298
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	2,897	0	9,256
Other	4,085	0	0	0
<i>Total Revenues</i>	<u>4,085</u>	<u>2,897</u>	<u>0</u>	<u>86,554</u>
Expenditures				
Current:				
General Government	4,085	0	0	131
Security of Persons and Property	0	0	0	0
Transportation	0	0	0	0
Community Environment	0	4,292	0	0
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>4,085</u>	<u>4,292</u>	<u>0</u>	<u>131</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(1,395)</u>	<u>0</u>	<u>86,423</u>
Other Financing Sources (Uses)				
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	(1,395)	0	86,423
<i>Fund Balances Beginning of Year</i>	<u>766</u>	<u>3,895</u>	<u>1,084</u>	<u>6,348</u>
<i>Fund Balances End of Year</i>	<u><u>\$766</u></u>	<u><u>\$2,500</u></u>	<u><u>\$1,084</u></u>	<u><u>\$92,771</u></u>

Mayor's Court	Water System	Sanitary Sewer	Brentwood Water	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$77,298
0	128,012	190,259	0	321,192
19,780	0	0	0	34,404
0	0	0	0	137,411
0	0	0	0	12,485
<u>19,780</u>	<u>128,012</u>	<u>190,259</u>	<u>0</u>	<u>582,790</u>
3,507	0	0	0	7,723
0	0	0	0	13,044
0	0	0	0	942,327
0	0	0	0	4,292
0	72,544	6,925	13,015	92,725
0	0	0	0	27,457
<u>3,507</u>	<u>72,544</u>	<u>6,925</u>	<u>13,015</u>	<u>1,087,568</u>
<u>16,273</u>	<u>55,468</u>	<u>183,334</u>	<u>(13,015)</u>	<u>(504,778)</u>
0	0	0	45,000	419,578
0	(45,000)	0	0	(45,000)
<u>0</u>	<u>(45,000)</u>	<u>0</u>	<u>45,000</u>	<u>374,578</u>
16,273	10,468	183,334	31,985	(130,200)
<u>7,911</u>	<u>155,774</u>	<u>468,128</u>	<u>31,513</u>	<u>1,230,483</u>
<u>\$24,184</u>	<u>\$166,242</u>	<u>\$651,462</u>	<u>\$63,498</u>	<u>\$1,100,283</u>

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007

	The Meadows at Johnson	Land and Land Improvements	Buildings	Equipment
Assets				
Equity in Pooled Cash and Cash Equivalents	\$395,580	\$18,441	\$286,700	\$14,374
Intergovernmental Receivable	0	1,728	0	0
Income Taxes Receivable	0	0	8,979	14,381
<i>Total Assets</i>	<u>\$395,580</u>	<u>\$20,169</u>	<u>\$295,679</u>	<u>\$28,755</u>
Liabilities and Fund Balances				
Liabilities				
Interfund Payable	560,000	\$165,277	\$0	\$0
Accrued Interest Payable	6,067	4,442	0	0
Deferred Revenue	0	1,728	6,037	9,668
<i>Total Liabilities</i>	<u>566,067</u>	<u>171,447</u>	<u>6,037</u>	<u>9,668</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	(170,487)	(151,278)	289,642	19,087
<i>Total Fund Balances (Deficit)</i>	<u>(170,487)</u>	<u>(151,278)</u>	<u>289,642</u>	<u>19,087</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$395,580</u>	<u>\$20,169</u>	<u>\$295,679</u>	<u>\$28,755</u>

Streets, Highways and Bridges	Storm Sewers	Waterlines	Sanitary Sewers	Gardner Issue I	Gardner Issue II	Total Nonmajor Capital Projects Funds
\$429,132	\$20,415	\$0	\$10,703	\$73,338	\$254,907	\$1,503,590
0	0	0	0	0	0	1,728
0	0	0	0	0	0	23,360
<u>\$429,132</u>	<u>\$20,415</u>	<u>\$0</u>	<u>\$10,703</u>	<u>\$73,338</u>	<u>\$254,907</u>	<u>\$1,528,678</u>
\$75,000	\$0	\$35,000	\$0	\$0	\$446,000	\$1,281,277
2,940	0	1,372	0	0	0	14,821
0	0	0	0	0	0	17,433
<u>77,940</u>	<u>0</u>	<u>36,372</u>	<u>0</u>	<u>0</u>	<u>446,000</u>	<u>1,313,531</u>
0	10,672	0	0	0	166,232	176,904
351,192	9,743	(36,372)	10,703	73,338	(357,325)	38,243
<u>351,192</u>	<u>20,415</u>	<u>(36,372)</u>	<u>10,703</u>	<u>73,338</u>	<u>(191,093)</u>	<u>215,147</u>
<u>\$429,132</u>	<u>\$20,415</u>	<u>\$0</u>	<u>\$10,703</u>	<u>\$73,338</u>	<u>\$254,907</u>	<u>\$1,528,678</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, 2007

	The Meadows at Johnson	Land and Land Improvements	Buildings	Equipment
Revenues				
Municipal Income Tax	\$0	\$0	\$61,779	\$98,847
Charges for Services	0	88,425	0	0
Intergovernmental	0	10,000	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>98,425</u>	<u>61,779</u>	<u>98,847</u>
Expenditures				
Capital Outlay	0	241,734	0	220,555
Debt Service:				
Interest and Fiscal Charges	25,712	11,812	0	0
<i>Total Expenditures</i>	<u>25,712</u>	<u>253,546</u>	<u>0</u>	<u>220,555</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(25,712)</u>	<u>(155,121)</u>	<u>61,779</u>	<u>(121,708)</u>
Other Financing Sources (Uses)				
Transfers In	1,250	0	50,000	0
Transfers Out	0	(35,725)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,250</u>	<u>(35,725)</u>	<u>50,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(24,462)	(190,846)	111,779	(121,708)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(146,025)</u>	<u>39,568</u>	<u>177,863</u>	<u>140,795</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$170,487)</u>	<u>(\$151,278)</u>	<u>\$289,642</u>	<u>\$19,087</u>

Streets, Highways and Bridges	Storm Sewers	Waterlines	Sanitary Sewers	Gardner Issue I	Gardner Issue II	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$160,626
0	0	0	0	0	0	88,425
0	0	0	0	0	197,633	207,633
0	0	0	0	2,494	0	2,494
0	0	0	0	2,494	197,633	459,178
0	1,849	0	0	296	338,086	802,520
3,488	0	1,837	0	0	0	42,849
3,488	1,849	1,837	0	296	338,086	845,369
(3,488)	(1,849)	(1,837)	0	2,198	(140,453)	(386,191)
29,468	10,000	53,797	5,000	0	0	149,515
0	0	0	(3,500)	0	0	(39,225)
29,468	10,000	53,797	1,500	0	0	110,290
25,980	8,151	51,960	1,500	2,198	(140,453)	(275,901)
325,212	12,264	(88,332)	9,203	71,140	(50,640)	491,048
\$351,192	\$20,415	(\$36,372)	\$10,703	\$73,338	(\$191,093)	\$215,147

Fund Descriptions - Fiduciary Funds

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

Agency Funds

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

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

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

City of Norton, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2007

	Beginning Balance 12/31/06	Additions	Deductions	Ending Balance 12/31/07
General Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$43,480	\$96,486	\$99,762	\$40,204
Liabilities				
Undistributed Assets	\$43,480	\$96,486	\$99,762	\$40,204
Building Standards				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$62	\$1,112	\$851	\$323
Liabilities				
Undistributed Assets	\$62	\$1,112	\$851	\$323
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$43,542	\$97,598	\$100,613	\$40,527
Liabilities				
Undistributed Assets	\$43,542	\$97,598	\$100,613	\$40,527

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

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$390,243	\$437,307	\$407,336	(\$29,971)
Municipal Income Tax	3,812,769	4,272,586	2,954,267	(1,318,319)
Charges for Services	60,216	67,478	62,853	(4,625)
Licenses, Permits and Fees	97,928	109,738	102,217	(7,521)
Fines and Forfeitures	114,218	127,993	119,221	(8,772)
Intergovernmental	842,188	943,756	941,576	(2,180)
Interest	261,077	292,563	272,512	(20,051)
Other	6,668	17,470	6,960	(10,510)
<i>Total Revenues</i>	<u>5,585,307</u>	<u>6,268,891</u>	<u>4,866,942</u>	<u>(1,401,949)</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	28,155	33,252	26,510	6,742
Fringe Benefits	3,542	4,183	3,335	848
Purchased Services	2,396	2,830	2,608	222
Materials and Supplies	105	124	99	25
Capital Outlay	158	187	149	38
Other	145	171	136	35
Total Mayor	<u>34,501</u>	<u>40,747</u>	<u>32,837</u>	<u>7,910</u>
City Council:				
Salaries and Wages	90,414	106,783	92,134	14,649
Fringe Benefits	23,093	27,274	23,532	3,742
Purchased Services	12,547	14,819	12,786	2,033
Materials and Supplies	656	775	716	59
Capital Outlay	1,400	1,653	1,427	226
Other	671	792	684	108
Total City Council	<u>128,781</u>	<u>152,096</u>	<u>131,279</u>	<u>20,817</u>
Mayor's Court:				
Salaries and Wages	71,407	84,335	61,343	22,992
Fringe Benefits	22,677	26,783	19,481	7,302
Purchased Services	1,191	1,407	1,023	384
Materials and Supplies	308	364	265	99
Other	278	328	239	89
Total Mayor's Court	<u>\$95,861</u>	<u>\$113,217</u>	<u>\$82,351</u>	<u>\$30,866</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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Finance Office:				
Salaries and Wages	\$164,320	\$194,070	\$142,720	\$51,350
Fringe Benefits	76,476	90,322	66,423	23,899
Purchased Services	11,798	13,934	10,331	3,603
Materials and Supplies	1,509	1,782	1,311	471
Capital Outlay	2,596	3,066	2,255	811
Other	845	998	734	264
Total Finance Office	257,544	304,172	223,774	80,398
Income Tax:				
Salaries and Wages	41,241	48,708	38,979	9,729
Fringe Benefits	16,689	19,710	15,774	3,936
Purchased Services	565,500	641,880	398,835	243,045
Materials and Supplies	100	118	96	22
Capital Outlay	116	137	110	27
Other	147	174	138	36
Total Income Tax	623,793	710,727	453,932	256,795
Law Director:				
Salaries and Wages	53,661	63,376	44,659	18,717
Fringe Benefits	7,297	8,618	6,073	2,545
Total Law Director	60,958	71,994	50,732	21,262
Engineer:				
Salaries and Wages	5,055	5,970	5,360	610
Fringe Benefits	607	697	644	53
Purchased Services	153,642	182,131	152,507	29,624
Materials and Supplies	50	79	75	4
Capital Outlay	36	43	38	5
Other	7	8	7	1
Total Engineer	159,397	188,928	158,631	30,297
Administrative Officer:				
Salaries and Wages	112,528	132,901	89,196	43,705
Fringe Benefits	65,095	76,880	51,598	25,282
Purchased Services	10,573	11,745	5,259	6,486
Materials and Supplies	816	964	864	100
Capital Outlay	1,947	2,299	1,543	756
Other	523	618	414	204
Total Administrative Officer	\$191,482	\$225,407	\$148,874	\$76,533

(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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning Commission:				
Salaries and Wages	\$13,659	\$10,096	\$9,300	\$796
Fringe Benefits	1,320	1,559	829	730
Purchased Services	640	756	402	354
Materials and Supplies	37	44	23	21
Other	186	220	117	103
Total Planning Commission	15,842	12,675	10,671	2,004
General Government				
Salaries and Wages	45,430	53,655	42,018	11,637
Fringe Benefits	31,211	36,862	28,867	7,995
Purchased Services	341,523	402,631	316,501	86,130
Materials and Supplies	17,496	20,664	17,389	3,275
Capital Outlay	5,864	8,926	8,624	302
Other	97,952	113,660	93,963	19,697
Total General Government	539,476	636,398	507,362	129,036
Parks and Recreation Board:				
Salaries and Wages	10,646	12,573	6,480	6,093
Fringe Benefits	1,362	1,609	829	780
Purchased Services	3,089	3,648	1,880	1,768
Materials and Supplies	46	54	28	26
Total Parks and Recreation Board	15,143	17,884	9,217	8,667
Building and Zoning Board:				
Salaries and Wages	10,050	11,870	6,480	5,390
Fringe Benefits	1,286	1,519	829	690
Purchased Services	2,872	3,392	1,852	1,540
Materials and Supplies	45	53	29	24
Other	272	321	175	146
Total Building and Zoning Board	14,525	17,155	9,365	7,790
Health Advisory Board:				
Salaries and Wages	3,540	4,181	750	3,431
Other	90	106	19	87
Total Health Advisory Board	\$3,630	\$4,287	\$769	\$3,518

(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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Civil Service Commission:				
Salaries and Wages	\$1,208	\$1,427	\$82	\$1,345
Fringe Benefits	3,329	3,932	226	3,706
Purchased Services	2,327	2,747	158	2,589
Other	59	70	4	66
Total Civil Service Commission	6,923	8,176	470	7,706
Total General Government	2,147,856	2,503,863	1,820,264	683,599
Security of Persons and Property:				
Police:				
Salaries and Wages	1,600,774	1,890,590	1,328,386	562,204
Fringe Benefits	647,737	765,008	537,518	227,490
Purchased Services	147,139	172,574	119,110	53,464
Materials and Supplies	60,800	71,683	64,416	7,267
Capital Outlay	33,613	39,699	30,343	9,356
Other	352	416	292	124
Total Security of Persons and Property	2,490,415	2,939,970	2,080,065	859,905
Community Environment:				
Community Development:				
Salaries and Wages	78,765	81,025	59,999	21,026
Fringe Benefits	25,757	30,420	19,620	10,800
Purchased Services	8,957	22,502	21,301	1,201
Materials and Supplies	491	580	402	178
Total Community Development	113,970	134,527	101,322	33,205
Building:				
Salaries and Wages	114,198	134,871	90,300	44,571
Fringe Benefits	34,920	41,242	27,612	13,630
Purchased Services	26,388	31,165	21,061	10,104
Materials and Supplies	2,572	3,038	2,521	517
Capital Outlay	32,178	38,004	25,444	12,560
Other	2,273	2,685	1,797	888
Total Building	212,529	251,005	168,735	82,270
Total Community Environment	\$326,499	\$385,532	\$270,057	\$115,475

(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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Leisure Time Activities:				
Recreation Center:				
Salaries and Wages	\$85,240	\$100,672	\$68,365	\$32,307
Fringe Benefits	32,191	38,019	25,818	12,201
Purchased Services	20,504	24,216	16,445	7,771
Materials and Supplies	18,497	21,846	14,835	7,011
Capital Outlay	13,973	16,503	11,207	5,296
Total Leisure Time Activities	<u>170,405</u>	<u>201,256</u>	<u>136,670</u>	<u>64,586</u>
<i>Total Expenditures</i>	<u>5,135,175</u>	<u>6,030,621</u>	<u>4,307,056</u>	<u>1,723,565</u>
<i>Excess of Revenues Over Expenditures</i>	<u>450,132</u>	<u>238,270</u>	<u>559,886</u>	<u>321,616</u>
Other Financing Uses				
Advances Out	0	0	(1,351,277)	(1,351,277)
Transfers Out	(1,225,918)	(1,447,867)	(529,005)	918,862
<i>Total Other Financing Uses</i>	<u>(1,225,918)</u>	<u>(1,447,867)</u>	<u>(1,880,282)</u>	<u>(432,415)</u>
<i>Net Change in Fund Balance</i>	(775,786)	(1,209,597)	(1,320,396)	(110,799)
<i>Fund Balance Beginning of Year</i>	1,436,040	1,436,040	1,436,040	0
Prior Year Encumbrances Appropriated	<u>189,252</u>	<u>189,252</u>	<u>189,252</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$849,506</u></u>	<u><u>\$415,695</u></u>	<u><u>\$304,896</u></u>	<u><u>(\$110,799)</u></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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Tax	\$589,000	\$589,000	\$589,000	\$0
Charges for Services	15,201	16,941	15,047	(1,894)
Intergovernmental	624,595	696,085	618,276	(77,809)
Other	5,205	5,800	5,152	(648)
<i>Total Revenues</i>	<u>1,234,001</u>	<u>1,307,826</u>	<u>1,227,475</u>	<u>(80,351)</u>
Expenditures				
Current:				
Transportation:				
Street Department:				
Salaries and Wages	477,173	493,267	452,070	41,197
Fringe Benefits	182,964	189,135	173,339	15,796
Purchased Services	141,440	146,210	139,979	6,231
Materials and Supplies	337,509	348,892	331,149	17,743
Capital Outlay	176,081	180,170	120,368	59,802
Other	44,362	45,055	20,470	24,585
<i>Total Expenditures</i>	<u>1,359,529</u>	<u>1,402,729</u>	<u>1,237,375</u>	<u>165,354</u>
<i>Excess of Revenues Under Expenditures</i>	(125,528)	(94,903)	(9,900)	85,003
Other Financing Sources				
Transfers In	31,000	31,000	13,427	(17,573)
<i>Net Change in Fund Balance</i>	(94,528)	(63,903)	3,527	67,430
<i>Fund Balance Beginning of Year</i>	457,552	457,552	457,552	0
Prior Year Encumbrances Appropriated	78,653	78,653	78,653	0
<i>Fund Balance End of Year</i>	<u>\$441,677</u>	<u>\$472,302</u>	<u>\$539,732</u>	<u>\$67,430</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$387,287	\$438,424	\$379,304	(\$59,120)
Intergovernmental	43,186	48,888	42,296	(6,592)
Other	284	322	278	(44)
<i>Total Revenues</i>	<u>430,757</u>	<u>487,634</u>	<u>421,878</u>	<u>(65,756)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Salaries and Wages	460,997	406,128	380,827	25,301
Fringe Benefits	115,119	101,417	95,099	6,318
Purchased Services	64,428	56,760	55,943	817
Materials and Supplies	10,519	9,267	8,814	453
Other	1,265	1,115	1,046	69
Total Security of Persons and Property	<u>652,328</u>	<u>574,687</u>	<u>541,729</u>	<u>32,958</u>
Debt Service:				
Principal Retirement	42,368	37,325	35,000	2,325
Interest and Fiscal Charges	1,792	1,579	1,481	98
Total Debt Service	<u>44,160</u>	<u>38,904</u>	<u>36,481</u>	<u>2,423</u>
<i>Total Expenditures</i>	<u>696,488</u>	<u>613,591</u>	<u>578,210</u>	<u>35,381</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(265,731)	(125,957)	(156,332)	(30,375)
Other Financing Sources				
Advances In	<u>0</u>	<u>0</u>	<u>70,000</u>	<u>70,000</u>
<i>Net Change in Fund Balance</i>	(265,731)	(125,957)	(86,332)	39,625
<i>Fund Balance Beginning of Year</i>	<u>125,957</u>	<u>125,957</u>	<u>125,957</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$139,774)</u>	<u>\$0</u>	<u>\$39,625</u>	<u>\$39,625</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$344,663	\$324,378	\$300,144	(\$24,234)
Charges for Services	230,382	216,822	200,624	(16,198)
Intergovernmental	38,550	36,282	33,571	(2,711)
Other	233	219	203	(16)
<i>Total Revenues</i>	<u>613,828</u>	<u>577,701</u>	<u>534,542</u>	<u>(43,159)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Emergency Medical Services:				
Salaries and Wages	463,218	445,925	381,426	64,499
Fringe Benefits	113,875	109,624	93,768	15,856
Purchased Services	91,511	88,238	73,216	15,022
Materials and Supplies	16,026	15,427	15,196	231
Other	942	907	776	131
<i>Total Expenditures</i>	<u>685,572</u>	<u>660,121</u>	<u>564,382</u>	<u>95,739</u>
<i>Net Change in Fund Balance</i>	(71,744)	(82,420)	(29,840)	52,580
<i>Fund Balance Beginning of Year</i>	78,582	78,582	78,582	0
Prior Year Encumbrances Appropriated	3,838	3,838	3,838	0
<i>Fund Balance End of Year</i>	<u>\$10,676</u>	<u>\$0</u>	<u>\$52,580</u>	<u>\$52,580</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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Municipal Income Tax	\$85,000	\$85,000	\$0
Special Assessments	93,349	71,790	(21,559)
Intergovernmental	6,063	6,063	0
<i>Total Revenues</i>	<u>184,412</u>	<u>162,853</u>	<u>(21,559)</u>
Expenditures			
Current:			
General Government:			
Other	3,564	3,381	183
Debt Service:			
Principal Retirement:			
1996 Special Assessment	5,000	5,000	0
Barber Road Special Assessment	100,000	100,000	0
Total Principal Retirement	<u>105,000</u>	<u>105,000</u>	<u>0</u>
Interest and Fiscal Charges:			
1996 Special Assessment	4,620	4,620	0
Barber Road Special Assessment	69,770	69,770	0
Total Interest and Fiscal Charges	<u>74,390</u>	<u>74,390</u>	<u>0</u>
Total Debt Service	<u>179,390</u>	<u>179,390</u>	<u>0</u>
<i>Total Expenditures</i>	<u>182,954</u>	<u>182,771</u>	<u>183</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,458	(19,918)	(21,376)
Other Financing Sources			
Transfers In	17,937	29,500	11,563
<i>Net Change in Fund Balance</i>	19,395	9,582	(9,813)
<i>Fund Balance Beginning of Year</i>	<u>10,957</u>	<u>10,957</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$30,352</u></u>	<u><u>\$20,539</u></u>	<u><u>(\$9,813)</u></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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$47,845	\$49,130	\$1,285
Expenditures			
Current:			
Transportation:			
State Highway:			
Materials and Supplies	64,000	64,000	0
<i>Net Change in Fund Balance</i>	(16,155)	(14,870)	1,285
<i>Fund Balance Beginning of Year</i>	17,098	17,098	0
<i>Fund Balance End of Year</i>	\$943	\$2,228	\$1,285

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$121,522	\$66,060	(\$55,462)
Expenditures			
Current:			
Transportation:			
Special Permissive License Plate Tax:			
Purchased Services	101,000	99,977	1,023
Capital Outlay	785,000	777,838	7,162
<i>Total Expenditures</i>	886,000	877,815	8,185
<i>Excess of Revenues Under Expenditures</i>	(764,478)	(811,755)	(47,277)
Other Financing Sources			
Transfers In	333,678	333,678	0
<i>Net Change in Fund Balance</i>	(430,800)	(478,077)	(47,277)
<i>Fund Balance Beginning of Year</i>	478,794	478,794	0
<i>Fund Balance End of Year</i>	\$47,994	\$717	(\$47,277)

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$386	\$0	(\$386)
Expenditures			
Current:			
Security of Persons and Property:			
Drug Abuse Resistance Education:			
Materials and Supplies	670	656	14
<i>Net Change in Fund Balance</i>	(284)	(656)	(372)
<i>Fund Balance Beginning of Year</i>	2,516	2,516	0
<i>Fund Balance End of Year</i>	\$2,232	\$1,860	(\$372)

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, 2007

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

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$4,118	\$7,617	\$3,499
Expenditures			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	7,000	5,000	2,000
<i>Net Change in Fund Balance</i>	(2,882)	2,617	5,499
<i>Fund Balance Beginning of Year</i>	8,735	8,735	0
<i>Fund Balance End of Year</i>	\$5,853	\$11,352	\$5,499

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$0	\$7,704	\$7,704
Expenditures			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	12,764	7,388	5,376
<i>Net Change in Fund Balance</i>	(12,764)	316	13,080
<i>Fund Balance Beginning of Year</i>	21,461	21,461	0
<i>Fund Balance End of Year</i>	\$8,697	\$21,777	\$13,080

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$1,646	\$8,400	\$6,754
Expenditures			
Current:			
Leisure Time Activities:			
Community Recreation:			
Salaries and Wages	5,700	1,950	3,750
Purchased Services	39,405	21,131	18,274
Materials and Supplies	2,500	2,362	138
<i>Total Expenditures</i>	47,605	25,443	22,162
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(45,959)	(17,043)	28,916
Other Financing Sources			
Transfers In	50,000	39,000	(11,000)
<i>Net Change in Fund Balance</i>	4,041	21,957	17,916
<i>Fund Balance Beginning of Year</i>	12,186	12,186	0
<i>Fund Balance End of Year</i>	\$16,227	\$34,143	\$17,916

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$0	\$0	\$0
Expenditures			
Current:			
Leisure Time Activities:			
Historical Greenwich Road:			
Purchased Services	1,862	1,216	646
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(1,862)	(1,216)	646
Other Financing Sources			
Transfers In	1,900	1,900	0
<i>Net Change in Fund Balance</i>	38	684	646
<i>Fund Balance Beginning of Year</i>	389	389	0
<i>Fund Balance End of Year</i>	\$427	\$1,073	\$646

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$1,173	\$2,921	\$1,748
Expenditures			
Current:			
Public Health Services:			
Cemetery:			
Salaries and Wages	612	60	552
Purchased Services	1,531	150	1,381
Other	317	31	286
<i>Total Expenditures</i>	2,460	241	2,219
<i>Net Change in Fund Balance</i>	(1,287)	2,680	3,967
<i>Fund Balance Beginning of Year</i>	3,682	3,682	0
<i>Fund Balance End of Year</i>	\$2,395	\$6,362	\$3,967

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Event Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$3,800	\$4,085	\$285
Expenditures			
Current:			
General Government:			
Special Events:			
Purchased Services	4,566	4,085	481
<i>Net Change in Fund Balance</i>	(766)	0	766
<i>Fund Balance Beginning of Year</i>	766	766	0
<i>Fund Balance End of Year</i>	\$0	\$766	\$766

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$5,792	\$2,897	(\$2,895)
Expenditures			
Current:			
Community Environment:			
Recycling:			
Purchased Services	5,900	4,292	1,608
<i>Net Change in Fund Balance</i>	(108)	(1,395)	(1,287)
<i>Fund Balance Beginning of Year</i>	3,895	3,895	0
<i>Fund Balance End of Year</i>	\$3,787	\$2,500	(\$1,287)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Scrap Tire Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Public Health Services:			
Scrap Tires:			
Purchased Services	600	0	600
<i>Net Change in Fund Balance</i>	(600)	0	600
<i>Fund Balance Beginning of Year</i>	1,084	1,084	0
<i>Fund Balance End of Year</i>	\$484	\$1,084	\$600

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, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$73,791	\$77,298	\$3,507
Intergovernmental	8,836	9,256	420
<i>Total Revenues</i>	82,627	86,554	3,927
Expenditures			
Current:			
General Government:			
Police and Fire Disability and Pension:			
Purchased Services	44,050	131	43,919
<i>Net Change in Fund Balance</i>	38,577	86,423	47,846
<i>Fund Balance Beginning of Year</i>	6,348	6,348	0
<i>Fund Balance End of Year</i>	\$44,925	\$92,771	\$47,846

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$22,246	\$19,780	(\$2,466)
Expenditures			
Current:			
General Government:			
Mayor's Court:			
Purchased Services	9,632	2,162	7,470
Materials and Supplies	601	135	466
Capital Outlay	5,190	1,481	3,709
<i>Total Expenditures</i>	15,423	3,778	11,645
<i>Net Change in Fund Balance</i>	6,823	16,002	9,179
<i>Fund Balance Beginning of Year</i>	9,948	9,948	0
<i>Fund Balance End of Year</i>	\$16,771	\$25,950	\$9,179

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$125,596	\$127,559	\$1,963
Expenditures			
Current:			
Public Health Services:			
Waterline Improvement:			
Purchased Services	120,130	99,824	20,306
<i>Excess of Revenues Over Expenditures</i>	5,466	27,735	22,269
Other Financing Uses			
Transfers Out	(45,000)	(45,000)	0
<i>Net Change in Fund Balance</i>	(39,534)	(17,265)	22,269
<i>Fund Balance Beginning of Year</i>	121,929	121,929	0
Prior Year Encumbrances Appropriated	28,980	28,980	0
<i>Fund Balance End of Year</i>	\$111,375	\$133,644	\$22,269

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$171,013	\$189,952	\$18,939
Expenditures			
Current:			
Public Health Services:			
Sewerline Improvement:			
Purchased Services	37,690	6,925	30,765
Other	17,090	3,140	13,950
<i>Total Expenditures</i>	54,780	10,065	44,715
<i>Net Change in Fund Balance</i>	116,233	179,887	63,654
<i>Fund Balance Beginning of Year</i>	465,462	465,462	0
<i>Fund Balance End of Year</i>	\$581,695	\$645,349	\$63,654

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Public Health Services:			
Brentwood Waterlines:			
Purchased Services	29,603	7,891	21,712
Capital Outlay	14,447	3,851	10,596
<i>Total Expenditures</i>	44,050	11,742	32,308
<i>Excess of Revenues Under Expenditures</i>	(44,050)	(11,742)	32,308
Other Financing Sources			
Transfers In	45,000	45,000	0
<i>Net Change in Fund Balance</i>	950	33,258	32,308
<i>Fund Balance Beginning of Year</i>	31,651	31,651	0
<i>Fund Balance End of Year</i>	\$32,601	\$64,909	\$32,308

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Municipal Income Tax	\$0	\$189,000	\$189,000
Expenditures			
Current:			
Debt Service:			
Principal Retirement:			
Street Improvement	35,000	35,000	0
Police Cruisers	10,000	10,000	0
Police Radio System	25,000	25,000	0
Road Program	30,000	30,000	0
Ballfields	10,000	10,000	0
Gardner Engineering	10,000	10,000	0
Johnson Waterline	85,000	85,000	0
Service Equipment	100,000	100,000	0
The Meadows at Johnson	535,800	535,800	0
Total Principal Retirement	840,800	840,800	0
Interest and Fiscal Charges:			
Street Improvement	12,620	12,620	0
Police Cruisers	500	500	0
Police Radio System	9,995	9,995	0
Road Program	13,807	13,807	0
Ballfields	7,662	7,662	0
Gardner Engineering	6,098	6,065	33
Johnson Waterline	3,809	3,797	12
Service Equipment	4,542	4,468	74
The Meadows at Johnson	25,498	25,451	47
Total Interest and Fiscal Charges	84,531	84,365	166
<i>Total Expenditures</i>	925,331	925,165	166
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(925,331)	(736,165)	189,166
Other Financing Sources			
Notes Issued	710,275	670,000	(40,275)
Transfers In	256,000	85,725	(170,275)
<i>Total Other Financing Sources</i>	966,275	755,725	(210,550)
<i>Net Change in Fund Balance</i>	40,944	19,560	(21,384)
<i>Fund Deficit Beginning of Year</i>	(11,252)	(11,252)	0
<i>Fund Balance End of Year</i>	\$29,692	\$8,308	(\$21,384)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
The Meadows at Johnson Fund
For the Year Ended December 31, 2007

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

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land and Land Improvements Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$258,547	\$88,425	(\$170,122)
Intergovernmental	29,239	10,000	(19,239)
<i>Total Revenues</i>	<u>287,786</u>	<u>98,425</u>	<u>(189,361)</u>
Expenditures			
Capital Outlay:			
Purchased Services	500	44	456
Capital Outlay	112,372	106,813	5,559
Other	135,328	135,328	0
<i>Total Capital Outlay</i>	<u>248,200</u>	<u>242,185</u>	<u>6,015</u>
Debt Service:			
Principal Retirement	0	180,000	(180,000)
Interest and Fiscal Charges	0	9,900	(9,900)
<i>Total Debt Service</i>	<u>0</u>	<u>189,900</u>	<u>(189,900)</u>
<i>Total Expenditures</i>	<u>248,200</u>	<u>432,085</u>	<u>(183,885)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>39,586</u>	<u>(333,660)</u>	<u>(373,246)</u>
Other Financing Sources (Uses)			
Notes Issued	136,000	136,000	0
Advances In	0	29,277	29,277
Transfers Out	(35,725)	(35,725)	0
<i>Total Other Financing Sources (Uses)</i>	<u>100,275</u>	<u>129,552</u>	<u>29,277</u>
<i>Net Change in Fund Balance</i>	139,861	(204,108)	(343,969)
<i>Fund Balance Beginning of Year</i>	76,348	76,348	0
Prior Year Encumbrances Appropriated	146,200	146,200	0
<i>Fund Balance End of Year</i>	<u>\$362,409</u>	<u>\$18,440</u>	<u>(\$343,969)</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Buildings Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Municipal Income Tax	\$0	\$62,500	\$62,500
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	62,500	62,500
Other Financing Sources			
Transfers In	<u>112,500</u>	<u>50,000</u>	<u>(62,500)</u>
<i>Net Change in Fund Balance</i>	112,500	112,500	0
<i>Fund Balance Beginning of Year</i>	<u>174,200</u>	<u>174,200</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$286,700</u>	<u>\$286,700</u>	<u>\$0</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Equipment Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Municipal Income Tax	\$100,000	\$100,000	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	234,928	220,555	14,373
<i>Net Change in Fund Balance</i>	(134,928)	(120,555)	14,373
<i>Fund Balance Beginning of Year</i>	134,928	134,928	0
<i>Fund Balance End of Year</i>	\$0	\$14,373	\$14,373

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, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$380,718	\$0	(\$380,718)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	380,718	0	(380,718)
<i>Fund Balance Beginning of Year</i>	<u>429,132</u>	<u>429,132</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$809,850</u></u>	<u><u>\$429,132</u></u>	<u><u>(\$380,718)</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Storm Sewers Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$1,293	\$0	(\$1,293)
Expenditures			
Capital Outlay:			
Capital Outlay	11,291	11,291	0
Purchased Services	1,230	1,230	0
Other	1,600	1,600	0
<i>Total Expenditures</i>	14,121	14,121	0
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(12,828)	(14,121)	(1,293)
Other Financing Sources			
Transfers In	20,000	10,000	(10,000)
<i>Net Change in Fund Balance</i>	7,172	(4,121)	(11,293)
<i>Fund Balance Beginning of Year</i>	2,575	2,575	0
Prior Year Encumbrances Appropriated	11,290	11,290	0
<i>Fund Balance End of Year</i>	\$21,037	\$9,744	(\$11,293)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitary Sewers Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$9,272	\$0	(\$9,272)
Expenditures			
Capital Outlay:			
Capital Outlay	629	0	629
<i>Excess of Revenues Over Expenditures</i>	<u>8,643</u>	<u>0</u>	<u>(8,643)</u>
Other Financing Sources (Uses)			
Transfers In	0	5,000	5,000
Transfers Out	(7,500)	(3,500)	4,000
<i>Total Other Financing Sources (Uses)</i>	<u>(7,500)</u>	<u>1,500</u>	<u>9,000</u>
<i>Net Change in Fund Balance</i>	1,143	1,500	357
<i>Fund Balance Beginning of Year</i>	<u>9,203</u>	<u>9,203</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10,346</u>	<u>\$10,703</u>	<u>\$357</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gardner Issue I Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$3,159	\$2,494	(\$665)
Expenditures			
Capital Outlay:			
Capital Outlay	39,987	200	39,787
Other	100	96	4
<i>Total Expenditures</i>	40,087	296	39,791
<i>Net Change in Fund Balance</i>	(36,928)	2,198	39,126
<i>Fund Balance Beginning of Year</i>	70,964	70,964	0
Prior Year Encumbrances Appropriated	176	176	0
<i>Fund Balance End of Year</i>	\$34,212	\$73,338	\$39,126

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gardner Issue II Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$830,002	\$197,633	(\$632,369)
Expenditures			
Capital Outlay:			
Capital Outlay	334,058	151,060	182,998
Purchased Services	413,594	353,258	60,336
<i>Total Expenditures</i>	747,652	504,318	243,334
<i>Excess of Revenues Over (Under) Expenditures</i>	82,350	(306,685)	(389,035)
Other Financing Sources			
Advances In	0	446,000	446,000
<i>Net Change in Fund Balance</i>	82,350	139,315	56,965
<i>Fund Deficit Beginning of Year</i>	(50,640)	(50,640)	0
<i>Fund Balance End of Year</i>	\$31,710	\$88,675	\$56,965

City of Norton, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$92,149	\$644,062	\$551,913
Expenses			
Purchased Services	257,929	254,206	3,723
Claims	446,354	446,068	286
<i>Total Expenses</i>	704,283	700,274	4,009
<i>Excess of Revenues Under Expenses Before Transfers</i>	(612,134)	(56,212)	555,922
Transfers In	615,060	0	(615,060)
<i>Net Change in Fund Equity</i>	2,926	(56,212)	(59,138)
<i>Fund Balance Beginning of Year</i>	274,812	274,812	0
<i>Fund Balance End of Year</i>	\$277,738	\$218,600	(\$59,138)

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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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	S3-S9
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	S10-S18
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.	
Debt Capacity	S19-S24
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.	
Economic and Demographic Information	S25-S27
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	S28-S32
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities				
Invested in Capital Assets,				
Net of Related Debt	\$9,909,002	\$7,903,291	\$6,425,260	\$6,089,535
Restricted:				
Capital Projects	423,673	979,920	2,146,426	1,877,579
Debt Service	918,452	955,831	861,303	915,517
Police	36,217	34,637	46,168	58,012
Fire and EMS	186,546	315,989	340,123	198,162
Transportation	1,063,984	1,593,221	557,757	463,227
Sewerline/Waterline Maintenance	881,202	655,415	484,483	238,163
Other Purposes	180,234	48,876	20,960	33,510
Unrestricted	<u>2,281,879</u>	<u>2,397,561</u>	<u>1,874,013</u>	<u>878,242</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>\$15,881,189</u></u>	<u><u>\$14,884,741</u></u>	<u><u>\$12,756,493</u></u>	<u><u>\$10,751,947</u></u>

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

	2007	2006	2005	2004
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$227,855	\$252,100	\$369,512	\$193,091
Security of Persons and Property	408,448	460,447	427,016	384,907
Transportation	15,047	12,295	19,795	40,639
Community Environment	19,018	32,387	0	0
Public Health Services	321,192	214,416	317,382	229,228
Leisure Time Activities	9,893	1,349	47,823	58,631
Subtotal - Charges for Services	<u>1,001,453</u>	<u>972,994</u>	<u>1,181,528</u>	<u>906,496</u>
Operating Grants and Contributions:				
General Government	9,030	48,886	29,435	13,221
Security of Persons and Property	57,822	89,332	139,065	35,910
Transportation	751,886	908,733	635,167	635,810
Community Environment	4,293	0	2,878	0
Leisure Time Activities	0	7,353	0	0
Subtotal - Operating Grants and Contributions	<u>823,031</u>	<u>1,054,304</u>	<u>806,545</u>	<u>684,941</u>
Capital Grants and Contributions:				
General Government	47,346	0	0	0
Security of Persons and Property	125,852	0	0	0
Transportation	0	512,808	134,890	671,481
Public Health Services	0	503,239	60,701	697,612
Leisure Time Activities	146,993	0	0	0
Subtotal - Capital Grants and Contributions	<u>320,191</u>	<u>1,016,047</u>	<u>195,591</u>	<u>1,369,093</u>
<i>Total Governmental Activities Program Revenues</i>	<u>2,144,675</u>	<u>3,043,345</u>	<u>2,183,664</u>	<u>2,960,530</u>
Expenses				
Governmental Activities:				
General Government	1,797,290	2,258,088	1,657,936	1,496,946
Security of Persons and Property	3,486,686	3,697,437	2,749,595	2,907,755
Transportation	1,305,616	1,105,515	1,168,903	1,306,330
Community Environment	266,813	310,737	245,311	251,646
Public Health Services	167,598	101,908	128,117	86,907
Leisure Time Activities	172,172	230,960	179,714	149,725
Interest and Fiscal Charges	174,121	169,150	166,384	167,244
<i>Total Governmental Activities Expenses</i>	<u>7,370,296</u>	<u>7,873,795</u>	<u>6,295,960</u>	<u>6,366,553</u>
Net (Expense)/Revenue	<u>(\$5,225,621)</u>	<u>(\$4,830,450)</u>	<u>(\$4,112,296)</u>	<u>(\$3,406,023)</u>

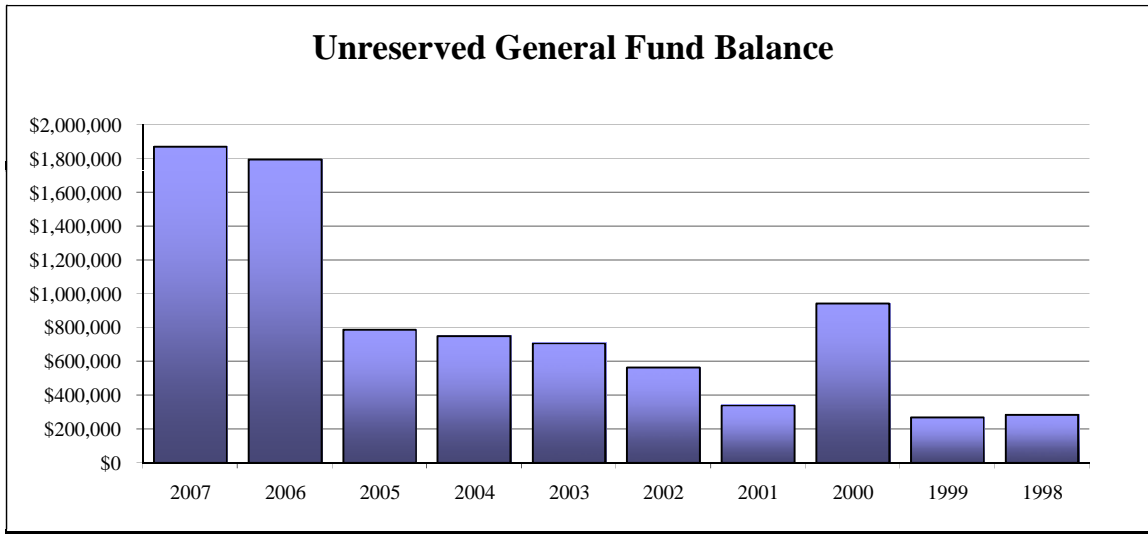
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City of Norton, Ohio
Changes in Net Assets (continued)
Last Four Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$430,607	\$420,666	\$391,304	\$364,278
Fire	422,687	368,796	387,997	358,948
EMS	319,338	306,426	301,426	289,622
Police and Fire Disability and Pension	81,662	77,621	73,369	68,302
Municipal Income Taxes levied for				
General Purposes	2,759,385	3,383,613	2,548,525	2,483,503
Debt Service	252,565	337,550	259,260	67,904
Capital Projects	157,456	79,365	60,989	16,050
Street Repair and Maintenance	542,585	784,923	602,001	147,741
Grants and Entitlements not Restricted to				
Specific Programs	953,675	857,119	1,278,637	1,096,348
Interest	282,650	276,651	113,769	55,784
Gain on Sale of Capital Assets	0	0	0	26,184
Other	19,459	65,968	99,565	112,326
<i>Total Governmental Activities</i>	<u>6,222,069</u>	<u>6,958,698</u>	<u>6,116,842</u>	<u>5,086,990</u>
Change in Net Assets	<u><u>\$996,448</u></u>	<u><u>\$2,128,248</u></u>	<u><u>\$2,004,546</u></u>	<u><u>\$1,680,967</u></u>

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

	2007	2006	2005	2004	2003
General Fund					
Reserved	\$29,733	\$153,661	\$192,524	\$44,672	\$42,751
Unreserved	1,871,927	1,795,049	787,233	750,252	706,069
Total General Fund	1,901,660	1,948,710	979,757	794,924	748,820
All Other Governmental Funds					
Reserved	219,485	269,137	1,140,679	1,158,506	132,269
Unreserved, Undesignated, Reported in:					
Special Revenue funds	1,830,304	2,041,482	1,269,915	859,357	681,639
Debt Service funds	61,381	40,203	56,643	65,404	(194)
Capital Projects funds	38,243	333,382	283,899	(45,352)	1,293,887
Total All Other Governmental Funds	2,149,413	2,684,204	2,751,136	2,037,915	2,107,601
Total Governmental Funds	\$4,051,073	\$4,632,914	\$3,730,893	\$2,832,839	\$2,856,421



2002	2001	2000	1999	1998
\$34,892	\$25,589	\$24,912	\$23,164	\$15,779
563,433	339,076	941,843	269,043	284,726
598,325	364,665	966,755	292,207	300,505
1,055,321	1,554,681	4,143,247	606,121	83,514
472,305	698,784	843,872	1,084,333	1,069,106
0	0	0	0	0
(3,501,653)	(3,728,327)	(4,209,197)	(109,295)	542,490
(1,974,027)	(1,474,862)	777,922	1,581,159	1,695,110
(\$1,375,702)	(\$1,110,197)	\$1,744,677	\$1,873,366	\$1,995,615

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

	2007	2006	2005	2004
Revenues				
Property Taxes	\$1,164,082	\$1,172,254	\$1,102,775	\$1,088,710
Municipal Income Taxes	3,880,264	3,949,257	3,365,754	2,641,551
Charges for Services	720,637	497,209	768,912	560,027
Special Assessments	71,790	40,373	100,833	55,660
Licenses, Permits and Fees	102,217	99,401	125,671	66,295
Fines and Forfeitures	170,967	228,170	160,972	256,268
Intergovernmental	1,925,630	2,378,753	1,667,640	1,761,685
Interest	282,650	276,651	113,769	55,784
Other	19,459	65,968	99,565	112,326
<i>Total Revenues</i>	<u>8,337,696</u>	<u>8,708,036</u>	<u>7,505,891</u>	<u>6,598,306</u>
Expenditures				
Current:				
General Government	1,819,921	1,828,117	1,543,564	1,449,123
Security of Persons and Property	3,198,169	2,959,561	2,780,456	2,779,708
Transportation	2,155,630	1,003,741	1,174,789	1,102,624
Community Environment	256,666	310,102	254,385	287,058
Public Health Services	92,725	42,742	35,125	59,445
Leisure Time Activities	159,719	51,096	165,894	137,530
Basic Utility	0	0	0	0
Other	0	0	0	0
Capital Outlay	802,520	1,006,410	181,315	324,995
Debt Service:				
Principal Retirement	262,917	260,033	260,311	577,835
Principal Retirement - Current Refunding	0	0	50,000	0
Interest and Fiscal Charges	171,270	175,213	161,998	170,754
<i>Total Expenditures</i>	<u>8,919,537</u>	<u>7,637,015</u>	<u>6,607,837</u>	<u>6,889,072</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(581,841)</u>	<u>1,071,021</u>	<u>898,054</u>	<u>(290,766)</u>
Other Financing Sources (Uses)				
Current Refunding	0	(185,000)	(185,000)	0
Sale of Capital Assets	0	0	0	26,184
Notes Issued	0	0	185,000	235,000
Inception of Capital Lease	0	16,000	0	6,000
Transfers In	613,230	682,724	460,251	1,433,843
Transfers Out	(613,230)	(682,724)	(460,251)	(1,433,843)
Other Sources	0	0	0	0
Other Uses	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(169,000)</u>	<u>0</u>	<u>267,184</u>
<i>Net Change in Fund Balances</i>	<u>(\$581,841)</u>	<u>\$902,021</u>	<u>\$898,054</u>	<u>(\$23,582)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.2%	6.2%	7.3%	11.4%

2003	2002	2001	2000	1999	1998
\$1,222,603	\$1,237,773	\$1,237,773	\$988,758	\$950,100	\$896,354
2,625,238	2,497,599	2,497,599	2,645,267	2,424,771	2,287,602
419,741	116,729	116,729	5,771	8,428	21,253
12,756	8,107	8,107	12,342	13,590	11,416
101,487	89,412	89,412	101,183	95,082	100,337
224,804	198,056	198,056	224,131	210,617	222,257
1,336,911	1,711,539	1,711,539	1,704,422	1,404,086	1,639,286
18,544	87,903	87,903	248,739	114,503	94,897
290,026	463,231	463,231	384,227	15,624	22,178
<u>6,252,110</u>	<u>6,410,349</u>	<u>6,410,349</u>	<u>6,314,840</u>	<u>5,236,801</u>	<u>5,295,580</u>
1,532,231	1,680,515	1,680,515	1,180,714	1,010,178	1,008,998
2,639,560	2,297,744	2,297,744	2,133,845	2,045,851	1,754,044
902,554	741,305	741,305	743,479	703,847	551,879
290,668	196,305	196,305	123,429	72,224	93,951
6,281	601	601	2,075	4,543	308,086
197,901	106,894	106,894	112,545	77,157	81,587
0	6,726	6,726	14,119	1,393	31,169
30,172	11,141	11,141	0	0	0
536,282	3,990,369	3,990,369	2,079,144	1,246,057	882,233
5,000	5,000	5,000	5,000	5,000	5,000
0	0	0	0	0	0
299,338	229,592	229,592	49,179	12,981	25,141
<u>6,439,987</u>	<u>9,266,192</u>	<u>9,266,192</u>	<u>6,443,529</u>	<u>5,179,231</u>	<u>4,742,088</u>
<u>(187,877)</u>	<u>(2,855,843)</u>	<u>(2,855,843)</u>	<u>(128,689)</u>	<u>57,570</u>	<u>553,492</u>
0	0	0	0	0	0
0	969	969	0	0	3,006
4,420,000	0	0	0	0	0
0	0	0	0	0	0
725,160	2,041,492	2,041,492	3,659,103	3,407,467	3,061,349
(725,160)	(2,041,492)	(2,041,492)	(3,659,103)	(3,407,467)	(3,060,759)
0	0	0	0	186,554	567,563
0	0	0	0	(366,373)	(385,039)
<u>4,420,000</u>	<u>969</u>	<u>969</u>	<u>0</u>	<u>(179,819)</u>	<u>186,120</u>
<u>\$4,232,123</u>	<u>(\$2,854,874)</u>	<u>(\$2,854,874)</u>	<u>(\$128,689)</u>	<u>(\$122,249)</u>	<u>\$739,612</u>
5.2%	4.4%	4.4%	1.2%	0.5%	0.8%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2007	\$216,297,250	\$40,422,950	\$733,486,286	\$6,507,780	\$7,395,205
2006	212,333,270	40,000,130	720,952,571	6,507,780	7,395,205
2005	191,812,190	38,656,010	658,480,571	6,562,270	7,457,125
2004	187,630,300	37,741,080	643,918,229	6,977,590	7,929,080
2003	183,280,910	38,181,150	632,748,743	6,754,770	7,675,875
2002	156,998,370	31,637,430	538,959,429	6,621,500	7,524,432
2001	154,375,550	31,052,780	529,795,229	10,111,350	11,490,170
2000	151,962,310	27,812,480	513,642,257	10,855,910	12,336,261
1999	130,438,720	26,509,620	448,423,829	10,490,480	11,921,000
1998	127,660,408	25,944,962	438,872,486	10,181,020	11,569,341

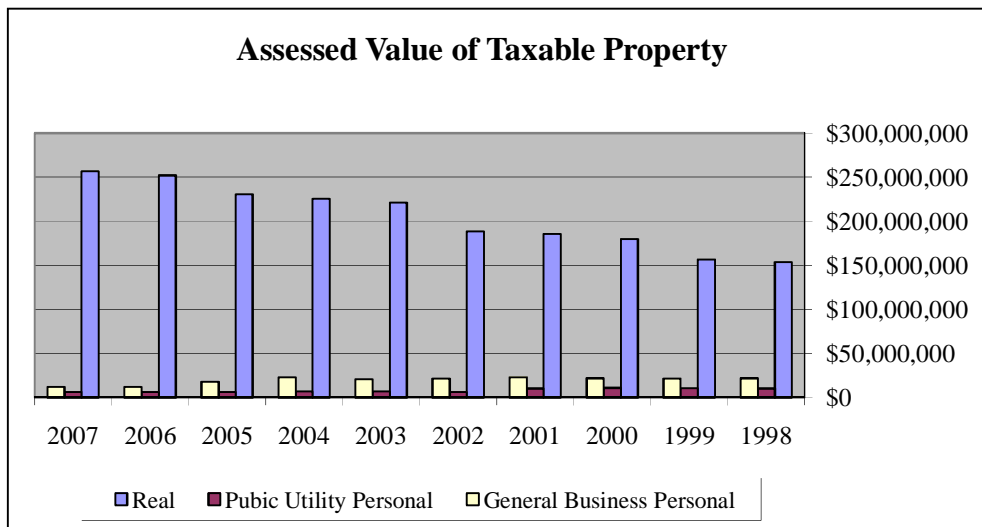
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

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

Source: Summit County, Fiscal Officer

Tangible Personal Property					
General Business		Total			Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$12,197,400	\$97,579,200	\$275,425,380	\$838,460,690	32.85%	\$4.40
12,197,400	65,052,800	271,038,580	793,400,576	34.16	4.42
17,925,833	71,703,332	254,956,303	737,641,028	34.56	4.66
22,835,501	91,342,004	255,184,471	743,189,312	34.34	4.71
20,700,235	82,800,940	248,917,065	723,225,558	34.42	4.69
21,588,797	86,355,188	216,846,097	632,839,048	34.27	5.06
23,142,207	92,568,828	218,681,887	633,854,227	34.50	5.10
21,836,416	87,345,664	212,467,116	613,324,183	34.64	5.10
21,404,032	85,616,128	188,842,852	545,960,957	34.59	5.45
21,897,389	87,589,556	185,683,779	538,031,383	34.51	5.47



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

	2007	2006	2005	2004
Unvoted Millage				
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>
Voted Millage by Levy				
1988 Ambulance and EMS				
Residential/Agricultural Real	0.4180	0.4203	0.4590	0.4627
Commerical/Industrial and Public Utility Real	0.5643	0.5741	0.5884	0.5825
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1988 Fire				
Residential/Agricultural Real	0.6688	0.6724	0.7344	0.7403
Commerical/Industrial and Public Utility Real	0.9029	0.9186	0.9415	0.9320
General Business and Public Utility Personal	1.6000	1.6000	1.6000	1.6000
1996 Ambulance and EMS				
Residential/Agricultural Real	0.5709	0.5740	0.6269	0.6320
Commerical/Industrial and Public Utility Real	0.7596	0.7728	0.7921	0.7841
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1996 Fire				
Residential/Agricultural Real	0.5709	0.5740	0.6269	0.6320
Commerical/Industrial and Public Utility Real	0.7596	0.7728	0.7921	0.7841
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
Total Voted Millage by type of property				
Residential/Agricultural Real	2.2286	2.2407	2.4472	2.4670
Commerical/Industrial and Public Utility Real	2.9864	3.0383	3.1141	3.0827
General Business and Public Utility Personal	<u>4.6000</u>	<u>4.6000</u>	<u>4.6000</u>	<u>4.6000</u>
Total Millage by type of property				
Residential/Agricultural Real	4.1286	4.1407	4.3472	4.3670
Commerical/Industrial and Public Utility Real	4.8864	4.9383	5.0141	4.9827
General Business and Public Utility Personal	<u>6.5000</u>	<u>6.5000</u>	<u>6.5000</u>	<u>6.5000</u>
Overlapping Rates by Taxing District				
Norton City School District				
Residential/Agricultural Real	\$28.8335	\$28.9406	\$31.1576	\$26.4282
Commerical/Industrial and Public Utility Real	37.2881	37.8347	38.6235	33.4429
General Business and Public Utility Personal	59.9000	59.9000	59.9000	55.0000
Summit County				
Residential/Agricultural Real	10.5997	9.0633	9.6107	9.6343
Commerical/Industrial and Public Utility Real	11.4020	10.0247	10.3113	10.2999
General Business and Public Utility Personal	13.1100	12.2200	12.2200	12.2200
Akron/Summit Library				
Residential/Agricultural Real	1.9206	1.9333	2.1358	0.7800
Commerical/Industrial and Public Utility Real	1.9896	1.9907	2.1400	0.7800
General Business and Public Utility Personal	2.0300	2.0400	2.1400	0.7800
Metropolitan Park District				
Residential/Agricultural Real	1.4573	0.6959	0.7517	0.7540
Commerical/Industrial and Public Utility Real	1.4600	0.7470	0.7743	0.7730
General Business and Public Utility Personal	1.4600	0.8500	0.8500	0.8500

Source: County Auditor

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.

2003	2002	2001	2000	1999	1998
\$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
0.4639	0.5322	0.5340	0.5324	0.6113	0.6168
0.5627	0.6537	0.6586	0.6634	0.6986	0.7016
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.7422	0.8516	0.8544	0.8518	0.9780	0.9869
0.9003	1.0460	1.0538	1.0615	1.1177	1.1226
1.6000	1.6000	1.6000	1.6000	1.6000	1.6000
0.6336	0.7270	0.7294	0.7271	0.8349	0.8425
0.7575	0.8800	0.8866	0.8931	0.9404	0.9445
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.6336	0.7270	0.7294	0.7271	0.8349	0.8425
0.7575	0.8800	0.8866	0.8931	0.9404	0.9445
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
2.4733	2.8378	2.8472	2.8384	3.2591	3.2887
2.9780	3.4597	3.4856	3.5111	3.6971	3.7132
4.6000	4.6000	4.6000	4.6000	4.6000	4.6000
4.3733	4.7378	4.7472	4.7384	5.1591	5.1887
4.8780	5.3597	5.3856	5.4111	5.5971	5.6132
6.5000	6.5000	6.5000	6.5000	6.5000	6.5000
\$26.5082	\$29.3761	\$29.4434	\$29.3675	\$32.8272	\$33.0268
32.5120	37.1708	37.1425	37.3722	38.9490	39.0387
55.0000	55.0000	55.0000	55.0000	55.0000	55.0000
9.6215	10.5666	10.5864	8.8947	9.5646	8.1938
10.2128	11.0662	11.1466	10.0509	10.4906	9.7293
12.2200	12.2200	12.2200	11.4200	11.4200	10.8000
1.2633	1.0993	1.1411	1.1431	1.6120	1.6950
1.4346	1.2739	1.3232	1.3222	1.7679	1.8512
1.5900	1.3500	1.3900	1.3900	1.7900	1.8700
0.7526	0.7671	0.7688	0.7705	0.8471	0.6866
0.7652	0.7944	0.8022	0.8004	0.8457	0.8274
0.8500	0.8500	0.8500	0.8500	0.8500	0.8500

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

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2007	\$1,132,826	\$1,085,632	95.83%	\$30,202	\$1,115,834
2006	1,119,491	1,071,160	95.68	33,666	1,104,826
2005	1,073,413	1,026,171	95.60	31,942	1,058,113
2004	1,098,882	1,017,803	92.62	35,748	1,053,551
2003	1,034,972	989,267	95.58	33,414	1,022,681
2002	1,022,167	929,322	90.92	38,641	967,963
2001	1,019,359	930,385	91.27	26,814	957,199
2000	991,364	909,644	91.76	30,713	940,357
1999	941,164	860,522	91.43	30,789	891,311
1998	927,552	848,718	91.50	24,159	872,877

Source: County Auditor

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

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

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
98.50%	\$60,217	5.32%
98.69	65,655	5.86
98.57	60,368	5.62
95.87	45,331	4.13
98.81	52,891	5.11
94.70	54,205	5.30
93.90	62,160	6.10
94.85	51,586	5.20
94.70	49,853	5.30
94.11	54,674	5.89

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

<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>
2007	2.00 %	\$3,979,767	\$626,813	15.75 %	\$2,873,790	72.21 %
2006	2.00	3,958,650	677,192	17.11	2,816,173	71.14
2005	2.00	3,794,343	508,573	13.40	2,866,905	75.56
2004	1.50	2,657,039	411,098	15.47	1,899,297	71.48
2003	1.50	2,600,731	432,067	16.61	1,880,010	72.29
2002	1.50	2,613,781	407,094	15.57	1,885,769	72.15
2001	1.50	2,608,366	425,685	16.32	1,843,016	70.66

(1) Cash Basis

(2) Information prior to 2001 is not available

Taxes from Net Profits	Percentage of Taxes from Net Profits
\$479,164	12.04 %
465,285	11.75
418,865	11.04
346,644	13.05
288,654	11.10
320,918	12.28
339,665	13.02

City of Norton, Ohio
Principal Real Estate Property Taxpayers
2007 and 2003(1)

2007		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Columbia Woods Apartments, LLC	\$2,887,300	1.12 %
Albrecht, Inc.	1,920,910	0.75
B&C Corporation	1,372,470	0.53
Falkenstein, Albert J. & Margaret C.	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	0.27
Strachen, Wyman Et al	661,550	0.27
Norton Energy Storage LLC	653,020	0.25
Holland Oil Company	626,620	0.24
Total	\$11,496,170	4.48 %
Total Real Assessed Valuation	\$256,720,200	
2003		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Columbia Woods Apartments, LLC	\$3,458,640	1.56 %
B&C Corporation	2,527,730	1.14
Albrecht, Inc.	2,176,540	0.98
Seal Mack W.	1,959,100	0.88
Pittsburgh Plate Glass Company	1,260,100	0.57
Falkenstein, Albert J. & Margaret C.	973,800	0.44
Newpark Drive Limited Partnership	846,300	0.38
Brookside Land Company	756,260	0.34
Strachan, Wyman Et al	723,860	0.33
Norton Energy Storage, LLC	648,260	0.28
Total	\$15,330,590	6.92 %
Total Assessed Valuation	\$221,462,060	

Source: Summit County Fiscal Officer

(1) Information prior to 2003 was not available.

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

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of General Obligation Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>General Obligation Bonded Debt Per Capita</u>
2007	11,596	b	\$838,460,690	\$2,829,649	0.34 %	\$244.02
2006	11,596	b	793,400,576	3,012,414	0.38	259.78
2005	11,745	b	737,641,028	3,192,041	0.43	271.78
2004	11,726	b	743,189,312	3,371,668	0.45	287.54
2003	11,523	b	723,225,558	4,420,000	0.61	383.58
2002	11,523	b	632,839,048	0	0.00	0.00
2001	11,523	b	633,854,227	0	0.00	0.00
2000	11,523	a	613,324,183	0	0.00	0.00
1999	11,523	a	545,960,957	0	0.00	0.00
1998	11,523	a	538,031,383	0	0.00	0.00

Sources:

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

(a) 1990 Federal Census

(b) 2000 Federal Census

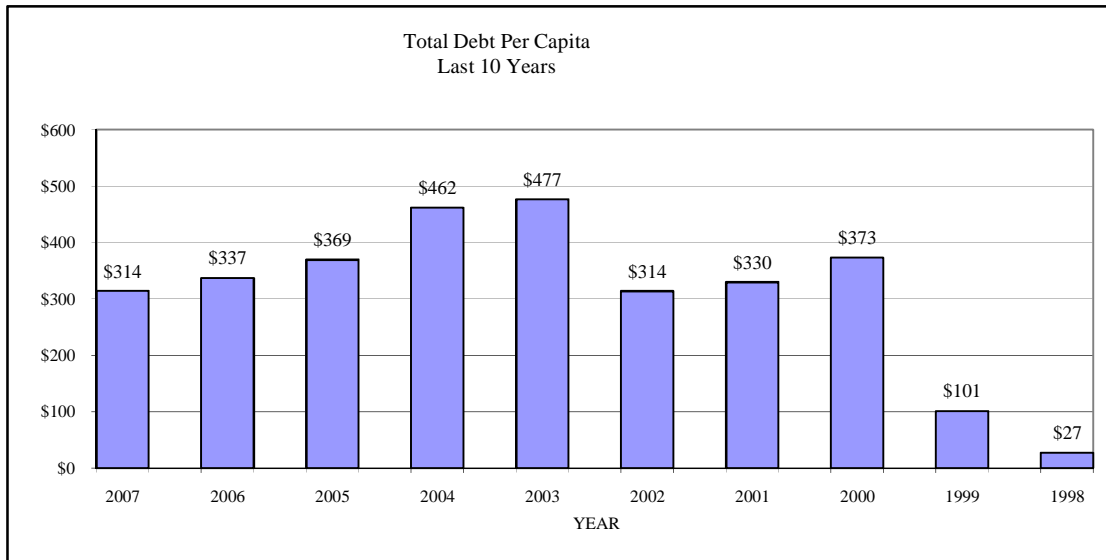
(2) Summit County Auditor

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

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

Year	General Obligation Bonds	Long-Term Notes	Special Assessment Bonds	Capital Leases	Total Debt	Percentage of Personal Income	Per Capita
2007	\$2,829,649	\$0	\$800,351	\$12,295	\$3,642,295	1.38%	\$314
2006	3,012,414	35,000	842,586	15,212	3,905,212	1.47	337
2005	3,192,041	255,000	882,959	4,245	4,334,245	1.62	369
2004	3,371,668	1,116,000	923,332	9,556	5,420,556	2.06	462
2003	4,420,000	978,000	85,000	8,391	5,491,391	2.15	477
2002	0	3,525,000	90,000	0	3,615,000	1.44	314
2001	0	3,705,000	95,000	0	3,800,000	1.54	330
2000	0	4,195,000	100,000	0	4,295,000	1.77	373
1999	0	1,055,000	105,000	0	1,160,000	0.49	101
1998	0	206,000	110,000	0	316,000	0.14	27

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



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City of Norton, Ohio

Legal Debt Margin

Last Ten Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Assessed Property Value	<u>\$275,425,380</u>	<u>\$271,038,580</u>	<u>\$254,956,303</u>	<u>\$255,184,471</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$28,919,665</u>	<u>\$28,459,051</u>	<u>\$26,770,412</u>	<u>\$26,794,369</u>
Debt Outstanding:				
General Obligation Bonds	2,829,649	3,012,414	3,192,041	3,371,668
Special Assessment Bonds	800,351	842,586	882,959	923,332
Manuscript Notes	806,000	0	0	0
Notes	<u>0</u>	<u>220,000</u>	<u>840,800</u>	<u>1,116,000</u>
Total Gross Indebtedness	4,436,000	4,075,000	4,915,800	5,411,000
Less:				
Special Assessment Bonds	(800,351)	(842,586)	(882,959)	(923,332)
Amount Available in Debt Service	<u>(30,914)</u>	<u>(16,888)</u>	<u>(46,698)</u>	<u>(56,402)</u>
Total Net Debt Applicable to Debt Limit	<u>3,604,735</u>	<u>3,215,526</u>	<u>3,986,143</u>	<u>4,431,266</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$25,314,930</u>	<u>\$25,243,525</u>	<u>\$22,784,269</u>	<u>\$22,363,103</u>
Legal Debt Margin as a Percentage of the Debt Limit	87.54%	88.70%	85.11%	83.46%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$15,148,396</u>	<u>\$14,907,122</u>	<u>\$14,022,597</u>	<u>\$14,035,146</u>
Total Gross Indebtedness	4,436,000	4,075,000	4,915,800	5,411,000
Less:				
Special Assessment Bonds	(800,351)	(842,586)	(882,959)	(923,332)
Amount Available in Debt Service	<u>(30,914)</u>	<u>(16,888)</u>	<u>(46,698)</u>	<u>(56,402)</u>
Net Debt Within 5 ½ % Limitations	<u>3,604,735</u>	<u>3,215,526</u>	<u>3,986,143</u>	<u>4,431,266</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$11,543,661</u>	<u>\$11,691,596</u>	<u>\$10,036,454</u>	<u>\$9,603,880</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	76.20%	78.43%	71.57%	68.43%

Source: City Financial Records

2003	2002	2001	2000	1999	1998
<u>\$248,917,065</u>	<u>\$216,846,097</u>	<u>\$218,681,887</u>	<u>\$212,467,116</u>	<u>\$188,842,852</u>	<u>\$185,683,779</u>
<u>\$26,136,292</u>	<u>\$22,768,840</u>	<u>\$22,961,598</u>	<u>\$22,309,047</u>	<u>\$19,828,499</u>	<u>\$19,496,797</u>
4,420,000	0	0	0	0	0
85,000	90,000	95,000	100,000	105,000	110,000
0	0	0	0	0	0
<u>978,000</u>	<u>3,525,000</u>	<u>3,705,000</u>	<u>4,195,000</u>	<u>1,055,000</u>	<u>206,000</u>
5,483,000	3,615,000	3,800,000	4,295,000	1,160,000	316,000
(85,000)	(90,000)	(95,000)	(100,000)	(105,000)	(110,000)
<u>(10,768)</u>	<u>(11,270)</u>	<u>(10,962)</u>	<u>(144,051)</u>	<u>(19,855)</u>	<u>(16,233)</u>
<u>5,387,232</u>	<u>3,513,730</u>	<u>3,694,038</u>	<u>4,050,949</u>	<u>1,035,145</u>	<u>189,767</u>
<u>\$20,749,060</u>	<u>\$19,255,110</u>	<u>\$19,267,560</u>	<u>\$18,258,098</u>	<u>\$18,793,354</u>	<u>\$19,307,030</u>
79.39%	84.57%	83.91%	81.84%	94.78%	99.03%
<u>\$13,690,439</u>	<u>\$11,926,535</u>	<u>\$12,027,504</u>	<u>\$11,685,691</u>	<u>\$10,386,357</u>	<u>\$10,212,608</u>
5,483,000	3,615,000	3,800,000	4,295,000	1,160,000	316,000
(85,000)	(90,000)	(95,000)	(100,000)	(105,000)	(110,000)
<u>(10,768)</u>	<u>(11,270)</u>	<u>(10,962)</u>	<u>(144,051)</u>	<u>(19,855)</u>	<u>(16,233)</u>
<u>5,387,232</u>	<u>3,513,730</u>	<u>3,694,038</u>	<u>4,050,949</u>	<u>1,035,145</u>	<u>189,767</u>
<u>\$8,303,207</u>	<u>\$8,412,805</u>	<u>\$8,333,466</u>	<u>\$7,634,742</u>	<u>\$9,351,212</u>	<u>\$10,022,841</u>
60.65%	70.54%	69.29%	65.33%	90.03%	98.14%

City of Norton, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2007

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct			
General Obligation Bonds	\$2,829,649	100%	\$2,829,649
Special Assessment Bonds	800,351	100	800,351
Capital Leases	12,295	100	12,295
<i>Total Direct Debt</i>	<u>3,642,295</u>		<u>3,642,295</u>
Overlapping			
Barberton City School District			
General Obligation Bonds	22,950,366	2.12	486,548
Summit County			
General Obligation Bonds	62,682,631	2.15	1,347,677
Akron-Summit County Library System			
General Obligation Bonds	53,825,000	3.06	1,647,045
Regional			
Transit Authority	650,000	2.15	13,975
<i>Total Overlapping Debt</i>	<u>140,107,997</u>		<u>3,495,244</u>
Total	<u><u>\$143,750,292</u></u>		<u><u>\$7,137,539</u></u>

Source: County Auditor

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

City of Norton
Principal Employers
2007 and 2002(1)

2007

Employer	Employees	Percentage of Total City Employment
B&C Corporation	1,587	29.90%
Norton City School District	415	7.82
SA Comunale	271	5.11
Fred Martin Motor Company	266	5.01
Fred W. Albrecht Grocery Company	214	4.03
Albert Screenprint	180	3.39
Ganley Ford	131	2.47
City of Norton	112	2.11
PPG Industries	76	1.43
Milich's Village Inn Incorporated	63	1.19
TOTAL	3,315	62.45%
Total Employment within the City	5,308	

2002

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

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

(1) Information prior to 2002 is not available.

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)
2007	11,596	\$264,875,832	\$22,842	\$47,085	40
2006	11,596	264,875,832	22,842	47,085	40
2005	11,745	268,279,290	22,842	47,085	40
2004	11,726	263,588,754	22,479	47,085	40
2003	11,523	254,831,145	22,115	47,085	40
2002	11,523	250,648,296	21,752	47,085	40
2001	11,523	246,453,924	21,388	47,085	40
2000	11,523	242,271,075	21,025	47,085	40
1999	11,523	238,076,703	20,661	N/A	N/A
1998	11,523	233,893,854	20,298	N/A	N/A

(1) Source: U. S. Census

(a) Years 2000 through 2007 - 2000 Federal Census

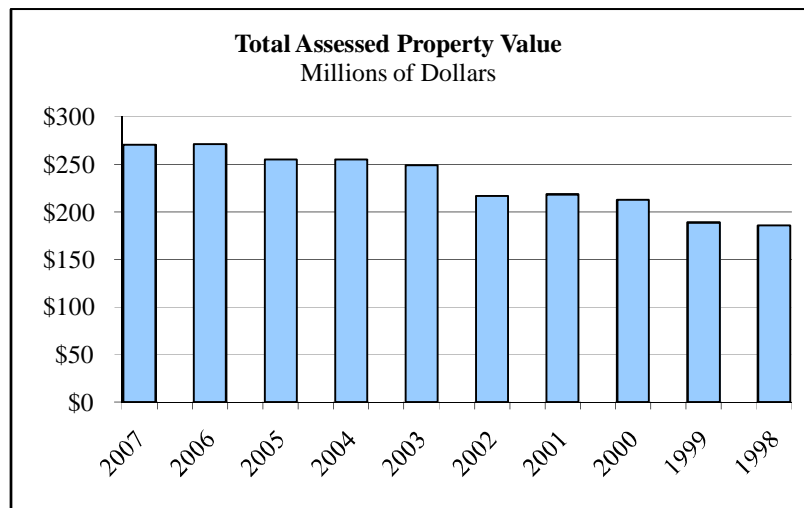
(b) Years 1998 through 1999 - 1990 Federal Census

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

(3) Source: County Planning Commission

(4) Source: County Auditor

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



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Summit County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
11.71 %	2,587	6.10 %	\$165,941	\$270,635,677
11.71	2,495	6.10	165,941	271,038,580
11.56	2,446	6.10	169,926	254,956,303
11.58	2,470	5.50	154,269	255,184,471
11.79	2,558	5.70	142,868	248,917,065
11.79	2,597	4.30	125,151	216,846,097
11.79	2,554	4.30	133,766	218,681,887
11.79	2,563	4.00	142,788	212,467,116
N/A	N/A	4.00	117,327	188,842,852
N/A	N/A	4.00	N/A	185,683,779



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

Function/Program	2007	2006	2005	2004	2003	2002
General Government						
<i>Council and Clerk</i>						
Number of Ordinances	72	74	72	85	99	64
Number of Resolutions	19	29	32	53	20	19
Number of Planning Commission docket items	27	21	23	40	41	28
Zoning Board of Appeals docket items	25	23	26	27	30	40
Park and Cemetery Board docket items	35	N/A	N/A	N/A	N/A	N/A
<i>Finance Department</i>						
Number of checks/ vouchers issued	1797	1927	1896	1769	1930	1692
General Fund Interest earnings for fiscal year (cash basis)	\$272,512	\$228,507	\$92,392	\$30,597	\$18,544	\$24,274
Agency Ratings - Fitch	A	A	A	A	A	None
Health Insurance Costs (cash basis in thousands)	\$700	\$571	\$498	\$608	N/A	N/A
Health Insurance Costs vs General Fund Expenditures %	9.9%	13.9%	10.3%	14.1%	N/A	N/A
General Fund Receipts (cash basis in thousands)	\$5,892	\$5,328	\$5,238	\$4,416	\$4,297	\$4,456
General Fund Expenditures (cash basis in thousands)	\$7,090	\$4,122	\$4,856	\$4,302	\$4,203	\$4,391
General Fund Cash Balances (in thousands)	\$156	\$1,584	\$438	\$191	\$122	\$68
<i>Municipal Court</i>						
Number of Misdemeanor Cases	124	175	178	139	N/A	N/A
Number of OVI cases	25	52	51	64	N/A	N/A
Number of Traffic cases	1,473	2,935	2,135	2,689	N/A	N/A
<i>Building Department Indicators</i>						
Residential/Commercial Permits Issued	189	241	269	306	197	N/A
Zoning Permits	66	84	78	79	58	N/A
Electric Permits	162	206	206	211	191	N/A
Heating Permits	58	74	108	120	114	N/A
Number of permits issued	475	605	661	716	560	0
Permit Revenue	\$48,397	\$61,643	\$69,236	\$80,614	\$86,287	\$77,456

(continued)

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

Function/Program	2007	2006	2005	2004	2003	2002
Security of Persons & Property						
<i>Police</i>						
Felony Arrests	106	114	131	138	106	127
Misdemeanor Arrests	521	754	683	763	574	549
Arson	2	1	2	1	2	0
Assault	65	67	56	63	76	71
Residential Burglary	30	39	39	44	32	44
General Disturbance	8327	10852	10012	10765	9713	7600
Domestic Violence	84	119	140	121	119	120
Drug Offense	28	70	48	12	9	7
Homicide	0	0	1	0	0	0
Larceny	269	312	311	330	323	306
Vandalism/Criminal Damaging	75	77	80	77	98	145
Robbery	4	5	5	11	5	6
Sex Offense	10	19	13	15	5	14
9-1-1 Calls	1733	1621	1775	1686	1770	2116
Auto Theft/Stolen Plates	41	50	42	50	62	59
Traffic Crashes	487	448	551	528	597	561
Traffic Fatalities	2	1	2	4	2	3
Driving While Intoxicated	95	163	144	175	131	120
Traffic Citations Issued	2603	4860	3870	4341	3483	3090
Prisoners in Norton Jail	77	104	142	141	184	214
Warrant Arrests	303	408	457	386	408	362
<i>Fire</i>						
EMS Calls	968	934	942	928	967	1,017
Ambulance Billing Collections (net)	\$200,624	\$199,799	\$231,593	\$208,873	\$226,005	\$208,620
Revenue per run	207	214	246	225	234	205
Fire Calls	332	233	287	215	215	236
Public Health and Welfare						
Cemetery burials	3	1	0	1	4	N/A
Cemetery foundations	0	1	1	2	5	N/A
Cemetery cremains Burial	0	0	0	0	1	N/A
Cemetery sale of lots	8	0	0	3	22	N/A
Cemetery receipts	\$4,355	\$666	\$155	\$1,825	\$6,965	N/A
Health Advisory Board docket items	19	N/A	N/A	N/A	N/A	N/A

N/A = Information is not available

(1) Information prior to 2002 is not available

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

Function/Program	2007	2006	2005	2004
General Government				
Square Footage Occupied	4,080	4,080	4,080	4,080
Administrative Vehicles	2	2	2	2
Inspection Vehicles	1	1	1	1
Police				
Stations	1	1	1	1
Square Footage of Building	3,600	3,600	3,600	3,600
Vehicles	10	10	10	10
Fire				
Stations	2	2	2	2
Recreation				
Number of Parks	7	7	7	7
Number of Tennis Courts	4	4	4	4
Number of Baseball Diamonds	5	3	3	3
Number of Soccer Fields	3	3	3	3
Number of Football Fields	1	1	1	1
Other Public Works				
Service Garage Square Footage	6,800	6,800	6,800	6,800
Streets (lane miles)	260	260	260	260
Service Vehicles	12	12	12	12
City Cemeteries	2	2	2	2
Wastewater				
Sanitary Sewers (miles)	8.40	8.40	8.40	8.40
Water Department				
Water Lines (miles)	12.50	12.50	12.50	12.50

2003	2002	2001	2000	1999	1998
4,080	4,080	4,080	4,080	4,080	4,080
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
3,600	3,600	3,600	3,600	3,600	3,600
N/A	N/A	N/A	N/A	N/A	N/A
2	2	2	2	2	2
6	6	6	6	6	6
4	4	4	4	4	4
3	3	3	3	3	3
3	3	3	3	3	3
1	1	1	1	1	1
6,800	6,800	960	960	960	960
260	260	260	260	260	260
12	12	12	12	12	12
2	2	2	2	2	2
8.40	8.40	8.40	8.40	8.40	8.40
12.50	12.50	12.50	12.50	12.50	12.50

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

Function/Program	2007	2006	2005	2004	2003	2002
General Government						
Mayor	2	2	2	2	2	2
Council	8	8	8	8	8	8
Finance	4	5	5	5	5	5
City Administrator	1	1	1	1	1	1
Law	1	1	1	1	1	1
Administration	3	3	3	3	3	3
Engineer	1	1	1	1	1	1
Planning	1	1	1	1	1	1
Civil Service	1	1	1	1	1	1
Court	3	3	3	3	3	3
Security of Persons and Property						
Police	30	30	30	30	30	30
Fire Full Time	4	4	4	4	3	3
Fire Part Time	33	30	30	30	30	30
Fire - Secretary - Other	1	1	1	1	1	1
Community Development						
Building	2	2	2	2	2	2
Transportation						
Service	12	12	13	14	14	14
Totals:	<u>107</u>	<u>105</u>	<u>106</u>	<u>107</u>	<u>106</u>	<u>106</u>

Source: City Payroll Department W2 Audit Listing

Method: Using 1.0 for each employee at December 31.

(1) Information prior to 2002 is not available



Mary Taylor, CPA
Auditor of State

CITY OF NORTON

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 18, 2008**