

# **Norton City School District**

\* \* \* \*

*Report Letters*

***June 30, 2008***





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Norton City School District, Summit County, prepared by Rea & Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 12, 2009

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**NORTON CITY SCHOOL DISTRICT**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 16, 2008

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Norton City School District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 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 Norton City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 entity'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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

*Rea & Associates, Inc.*





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 16, 2008

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

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

### **Compliance**

We have audited the compliance of the Norton City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. Norton City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Norton City School District's management. Our responsibility is to express an opinion on Norton City School District's compliance based on our audit.

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

In our opinion, Norton City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

### **Internal Control Over Compliance**

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

### **Schedule of Expenditures of Federal Awards**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norton City School District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements of the Norton City School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

*Rea & Associates, Inc.*

**NORTON CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Program Year	Federal Receipts	Federal Disbursements
<b>U. S. Department of Education</b>				
<b>(Passed through the Ohio Department of Education):</b>				
Title I	84.010	2007	\$ 23,951	\$ 22,988
Title I	84.010	2008	210,156	181,118
Total Title I			234,107	204,106
<i>Special Education Cluster</i>				
IDEA-B	84.027	2007	-	13,079
IDEA-B	84.027	2008	484,229	484,229
Total IDEA-B			484,229	497,308
Preschool Grants	84.173	2008	4,635	4,935
Total Preschool Grants			4,635	4,935
<i>Total Special Education Cluster</i>			488,864	502,243
Safe and Drug-Free Schools and Communities	84.186	2008	7,256	7,256
Total Safe and Drug-Free Schools and Communities			7,256	7,256
Title V	84.298	2007	5,184	3,777
Title V	84.298	2008	2,862	4,987
Total Title V			8,046	8,764
Title II-D	84.318	2008	2,243	2,350
Total Title II-D			2,243	2,350
Title II-A	84.367	2007	102	5,270
Title II-A	84.367	2008	84,567	82,411
Total Title II-A			84,669	87,681
Total U.S. Department of Education			825,185	812,400
<b>U. S. Department of Agriculture</b>				
<b>(Passed through the Ohio Department of Education):</b>				
<i>Child Nutrition Cluster</i>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program (A) (B)	10.555	2008	11,754	11,754
Cash Assistance:				
National School Lunch Program (B)	10.555	2007	26,095	26,095
National School Lunch Program (B)	10.555	2008	197,150	197,150
<i>Cash Assistance Subtotal:</i>			223,245	223,245
Total Child Nutrition Cluster			234,999	234,999
Total U.S. Department of Agriculture			234,999	234,999
Total Federal Assistance			\$ 1,060,184	\$ 1,047,399

- (A) Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).
- (B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

**NORTON CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 , Section .505  
JUNE 30, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material weaknesses or significant deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non - compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Special Education Cluster CFDA #'s 84.027 & 84.173
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None were noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted

# *Norton City School District*

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*Norton, Ohio*

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

Prepared by:  
Stephanie Hagenbush and  
Treasurer's Office Staff



***Norton City School District***  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2008

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## INTRODUCTORY SECTION





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

Stephanie Hagenbush  
Treasurer

Mary Renick  
Assistant Treasurer

Betsy McGeorge  
EMIS Coordinator

Cindy Dohner  
Financial Secretary

Sherry McNab  
Accounts Payable

December 31, 2008

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

The Norton City School District's (the "School District") Comprehensive Annual Financial Report (CAFR) compiled for the fiscal year July 1, 2007, through June 30, 2008 is respectfully submitted. Prepared by the Treasurer's office for the purpose of informing the Norton City School District's taxpayers, this comprehensive report's design provides complete and accurate disclosure of the School District's material financial operations for the fiscal year ended June 30, 2008.

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

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

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

### **HISTORY OF THE NORTON COMMUNITY AND SCHOOLS**

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

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

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

For fiscal year 2007-08 the student head count totaled 2,505 with a projection of 2,550 for the 2008-09 school year. Resident students enroll in six schools: Norton High School (grades 9-12) built in 1953, Norton Middle School (grades 5-8) built in 1966, Norton Cornerstone (grades K-4) built in 1914, Norton Primary (grades K-4) built in 1956, Grill School (grades K-4) built in 1928, and Norton 21 (grades 1-4) for general education. Other facilities operated by the School District include the Central Administration Office, Bus Garage, Vocational Building, Football Stadium, and other athletic fields.

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

The City of Norton’s increased growth potential materializes, again, with the expansion of new residential apartment-type units and single-family housing developments; and, with the City’s plans for the availability of water and sewer. The Mount Vernon Estates allotment began construction of single-family units in 1993 and expanded acquiring access through the Norton Acres allotment. The housing development, Brookforest Estates, began construction in 1997. In addition, property zoned for the building of Hudson Run Estates, and construction of a sixteen-acre apartment complex situated adjacent to Norton’s Shopping Center and City Park, began construction of single-family units in 1999. The Knollbrook Estates housing development began construction in 2003 to build forty new homes on ninety-acres. In 2005, a new development, Stonewyck, broke ground with an anticipated additional ninety nine homes.

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

### **SCHOOL DISTRICT ORGANIZATION**

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

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

The Superintendent functions as the Chief Executive Officer of the School District with responsibility for the education and support operations of the School District in accordance with Section 3319.01 of the Ohio Revised Code and is directly responsible to the Board of Education. Ms. Karen Wilson was appointed Superintendent effective August 1, 2005, and retired July 31, 2007. Mr. David Dunn was hired as Superintendent August 1, 2007, and was awarded a three year contract that expires on July 31, 2010.

The Treasurer is the Chief Financial Officer of the School District with statutory obligations set forth in sections 3313.22 through 3313.32 of the Ohio Revised Code and is directly responsible to the Board of Education. Ms. Stephanie Hagenbush was appointed as Treasurer in January 2006 and was awarded a new 3 ½ year contract effective at the organizational meeting in January 2008 and will expire July 31, 2011.

### **REPORTING ENTITY**

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

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

### **ECONOMIC CONDITION AND FUTURE OUTLOOK**

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

B & C Corporation  
Norton City School District  
SA Commune Company  
Fred Martin Motor Group  
Fred W. Albrecht Grocery, Inc.

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

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

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



## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### **Continuous Improvement**

A Continuous Improvement Plan (CIP) is in place and used as the School District's strategic plan in guiding decision-making and actions of the School District toward continual improvements in student academic achievement. The goal is to improve the processes and results as they relate to teaching and learning. The first steps, data collection and analysis, were completed and a Plan was drafted and Board approved. CIP meetings between faculty and administrators are held periodically providing ongoing evaluation and enhancement of the Plan. During fiscal year 2004-05 the District earned an "excellent" status, which means according to state standards the Norton students are performing at or above the highest level attainable. The School District has maintained this rating for four consecutive years.

### **Technology**

All buildings are wired and computers have been purchased. Throughout the campus, computers are networked and have Internet access. The School District's phone system is also connected to the network, giving the School District buildings accessibility to connect to each other by the dialing of extensions.

### **Fiscal Forecast**

The Five Year Forecast is updated as significant changes take place, but by law, must be approved by the Board of Education and submitted to the state twice a year, in October and May. At the end of fiscal year 2008, the forecast showed an unencumbered balance of \$5,346,649. However, as the costs of doing business continue to grow, the controversy over state funding, and the increasing numbers of unfunded state and federal mandates, a resulting effect of the School District expenditures exceeding its revenues will begin to produce a future deficit as projected in the School District's financial forecast.

## **FINANCIAL INFORMATION & RELEVANT FINANCIAL POLICIES**

### **Accounting System**

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

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

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

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

As determined by criteria established by GASB Statement No. 34, the School District does not report any activities that qualify as enterprise or business type activities. As part of this new reporting model, management is also responsible for preparing a “Management’s Discussion and Analysis” of the School District. This discussion follows the Independent Auditor’s Report, providing an assessment of the School District’s finances for fiscal year 2008 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the School District.

#### *Internal Controls*

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

#### *Budgetary Controls*

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

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

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

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

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

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

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

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

#### *Single Audit Act*

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

#### *Financial Highlights - Internal Service Fund*

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of medical, surgical, prescription drug, vision and dental benefits to the School District's employees. The balance at June 30, 2008, was sufficient to meet all claims outstanding at year-end.

*Financial Highlights - Fiduciary Fund*

The trust fund carried on the financial records of the School District is a scholarship private purpose trust fund that has assets totaling \$87,590 as of June 30, 2008.

**CASH MANAGEMENT**

The School District historically demonstrates a conservative approach to the cash management program. Investments of the School District funds were maintained through the locally approved financial depository's utilization of a sweep account and through the STAR Ohio investments.

Protection of the School District's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 105% of the total deposits, to secure the repayment of all public moneys deposited in a financial institution. A detailed description of the School District's investment function is described in Note 3 to the financial statements.

**RISK MANAGEMENT**

The School District, as a political subdivision, maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for general liability, property loss, boiler and machinery coverage, and vehicle fleet liability are purchased from insurance companies licensed to do business in the state of Ohio.

The School District operates and manages its hospital, medical, health, dental, prescription, and life insurance program for its employees on a self-insured basis. The health insurance fund was established in conjunction with formalized risk management programs in an effort to minimize risk exposure, control claims and premium costs. The third party administrator processes and initiates claim payment. The advantages of the self-insurance program include savings on administrative costs as well as the School District's holding of reserve balances.

The health benefits liability is limited by reinsurance that caps the individual specific liability at \$60,000 for the School District's plan year from June 1, 2007, through May 31, 2008. Control of the plan rests solely with the School District.

A Section 125 flexible benefit program is offered to all employees. The plan allows employees to pay for eligible benefits with pre-tax dollars, rather than after-tax dollars. Therefore, employees may tax defer anticipated out of pocket medical expenditures through payroll deduction. The plan's guidelines are established and regulated by the Internal Revenue Service.

All employees of the School District are covered by worker's compensation. Effective July 1, 2002, the School District joined a group-rating program through the Ohio Association of School Business Officials in an effort to control costs. Over 423 Ohio school districts are members of a group-rating program. The School District receives a group premium discount rate for participation in this pooling program.

### **PENSION PLANS**

The statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) covers all School District employees. The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District pay the employer share as determined by each retirement system, which is currently 14%.

School District contributions for fiscal year 2008 were \$1,362,927 as the employer portion to STRS and \$453,090 in employer contributions to SERS. Included in the SERS remittance is an annual employer surcharge. Starting in 1988-89 an additional employer charge (surcharge) was levied on salaries of lower-paid SERS members. Minimum annual compensation is determined annually by the System's actuaries and was \$52,210 for fiscal 2008. Surcharge is calculated at 14% of the difference between the member's annual compensation and the minimum compensation level. However, the surcharge is now capped at 2% of each employer's SERS salaries. For the 2008 fiscal year, a surcharge of \$42,503 was incurred.

### **OTHER INFORMATION**

#### **Independent Audit**

Provisions of State statute require an independent auditor subject the School District's financial statements to an annual examination. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirements of the Federal Office of Management and Budget Circular A-133. Rea & Associates, Inc. Certified Public Accountants, performed the audit for the period ended June 30, 2008. Those provisions have been satisfied and the opinion of the Independent Auditors is included in the financial section of this CAFR.

#### **GFOA Certificate of Achievement**

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Norton City School District for its CAFR for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial reports.

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

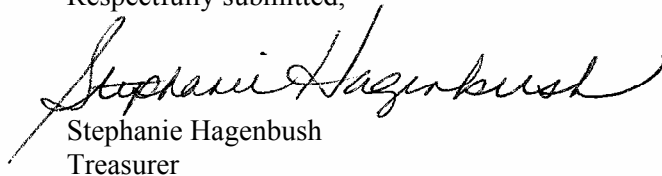
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

The preparation and publication of the 2008 CAFR of the Norton City School District was facilitated through the assistance of many people. My sincere appreciation is extended to the staff of the Treasurer's office for their dedication, support, and encouragement throughout this process. In addition, sincere thanks are also extended to various administrators and employees of the School District, the Summit County Fiscal Officer's office staff and other outside agencies whose efforts contributed to the fair presentation of the statistical data.

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

Respectfully submitted,

  
Stephanie Hagenbush  
Treasurer

***Norton City School District***  
**Principal Officials Roster**  
**Year Ended June 30, 2008**

Board of Education

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

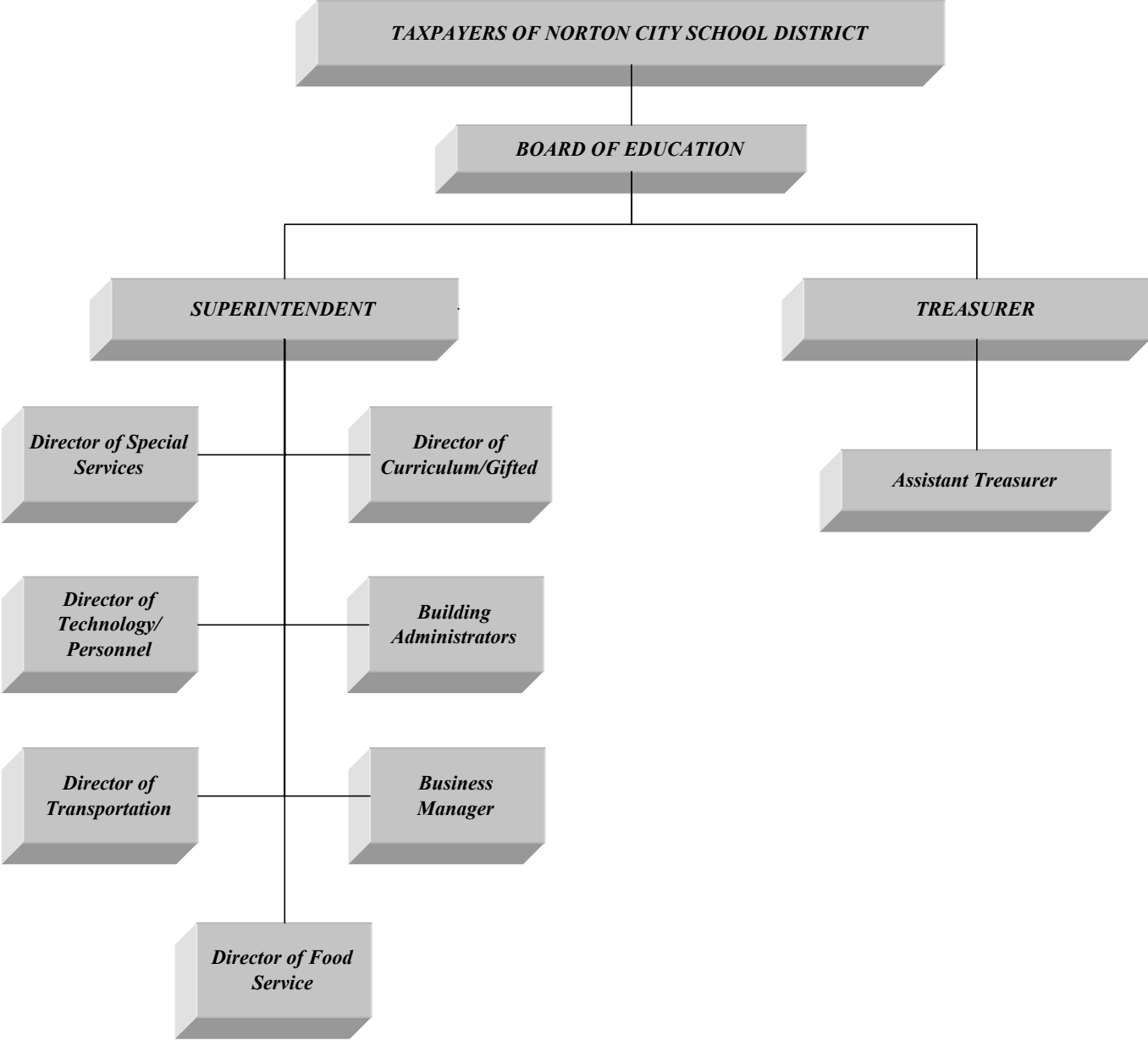
Treasurer/Chief Fiscal Officer

Mrs. Stephanie Hagenbush

Administration

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

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





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Norton City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



*Chas S. Cox*

President

*Jeffrey R. Emmer*

Executive Director

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## FINANCIAL SECTION





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 16, 2008

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

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norton City School District (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2008, and the respective changes in financial position and cash flows, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

*Hea & Associates, Inc.*

## ***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

This discussion and analysis of Norton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2008 are as follows:

- Net assets of governmental activities increased \$296,653, representing a 2.8% increase from fiscal year 2007.
- General revenues accounted for \$18,466,201 in revenue or 80.02% of all revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for \$4,611,982 or 19.98% of total revenues of \$23,078,183.
- Compared to fiscal year 2007, the total assets of governmental activities decreased by \$449,672.
- The School District had \$22,781,530 in expenses related to governmental activities; only \$4,611,982 of these expenses was offset by program specific revenues that include charges for services, operating grants, contributions and interest. General revenues of \$18,466,201 contributed to support these programs.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2008?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis, of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

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

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



**Norton City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2008  
 Unaudited

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

*Table 1*  
*Net Assets*

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
<i>Current and other assets</i>	\$ 18,535,859	\$ 18,833,850
<i>Capital assets, net of depreciation</i>	4,153,137	4,304,818
<i>Total assets</i>	<u>22,688,996</u>	<u>23,138,668</u>
<b>Liabilities</b>		
<i>Current and other liabilities</i>	10,818,551	11,676,423
<i>Long-term liabilities:</i>		
<i>Due within one year</i>	143,065	174,332
<i>Due in more than one year</i>	842,201	699,387
<i>Total liabilities</i>	<u>11,803,817</u>	<u>12,550,142</u>
<b>Net Assets</b>		
<i>Invested in capital assets, net of debt</i>	3,974,054	4,251,688
<i>Restricted</i>	1,758,276	1,279,381
<i>Unrestricted</i>	5,152,849	5,057,457
<i>Total net assets</i>	<u>\$ 10,885,179</u>	<u>\$ 10,588,526</u>

Over time, net assets can serve as a useful indicator of a government's financial position. During fiscal year 2008, the School District had an increase in net assets of \$296,653.

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

A portion of the School District's net assets, \$1,758,276, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$4,703 is restricted for debt service payments, \$1,111,071 is restricted for capital projects and \$642,502 is restricted for other purposes. The remaining balance of net assets of \$5,152,849 is unrestricted.

**Norton City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

Table 2 shows changes in net assets for fiscal year 2008 compared to fiscal year 2007.

*Table 2*  
*Changes in Net Assets*

	<i>Governmental Activities</i>	
	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
<i>Program revenues:</i>		
<i>Charges for services</i>	\$ 3,358,944	\$ 3,203,278
<i>Operating grants, contributions and interest</i>	1,245,167	1,129,637
<i>Capital grants and contributions</i>	7,871	12,456
<i>General revenues:</i>		
<i>Property taxes</i>	8,812,277	9,177,475
<i>Grants and entitlements</i>	9,073,682	8,734,624
<i>Investment earnings</i>	352,961	458,823
<i>Miscellaneous</i>	227,281	253,432
<i>Total revenues</i>	<u>23,078,183</u>	<u>22,969,725</u>
<b>Program Expenses</b>		
<i>Instruction:</i>		
<i>Regular</i>	10,722,198	10,704,032
<i>Special</i>	1,716,479	1,527,876
<i>Vocational</i>	751,190	791,623
<i>Adult/continuing</i>	1,907	1,167
<i>Other</i>	302,020	315,352
<i>Support services:</i>		
<i>Pupil</i>	754,478	797,913
<i>Instructional staff</i>	995,596	905,399
<i>Board of education</i>	37,251	43,158
<i>Administration</i>	1,654,583	1,559,502
<i>Fiscal</i>	512,986	507,517
<i>Business</i>	302,407	349,689
<i>Operation and maintenance of plant</i>	2,087,838	2,023,579
<i>Pupil transportation</i>	1,539,668	1,359,161
<i>Central</i>	74,388	77,665
<i>Operation non-instructional services</i>	1,003	1,004
<i>Operation of food services</i>	813,046	788,395
<i>Extracurricular activities</i>	509,362	499,769
<i>Interest and fiscal charges</i>	5,130	3,147
<i>Total expenses</i>	<u>22,781,530</u>	<u>22,255,948</u>
<i>Change in net assets</i>	296,653	713,777
<i>Net assets beginning of year</i>	<u>10,588,526</u>	<u>9,874,749</u>
<i>Net assets end of year</i>	<u>\$ 10,885,179</u>	<u>\$ 10,588,526</u>

**Norton City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

**Governmental Activities**

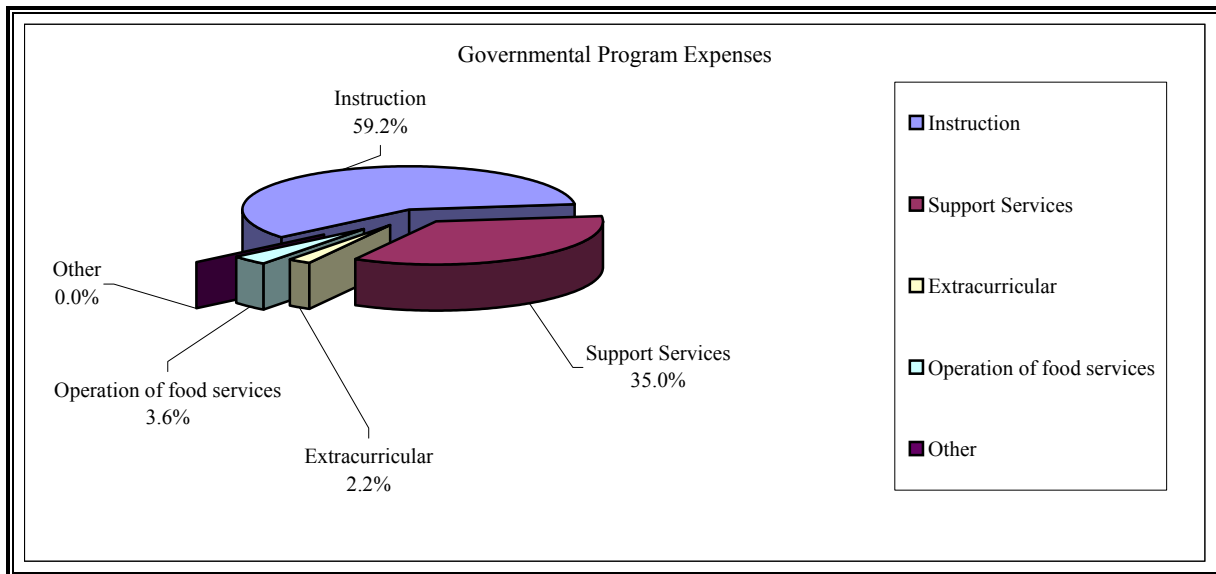
Norton City School District depends on both property taxes and State funding.

Several revenue sources fund our governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over \$8.8 million in 2008. General revenues from grants and entitlements, such as the school foundation program, generated over \$9 million. Due to the combination of taxes and intergovernmental funding representing nearly 77.5% of all revenues, the School District monitors both of these sources very closely for fluctuations.

A review of Table 2 reflects that the total cost of instructional services was \$13,493,794, or 59.2% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. As compared to the prior year, these expenses increased \$153,744, or 1.2%. While these expenses increased, expenses throughout other programs decreased, due to cut-backs in human resources.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching pupils. These expenses represent \$1,750,074 of the total governmental program expenses, or 7.7%. These expenses increased over the prior year in the amount of \$46,762, or 2.8% due to an increase in personnel.

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



***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

Board of Education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost was \$2,507,227, or 11% of governmental program expenses. Expenses of these programs increased \$47,361, or 1.9%, as compared to fiscal year 2007, driven mostly by increases in administration expenses.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$2,087,838, or 9.2% of the governmental program expenses. Expenses for providing this program increased \$64,259, or 3.2% as compared to the prior year. The primary cause of this increase was due to an increase in operating expenses.

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$1,539,668, or 6.8% of the total governmental program expenditures. Expenses for providing this program increased \$180,507, or 13.3% as compared to the prior year. The primary cause of this increase was due to the increase in operating expenses and additional depreciation expense.

Overall, the School District's fiscal year revenues exceeded expenses by \$296,653. This is due to an increase in tuition and fees and an increase in grants and entitlements. The School District also continued to benefit from changes to the employee health care network made in prior years.

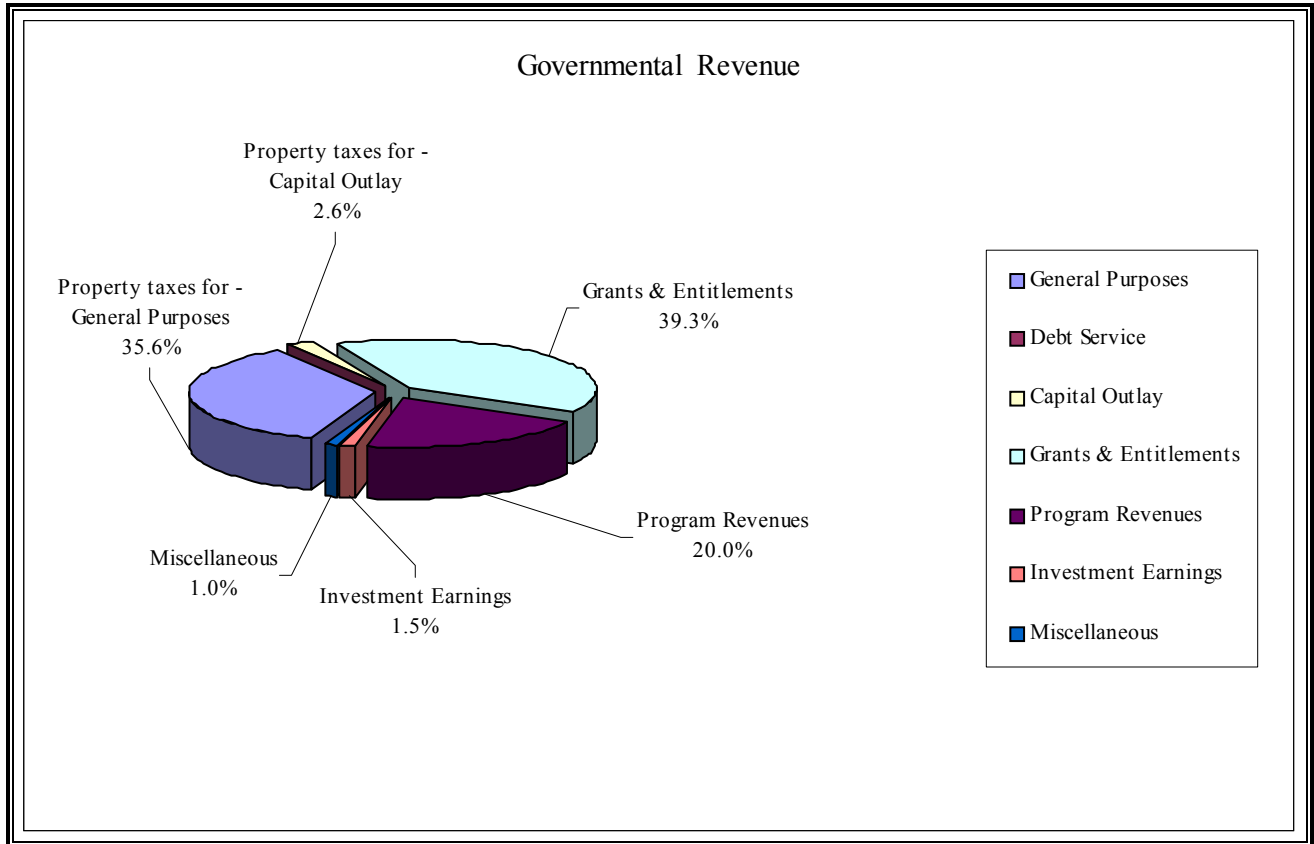
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services as compared to fiscal year 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Norton City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

*Table 3*  
*Governmental Activities*

	<i>Total Cost of Services <u>2008</u></i>	<i>Total Cost of Services <u>2007</u></i>	<i>Net Cost of Services <u>2008</u></i>	<i>Net Cost of Services <u>2007</u></i>
<b><i>Program Expenses:</i></b>				
<i>Instruction:</i>				
<i>Regular</i>	\$ 10,722,198	\$ 10,704,032	\$ (8,326,401)	\$ (8,274,994)
<i>Special</i>	1,716,479	1,527,876	(958,560)	(1,004,919)
<i>Vocational</i>	751,190	791,623	(746,159)	(784,630)
<i>Adult/continuing</i>	1,907	1,167	(1,907)	(1,167)
<i>Other</i>	302,020	315,352	(281,076)	(294,266)
<i>Support services:</i>				
<i>Pupil</i>	754,478	797,913	(686,686)	(703,649)
<i>Instructional staff</i>	995,596	905,399	(810,826)	(776,794)
<i>Board of education</i>	37,251	43,158	(37,251)	(43,158)
<i>Administration</i>	1,654,583	1,559,502	(1,514,156)	(1,447,570)
<i>Fiscal</i>	512,986	507,517	(512,986)	(507,517)
<i>Business</i>	302,407	349,689	(302,407)	(349,689)
<i>Operation and maintenance of plant</i>	2,087,838	2,023,579	(2,080,328)	(2,015,612)
<i>Pupil transportation</i>	1,539,668	1,359,161	(1,531,797)	(1,337,279)
<i>Central</i>	74,388	77,665	(65,310)	(69,157)
<i>Operation non-instructional services</i>	1,003	1,004	(1,003)	(1,004)
<i>Operation of food services</i>	813,046	788,395	65,714	61,339
<i>Extracurricular activities</i>	509,362	499,769	(373,279)	(357,364)
<i>Interest and fiscal charges</i>	5,130	3,147	(5,130)	(3,147)
<i>Total expenses</i>	<u>\$ 22,781,530</u>	<u>\$ 22,255,948</u>	<u>\$ (18,169,548)</u>	<u>\$ (17,910,577)</u>

**Norton City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2008  
 Unaudited



Program revenues include charges for services, grants, contributions and interest that are program specific. Surrounding schools whose resident students are educated by the Norton City School District pay the School District \$5,783 per pupil under Ohio's open enrollment entitlement.

Property taxes made up 38.2% of total revenues for governmental activities for the Norton City Schools in fiscal year 2008. Program revenues for governmental activities provided 20% of governmental revenues with 80% of all governmental activities supported through property taxes, grants and entitlement, and other general revenues. The 39.3% provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$23,133,656 and total expenditures were \$23,037,848. The net change in fund balance was significant in the general fund with a decrease of \$360,795. This decrease is attributed to increases in instruction and support service expenditures.

***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

***General Fund Budgeting Highlights***

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

For the general fund, the final budget basis revenue and other financing sources estimate was \$20,238,119. This was in line with the original budget estimate of \$20,244,642. Actual revenues were \$241,410 higher due to conservative estimates for property taxes and intergovernmental revenues.

The original expenditures and other financing uses estimate of \$20,463,623 was increased throughout the year with an ending estimate of \$22,463,620. Although budgeted expenditures were increased, actual expenditures and encumbrances of \$21,116,201, for the year, fell below the final budget by \$1,347,419. This is due to controls used with departmental budgeting. Even though the appropriated amount exceeded the actual amounts the individual departments fell closely within their budgets.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2008, the School District had \$4,153,137 invested in land and land improvements, buildings, furniture and equipment and vehicles. Table 4 shows fiscal year 2008 balances compared to fiscal year 2007:

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
<i>Land</i>	\$ 71,000	\$ 71,000
<i>Land improvements</i>	660,667	716,971
<i>Buildings and improvements</i>	2,376,758	2,480,850
<i>Furniture and equipment</i>	460,462	360,410
<i>Vehicles</i>	584,250	675,587
<i>Total capital assets</i>	<u>\$ 4,153,137</u>	<u>\$ 4,304,818</u>

The increase in furniture and equipment was due to the purchase of new copiers used throughout the School District. The total decrease in the value of assets, as compared to the prior year, is due to the current year's depreciation on the School District's assets. See Note 6 to the basic financial statements for detail on the School District's capital assets.

**Norton City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2008  
 Unaudited

**Debt**

Table 5 summarizes the capital leases outstanding:

*Table 5  
 Outstanding Debt, at Fiscal Year End*

<i>Capital Leases</i>	<u><i>Governmental Activities</i></u>	
	<u><i>2008</i></u>	<u><i>2007</i></u>
<i>Capital Leases</i>	<u><i>\$ 179,083</i></u>	<u><i>\$ 53,130</i></u>
<i>Total outstanding debt</i>	<u><u><i>\$ 179,083</i></u></u>	<u><u><i>\$ 53,130</i></u></u>

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

At June 30, 2008, the School District's overall legal debt margin was \$28,040,869 with an unvoted debt margin of \$306,810. The School District is not currently rated by Standard & Poor's or Moody's Investors Service. See Note 11 to the basic financial statements for detail on the School District's long-term obligations.

**Current Issues Affecting Financial Condition**

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

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

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

**Contacting the School District's Financial Management**

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



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***Norton City School District***

**Statement of Net Assets**

**June 30, 2008**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 7,654,272
Cash and cash equivalents:	
In segregated accounts	1,394,404
Receivables:	
Taxes	8,900,155
Accounts	241,721
Intergovernmental	27,287
Accrued interest	193
Prepaid items	280,449
Inventory held for resale	6,105
Materials and supplies inventory	31,273
Capital assets:	
Land	71,000
Depreciable capital assets, net	4,082,137
Total capital assets	<u>4,153,137</u>
Total assets	<u>22,688,996</u>
 <u>Liabilities:</u>	
Accounts payable	197,780
Accrued wages	1,288,090
Intergovernmental payable	606,673
Compensated absences payable	19,219
Deferred revenue	7,987,230
Unearned revenue	277,594
Claims payable	441,965
Long-term liabilities:	
Due within one year	143,065
Due in more than one year	842,201
Total liabilities	<u>11,803,817</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	3,974,054
Restricted for:	
Capital projects	1,111,071
Debt service	4,703
Other purposes	642,502
Unrestricted	5,152,849
Total net assets	<u>\$ 10,885,179</u>

See accompanying notes to the basic financial statements.

**Norton City School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 10,722,198	\$ 2,208,226	\$ 187,571	\$ -	\$ (8,326,401)
Special	1,716,479	397,126	360,793	-	(958,560)
Vocational	751,190	5,031	-	-	(746,159)
Adult/continuing	1,907	-	-	-	(1,907)
Other	302,020	-	20,944	-	(281,076)
Support services:					
Pupils	754,478	-	67,792	-	(686,686)
Instructional staff	995,596	822	183,948	-	(810,826)
Board of education	37,251	-	-	-	(37,251)
Administration	1,654,583	-	140,427	-	(1,514,156)
Fiscal	512,986	-	-	-	(512,986)
Business	302,407	-	-	-	(302,407)
Operation and maintenance of plant	2,087,838	7,510	-	-	(2,080,328)
Pupil transportation	1,539,668	-	-	7,871	(1,531,797)
Central	74,388	-	9,078	-	(65,310)
Operation of non-instructional services	1,003	-	-	-	(1,003)
Operation of food services	813,046	605,856	272,904	-	65,714
Extracurricular activities	509,362	134,373	1,710	-	(373,279)
Interest and fiscal charges	5,130	-	-	-	(5,130)
<b>Total governmental activities</b>	<b>\$ 22,781,530</b>	<b>\$ 3,358,944</b>	<b>\$ 1,245,167</b>	<b>\$ 7,871</b>	<b>(18,169,548)</b>

General Revenues:

Property taxes levied for:

General purposes	8,219,152
Capital outlay	593,125
Grants and entitlements not restricted to specific programs	9,073,682
Investment earnings	352,961
Miscellaneous	227,281
<b>Total general revenues</b>	<b>18,466,201</b>
Change in net assets	296,653
Net assets at beginning of year	10,588,526
<b>Net assets at end of year</b>	<b>\$ 10,885,179</b>

See accompanying notes to the basic financial statements.

***Norton City School District***

**Balance Sheet**

**Governmental Funds**

**June 30, 2008**

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 5,837,724	\$ 1,801,988	\$ 7,639,712
Receivables:			
Taxes	8,294,476	605,679	8,900,155
Accounts	241,721	-	241,721
Intergovernmental	-	27,287	27,287
Interfund	51,511	-	51,511
Accrued interest	193	-	193
Prepaid items	270,846	9,603	280,449
Inventory held for resale	-	6,105	6,105
Materials and supplies inventory	29,953	1,320	31,273
Equity in pooled cash and cash equivalents (restricted)	14,560	-	14,560
<b>Total assets</b>	<b>\$ 14,740,984</b>	<b>\$ 2,451,982</b>	<b>\$ 17,192,966</b>
<u>Liabilities and fund balances:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 162,404	\$ 35,376	\$ 197,780
Accrued wages	1,256,121	31,969	1,288,090
Interfund payable	-	51,511	51,511
Compensated absences payable	19,219	-	19,219
Intergovernmental payable	592,129	14,544	606,673
Deferred revenue	7,867,421	585,862	8,453,283
<b>Total liabilities</b>	<b>9,897,294</b>	<b>719,262</b>	<b>10,616,556</b>
<u>Fund balances:</u>			
Reserved for:			
Encumbrances	332,868	80,903	413,771
Inventory	29,953	7,425	37,378
Property taxes	602,055	43,748	645,803
Prepaid items	270,846	9,603	280,449
Unclaimed money	14,560	-	14,560
Unreserved, undesignated, reported in:			
General fund	3,593,408	-	3,593,408
Special revenue funds	-	570,540	570,540
Debt service fund	-	4,703	4,703
Capital projects funds	-	1,015,798	1,015,798
<b>Total fund balances</b>	<b>4,843,690</b>	<b>1,732,720</b>	<b>6,576,410</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,740,984</b>	<b>\$ 2,451,982</b>	<b>\$ 17,192,966</b>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2008**

Total governmental funds balances		\$ 6,576,410
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,153,137
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 267,122	
Tuition and fees	175,000	
Intergovernmental	23,931	
Total	<u>466,053</u>	466,053
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		674,845
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	\$ (806,183)	
Capital leases	(179,083)	
Total	<u>(985,266)</u>	<u>(985,266)</u>
Net assets of governmental activities		<u><u>\$ 10,885,179</u></u>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 8,131,968	\$ 586,512	\$ 8,718,480
Intergovernmental	8,973,125	1,267,100	10,240,225
Interest	312,232	17,920	330,152
Tuition and fees	2,406,365	63,626	2,469,991
Extracurricular activities	-	177,100	177,100
Gifts and donations	-	48,685	48,685
Charges for services	66,321	588,037	654,358
Rent	7,510	-	7,510
Miscellaneous	227,342	79,986	307,328
Total revenues	<u>20,124,863</u>	<u>2,828,966</u>	<u>22,953,829</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	10,429,657	378,050	10,807,707
Special	1,404,177	324,658	1,728,835
Vocational	725,484	4,323	729,807
Adult/continuing	1,907	-	1,907
Other	281,076	20,944	302,020
Support services:			
Pupils	691,969	74,350	766,319
Instructional staff	806,689	193,946	1,000,635
Board of education	35,057	-	35,057
Administration	1,534,767	144,962	1,679,729
Fiscal	507,917	9,658	517,575
Business	258,875	-	258,875
Operation and maintenance of plant	1,878,866	153,770	2,032,636
Pupil transportation	1,419,696	23,000	1,442,696
Central	66,721	9,078	75,799
Operation of food services	-	808,259	808,259
Extracurricular activities	346,758	165,912	512,670
Capital outlay	216,865	61,453	278,318
Debt service:			
Principal retirement	53,874	-	53,874
Interest and fiscal charges	5,130	-	5,130
Total expenditures	<u>20,665,485</u>	<u>2,372,363</u>	<u>23,037,848</u>
Excess of revenues over (under) expenditures	<u>(540,622)</u>	<u>456,603</u>	<u>(84,019)</u>
<u>Other financing sources:</u>			
Inception of capital lease	<u>179,827</u>	<u>-</u>	<u>179,827</u>
Net change in fund balances	(360,795)	456,603	95,808
Fund balances at beginning of year	5,204,485	1,277,189	6,481,674
Increase (decrease) in reserve for inventory	<u>-</u>	<u>(1,072)</u>	<u>(1,072)</u>
Fund balances at end of year	<u>\$ 4,843,690</u>	<u>\$ 1,732,720</u>	<u>\$ 6,576,410</u>

See accompanying notes to the basic financial statements.

***Norton City School District***

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2008**

Net change in fund balances - total governmental funds \$ 95,808

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

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

In the current period, these amounts are:

Capital asset additions	\$ 278,318	
Depreciation expense	(402,682)	
Excess of depreciation expense over capital asset additions		(124,364)

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

Property taxes	\$ 93,798	
Intergovernmental	19,891	
Tuition and fees	(30,000)	
Miscellaneous	(63)	
Net change in deferred revenues during the year		83,626

Repayment of debt and capital lease principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net assets. 53,874

Some capital additions were financed through capital leases. In governmental funds, a  
capital lease arrangement is considered a source of financing, but in the statements of  
net assets, the lease obligation is reported as a liability.

capital lease transactions:

Inception of a capital lease	\$ (179,827)	
Loss on trade-in of capital leases	(27,317)	
Net change caused by capitalized lease transactions		(207,144)

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

Decrease in compensated absences	\$ 14,406	
Increase in consumable inventory	(1,072)	
Total reduced expenditures		13,334

The internal service fund used by management to charge the costs of medical, prescription  
drug, dental and vision claims to individual funds are not reported in the statement of  
activities. Governmental fund expenditures and related internal service fund revenues  
are eliminated. 381,519

Change in net assets of governmental activities \$ 296,653

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 8,541,022	\$ 8,080,812	\$ 8,322,222	\$ 241,410
Intergovernmental	8,610,433	8,973,125	8,973,125	-
Interest	421,513	313,121	313,121	-
Tuition and fees	2,222,406	2,406,440	2,406,440	-
Charges for services	-	66,321	66,321	-
Rent	8,286	7,510	7,510	-
Miscellaneous	288,782	216,065	216,065	-
Total revenues	20,092,442	20,063,394	20,304,804	241,410
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,497,952	11,185,099	10,588,519	596,580
Special	1,386,651	1,498,468	1,395,813	102,655
Vocational	752,101	821,383	764,793	56,590
Adult/continuing	1,164	1,886	1,486	400
Other	307,318	295,076	281,076	14,000
Support services:				
Pupils	689,093	767,869	702,933	64,936
Instructional staff	749,424	884,435	809,237	75,198
Board of education	61,358	48,521	35,517	13,004
Administration	1,481,793	1,732,522	1,628,467	104,055
Fiscal	520,153	554,161	522,659	31,502
Business	360,371	416,822	389,022	27,800
Operation and maintenance of plant	1,863,266	2,081,646	1,957,614	124,032
Pupil transportation	1,330,660	1,602,361	1,511,303	91,058
Central	86,842	79,277	74,687	4,590
Operation of non-instructional services	105	105	-	105
Extracurricular activities	348,372	387,686	349,708	37,978
Capital outlay	27,000	56,303	50,942	5,361
Total expenditures	20,463,623	22,413,620	21,063,776	1,349,844
Excess of revenues over (under) expenditures	(371,181)	(2,350,226)	(758,972)	1,591,254
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	-	16,742	16,742	-
Advances in	152,200	157,983	157,983	-
Advances out	-	(50,000)	(52,425)	(2,425)
Total other financing sources (uses)	152,200	124,725	122,300	(2,425)
Net change in fund balance	(218,981)	(2,225,501)	(636,672)	1,588,829
Fund balances at beginning of year	5,531,838	5,531,838	5,531,838	-
Prior year encumbrances appropriated	463,622	463,622	463,622	-
Fund balances at end of year	\$ 5,776,479	\$ 3,769,959	\$ 5,358,788	\$ 1,588,829

See accompanying notes to the basic financial statements.



***Norton City School District***  
**Statement of Fund Net Assets**  
**Internal Service Fund**  
**June 30, 2008**

	<u>Self Insurance</u>
<u>Assets:</u>	
Current:	
Cash and cash equivalents in segregated accounts	<u>\$ 1,394,404</u>
 <u>Liabilities:</u>	
Current:	
Unearned revenue	\$ 277,594
Claims payable	<u>441,965</u>
Total liabilities	<u>719,559</u>
 <u>Net assets:</u>	
Unrestricted	<u>674,845</u>
Total liabilities and net assets	<u>\$ 1,394,404</u>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Self Insurance
<u>Operating revenues:</u>	
Charges for services	\$ 3,811,986
<u>Operating expenses:</u>	
Purchased services	419,063
Claims	3,052,132
Total operating expenses	3,471,195
Operating income	340,791
<u>Non-operating revenues:</u>	
Interest	40,728
Change in net assets	381,519
Net assets at beginning of year	293,326
Net assets at end of year	\$ 674,845

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Cash Flows**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 3,810,695
Cash payments to suppliers for goods and services	(419,063)
Cash payments for claims	(3,146,958)
Net cash provided by operating activities	<u>244,674</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	40,728
Net cash provided by investing financing	<u>40,728</u>
Net increase in cash and cash equivalents	285,402
Cash and cash equivalents at beginning of year	1,109,002
Cash and cash equivalents at end of year	<u>\$ 1,394,404</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	<u>\$ 340,791</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in liabilities:	
Claims payable	(94,826)
Unearned revenue	(1,291)
Total adjustments	<u>(96,117)</u>
Net cash provided by operating activities	<u>\$ 244,674</u>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2008**

	Private Purpose Trust	
	Scholarships	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ -	\$ 53,875
Cash and cash equivalents:		
In segregated accounts	87,590	-
Total assets	<u>\$ 87,590</u>	<u>\$ 53,875</u>
 <u>Liabilities:</u>		
Accounts payable	\$ -	\$ 742
Due to students	-	53,133
Total liabilities	-	<u>\$ 53,875</u>
 <u>Net assets:</u>		
Held in trust for scholarships	<u>\$ 87,590</u>	

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Private Purpose Trust Scholarships
<u>Additions:</u>	
Interest	\$ 4,719
Gifts and donations	4,976
Total additions	<u>9,695</u>
 <u>Deductions:</u>	
Payments in accordance with trust agreements	<u>7,100</u>
Change in net assets	2,595
Net assets at beginning of year	<u>84,995</u>
Net assets at end of year	<u>\$ 87,590</u>

See accompanying notes to the basic financial statements.

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

---

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 110 non-certificated employees and 159 certificated teaching and support personnel, including 16 administrators that provide services to 2,505 students and other community members.

Reporting Entity

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

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

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

The School District is associated with the Northeast Ohio Network for Educational Technology and the Four Cities Educational Compact, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 13.

## *Notes to the Basic Financial Statements*

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The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

### **A. Basis of Presentation - Fund Accounting**

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

#### Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling-up" revenues and expenses. However, the services provided and used are not eliminated in the process of consolidation.

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

Fund Financial Statements

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

**B. Fund Accounting**

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

Governmental Fund Types:

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The general fund is the School District's only major governmental fund.

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

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

Proprietary Fund Type

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



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

Fiduciary Fund Types

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust fund, which accounts for several scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund reports resources that belong to the student bodies of the various schools.

**C. Measurement Focus  
and Basis of  
Accounting**

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and liabilities associated with the operation of the School District are included on the statement of net assets.

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

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

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

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

#### Revenue - Exchange and Non-exchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

#### Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

**D. Budgets and  
Budgetary  
Accounting**

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

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

**E. Cash and Investments** To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements, certificates of deposit, and interest in STAROhio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board has passed a resolution to allow interest to also be recorded in other funds as listed in Note 3.

The School District is self-insured for health coverage. These monies are held separate from the School District's central bank account and are reflected as "Cash and cash equivalents in segregated accounts". The School District also holds monies separate from the School District's central bank account for monies held for future scholarships, which are reported in the scholarships private purpose trust fund.

**F. Prepaids** Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

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

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

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

**I. Restricted Assets** Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets in the general fund include the amount required to be reserved for unclaimed monies. See Note 16 for additional information regarding statutory reserves.

**J. Capital Assets**

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

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

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

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

**K. Compensated Absences**

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

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

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

**L. Net Assets**

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

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

**M. Accrued Liabilities and Long-term Obligations**

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

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

**N. Operating Revenues and Expenses**

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

**O. Interfund Transactions**

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

**P. Estimates**

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

## *Notes to the Basic Financial Statements*

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### **Q. Fund Balance Reserves**

The School District records reservations for portions of fund balances, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates that portion of fund balances, which are available for appropriation in future periods. Fund balance reserves are established for encumbrances, inventories, prepaids, property taxes and unclaimed monies.

### **NOTE 2 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

*Net Change in Fund Balance*

	<i>General</i>
<i>GAAP Basis</i>	\$ (360,795)
<i>Revenue Accruals</i>	174,839
<i>Expenditure Accruals</i>	43,192
<i>Encumbrances (Budget Basis)</i>	
<i>Outstanding at year end</i>	<u>(493,908)</u>
<i>Budget Basis</i>	<u>\$ (636,672)</u>

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

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

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

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);



## *Notes to the Basic Financial Statements*

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7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

### A. Deposits:

For the fiscal year ended June 30, 2008, the School District reported \$14,560 in "Equity in pooled cash and cash equivalents (restricted)" on the balance sheet. This amount represents a reserve for unclaimed monies.

The carrying value of the School District's deposits totaled (\$14,164), and the bank balances of the deposits totaled \$184,724. The entire bank balance of \$184,724 was covered by federal depository insurance.

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

### B. Investments:

As of June 30, 2008, the School District had the following investments and maturities:

## Norton City School District

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	<i>Fair</i>		
<u>Investment type</u>	<u>Value</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 3,240,000	Daily	N/A <sup>(1)</sup>
STAROhio	<u>5,964,305</u>	N/A	AAAm <sup>(2)</sup>
	<u>\$ 9,204,305</u>		

<sup>(1)</sup> Underlying securities are exempt.

<sup>(2)</sup> Standard and Poor's rating

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

All interest is legally required to be placed in the general fund, the food service special revenue fund and the scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2008 amount to \$312,232, which includes \$47,744 assigned from other School District funds.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$3,240,000 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, are Federal Home Loan Mortgage Corporation (FHLMC) bonds. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement.

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

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

**NOTE 4 - PROPERTY TAX**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. In prior years, tangible personal property was assessed at 25% of true value for capital assets and 23% of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006, 2007 and 2008 was 18.75%, 12.5% and 6.25%. This will be reduced to zero for 2009.

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property tax receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$602,055 in the general fund and \$43,748 in the permanent improvement capital projects fund. These advances are recognized as revenue on the fund financial statements.

## Norton City School District

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

<u>Property Category</u>	<u>2007 Assessed Value</u>	<u>2006 Assessed Value</u>
<u>Real Property</u>		
<i>Residential and agricultural</i>	\$ 258,122,620	\$ 255,108,200
<i>Commercial, industrial and mineral</i>	41,487,830	40,275,790
<i>Public utilities</i>	32,370	37,870
<u>Tangible Personal Property</u>		
<i>General</i>	6,093,290	10,780,155
<i>Public utilities</i>	5,776,850	7,604,590
<i>Total</i>	<u>\$ 311,512,960</u>	<u>\$ 313,806,605</u>

### NOTE 5 - RECEIVABLES

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Receivables at year-end consisted of taxes, interfund, accrued interest, accounts, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

## Notes to the Basic Financial Statements

### NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
<i>Capital assets, being depreciated:</i>				
Land improvements	1,387,549	-	-	1,387,549
Buildings and improvements	7,224,584	32,605	-	7,257,189
Furniture and equipment	1,618,848	221,704	(148,996)	1,691,556
Vehicles	2,047,408	24,009	-	2,071,417
<i>Total capital assets, being depreciated</i>	<u>12,278,389</u>	<u>278,318</u>	<u>(148,996)</u>	<u>12,407,711</u>
<i>Less: Accumulated depreciation</i>				
Land improvements	(670,578)	(56,304)	-	(726,882)
Buildings and improvements	(4,743,734)	(136,697)	-	(4,880,431)
Furniture and equipment	(1,258,438)	(94,335)	121,679	(1,231,094)
Vehicles	(1,371,821)	(115,346)	-	(1,487,167)
<i>Total accumulated depreciation</i>	<u>(8,044,571)</u>	<u>(402,682)</u>	<u>121,679</u>	<u>(8,325,574)</u>
<i>Total capital assets being depreciated, net</i>	<u>4,233,818</u>	<u>(124,364)</u>	<u>(27,317)</u>	<u>4,082,137</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 4,304,818</u>	<u>\$ (124,364)</u>	<u>\$ (27,317)</u>	<u>\$ 4,153,137</u>

## Norton City School District

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Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
<i>Regular</i>	\$ 91,365
<i>Special</i>	5,576
<i>Vocational</i>	22,674
<i>Support services:</i>	
<i>Pupils</i>	6,017
<i>Instructional staff</i>	12,341
<i>Board of education</i>	2,194
<i>Administration</i>	34,385
<i>Fiscal</i>	3,580
<i>Business</i>	17,983
<i>Operation and maintenance of plant</i>	82,551
<i>Pupil transportation</i>	108,232
<i>Operation of non-instructional services</i>	1,003
<i>Operation of food services</i>	11,857
<i>Extracurricular activities</i>	2,924
<i>Total depreciation expense</i>	<u>\$ 402,682</u>

### **NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

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

<i>Due to general fund from:</i>	
<i>Nonmajor governmental funds</i>	\$ 51,511

### **NOTE 8 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

## Notes to the Basic Financial Statements

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The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$441,965, reported in the fund at year end was estimated by third party administrators and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$60,000 per employee.

Changes in the fund's claims liability during 2007 and 2008 were:

<i>Fiscal Year</i>	<i>Balance at beginning of year</i>	<i>Current year claims</i>	<i>Claim payments</i>	<i>Balance at end of year</i>
2007	\$ 454,859	2,860,492	2,778,560	\$ 536,791
2008	\$ 536,791	3,052,132	3,146,958	\$ 441,965

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

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### NOTE 9 - DEFINED BENEFIT PENSION PLANS

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#### A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$294,444, \$335,779 and \$304,124 respectively; 50 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System**

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

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

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.



The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,292,378, \$1,159,206, and \$1,185,979 respectively; 82.3 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$5,689 made by the School District and \$10,166 made by the plan members.

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**NOTE 10 - POST-EMPLOYMENT BENEFITS**

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**A. School Employees Retirement System**

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

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$52,210.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$177,867, \$146,553, and \$139,123 respectively; 45 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$21,215, \$20,750, and \$18,972 respectively; 50 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

*Norton City School District*

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**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$99,414, \$89,170, and \$86,457 respectively; 82.3 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**NOTE 11 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

	<i>Balance</i>			<i>Balance</i>	<i>Due within</i>
	<i>July 1</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30</i>	<i>one year</i>
<i>Governmental activities</i>					
<i>Other obligations</i>					
<i>Compensated absences</i>	\$ 820,589	\$ 221,597	\$ (236,003)	\$ 806,183	\$ 93,951
<i>Capital leases payable</i>	<u>53,130</u>	<u>179,827</u>	<u>(53,874)</u>	<u>179,083</u>	<u>49,114</u>
<i>Total other liabilities</i>	<u>873,719</u>	<u>401,424</u>	<u>(289,877)</u>	<u>985,266</u>	<u>143,065</u>
<i>Governmental activities</i>					
<i>Total long-term liabilities</i>	<u>\$ 873,719</u>	<u>\$ 401,424</u>	<u>\$ (289,877)</u>	<u>\$ 985,266</u>	<u>\$ 143,065</u>

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

## *Notes to the Basic Financial Statements*

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### **NOTE 12- CAPITALIZED LEASES - LESSEE DISCLOSURE**

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During fiscal year 2008, the School District entered into capitalized leases for the acquisition of copiers. The School District also has an existing capital lease for copiers which will end in fiscal year 2009. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by the new lease have been capitalized as equipment in the amount of \$179,827, which is equal to the present value of the future minimum lease payments on the government-wide financial statements. Principal payments in the current fiscal year totaled \$53,874 for both leases.

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

<i>Fiscal</i>	<i>Lease</i>
<u>Year</u>	<u>Payments</u>
2009	\$ 56,676
2010	40,536
2011	40,536
2012	40,536
2013	<u>20,268</u>
<i>Total minimum lease payments</i>	198,552
<i>Less: amount representing interest</i>	<u>(19,469)</u>
<i>Total</i>	<u>\$ 179,083</u>

**NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**

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Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Information Technology Center (ITC) used by the School District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in the consortium are required to pay fees, charges, and assessments as charged. NEOnet is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from various funds. During fiscal year 2008, the School District contributed \$75,252 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Ave., Suite 200, Cuyahoga Falls, Ohio 44221.

The Four Cities Educational Compact is a jointly governed organization that provides for the vocational and special education needs of the students of four participating school districts. The four-member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the four districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Wadsworth City School District serves as the fiscal agent for this organization, collecting fees and distributing payments. The committee exercises total control over the operation of the compact, including budgeting, appropriating, contracting and designating management. All revenues are generated from charges for services. Financial information can be obtained by contacting the Treasurer at the Wadsworth City School District, 360 College St., Wadsworth, Ohio 44281.

**NOTE 14 - ACCOUNTABILITY**

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As of June 30, 2008, four nonmajor special revenue funds had deficit fund balances. This deficit was caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had a deficit at year-end:

<i>Fund</i>	<i>Deficit</i>
<i>District Managed Student Activity</i>	\$ 2,936
<i>IDEA Grant</i>	2,832
<i>Title I</i>	19,739
<i>Title II-A</i>	3,845

**NOTE 15 - CONTINGENT LIABILITIES**

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

**NOTE 16 - STATUTORY RESERVES**

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The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides.

Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

During the fiscal year ended June 30, 2008, the reserve activity was as follows:

## Norton City School District

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	<u>Textbook</u> <u>Reserve</u>	<u>Capital</u> <u>Maintenance</u> <u>Reserve</u>	<u>Total</u>
<i>Set-aside cash balance as of</i>			
<i>June 30, 2007</i>	\$ (955,581)	\$ -	\$ (955,581)
<i>Current year set-aside requirement</i>	391,887	391,887	783,774
<i>Current year offset</i>	-	(600,705)	(600,705)
<i>Qualifying disbursements</i>	<u>(353,347)</u>	<u>-</u>	<u>(353,347)</u>
<i>Total</i>	<u>\$ (917,041)</u>	<u>\$ (208,818)</u>	<u>\$ (1,125,859)</u>
<i>Balance carried forward to future years</i>	<u>\$ (917,041)</u>		<u>\$ (917,041)</u>

### **NOTE 17 – NEW ACCOUNTING AND REPORTING STANDARDS**

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In September 2006, the GASB issued Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues. The School District has considered the implications of this statement and has determined that it has no impact on the financial statements or note disclosures for the current period.

In May 2007, the GASB issued Statement No. 50, Pension Disclosures. The School District has determined that the adoption of this statement did not have an impact on the School District's financial statements; however, note disclosures related to pension benefits have been modified.

**Combining Statements for  
Governmental Funds**

## **Governmental Fund Descriptions**

### **Nonmajor Special Revenue Funds**

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

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

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

Customer Service Rotary: To account for the revenues and expenditures related to the auto mechanic and auto body vocational programs.

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

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

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

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

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

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



## Governmental Fund Descriptions

### Nonmajor Special Revenue Funds (continued)

Entry Year Programs: To account for resources used to implement entry-year programs pursuant to division (T) of section 3317.024 of the Ohio Revised Code.

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

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

Poverty Aid: A fund used to account for monies appropriated for poverty based assistance as part of the state foundation system. Programs included are academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prevention, and community outreach.

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

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

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

Title V: To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs for professional development; programs to enhance personal excellence of students and student achievement.

Drug Free School Grant: To account for federal funds provided to establish, operate and improve programs for drug abuse prevention, early intervention, rehabilitation referral and education in schools.

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

## **Governmental Fund Descriptions**

### **Nonmajor Special Revenue Funds (continued)**

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

Miscellaneous Federal Grants: To account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

### **Nonmajor Debt Service Fund**

The debt service fund is used to account for the accumulation of resources and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment. It is also used to account for the accumulation of resources and the payment of general obligation notes payable, as required by Ohio Law.

## **Governmental Fund Descriptions**

### **Nonmajor Capital Projects Funds**

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary and trust funds. The capital projects funds are:

Permanent Improvement: To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

SchoolNet: To account for monies received that are used to help the School District obtain computers and related educational technology equipment and/or the necessary infrastructure for educational technology.

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***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 744,459	\$ 4,703	\$ 1,052,826	\$ 1,801,988
Receivables:				
Taxes	-	-	605,679	605,679
Intergovernmental	27,287	-	-	27,287
Prepaid items	9,603	-	-	9,603
Inventory held for resale	6,105	-	-	6,105
Materials and supplies inventory	1,320	-	-	1,320
Total assets	<u>\$ 788,774</u>	<u>\$ 4,703</u>	<u>\$ 1,658,505</u>	<u>\$ 2,451,982</u>
<u>Liabilities and fund balance:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 32,536	\$ -	\$ 2,840	\$ 35,376
Accrued wages	31,969	-	-	31,969
Interfund payable	51,511	-	-	51,511
Intergovernmental payable	14,544	-	-	14,544
Deferred revenue	23,931	-	561,931	585,862
Total liabilities	<u>154,491</u>	<u>-</u>	<u>564,771</u>	<u>719,262</u>
<u>Fund balance:</u>				
Reserved for encumbrances	46,715	-	34,188	80,903
Reserved for inventory	7,425	-	-	7,425
Reserved for prepaid items	9,603	-	-	9,603
Reserved for property taxes	-	-	43,748	43,748
Unreserved:				
Undesignated, reported in:				
Special revenue funds	570,540	-	-	570,540
Debt service fund	-	4,703	-	4,703
Capital projects funds	-	-	1,015,798	1,015,798
Total fund balance	<u>634,283</u>	<u>4,703</u>	<u>1,093,734</u>	<u>1,732,720</u>
Total liabilities and fund balance	<u>\$ 788,774</u>	<u>\$ 4,703</u>	<u>\$ 1,658,505</u>	<u>\$ 2,451,982</u>

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Taxes	\$ -	\$ -	\$ 586,512	\$ 586,512
Intergovernmental	1,158,674	-	108,426	1,267,100
Interest	17,920	-	-	17,920
Tuition and fees	63,626	-	-	63,626
Extracurricular activities	177,100	-	-	177,100
Gifts and donations	48,685	-	-	48,685
Charges for services	588,037	-	-	588,037
Miscellaneous	79,986	-	-	79,986
Total revenues	<u>2,134,028</u>	<u>-</u>	<u>694,938</u>	<u>2,828,966</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	300,458	-	77,592	378,050
Special	324,658	-	-	324,658
Vocational	4,323	-	-	4,323
Other	20,944	-	-	20,944
Support services:				
Pupils	74,350	-	-	74,350
Instructional staff	191,917	-	2,029	193,946
Administration	144,962	-	-	144,962
Fiscal	-	-	9,658	9,658
Operation and maintenance of plant	-	-	153,770	153,770
Pupil transportation	-	-	23,000	23,000
Central	9,078	-	-	9,078
Operation of food services	808,259	-	-	808,259
Extracurricular activities	156,947	-	8,965	165,912
Capital outlay	12,228	-	49,225	61,453
Total expenditures	<u>2,048,124</u>	<u>-</u>	<u>324,239</u>	<u>2,372,363</u>
Net change in fund balances	85,904	-	370,699	456,603
Fund balances at beginning of year	549,451	4,703	723,035	1,277,189
Decrease in reserve for inventory	(1,072)	-	-	(1,072)
Fund balances at end of year	<u>\$ 634,283</u>	<u>\$ 4,703</u>	<u>\$ 1,093,734</u>	<u>\$ 1,732,720</u>

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2008**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Customer Service Rotary</u>	<u>Adult Education</u>	<u>Public School Support</u>	<u>Miscellaneous Local Grants</u>
<b><u>Assets:</u></b>						
Equity in pooled cash and cash equivalents	\$ 462,665	\$ 45,979	\$ 21,174	\$ 16,246	\$ 89,751	\$ 10,547
Receivables:						
Intergovernmental	-	-	-	-	-	224
Prepaid items	9,598	-	-	-	-	-
Inventory held for resale	6,105	-	-	-	-	-
Materials and supplies inventory	1,320	-	-	-	-	-
Total assets	<u>\$ 479,688</u>	<u>\$ 45,979</u>	<u>\$ 21,174</u>	<u>\$ 16,246</u>	<u>\$ 89,751</u>	<u>\$ 10,771</u>
<b><u>Liabilities and fund balance:</u></b>						
<b><u>Liabilities:</u></b>						
Accounts payable	\$ 240	\$ 5,218	\$ -	\$ -	\$ 158	\$ -
Accrued wages	3,704	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Intergovernmental payable	5,860	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>9,804</u>	<u>5,218</u>	<u>-</u>	<u>-</u>	<u>158</u>	<u>-</u>
<b><u>Fund balance:</u></b>						
Reserved for encumbrances	29,157	7,071	-	-	3,573	-
Reserved for inventory	7,425	-	-	-	-	-
Reserved for prepaid items	9,598	-	-	-	-	-
Unreserved:						
Undesignated, reported in:						
Special revenue funds	423,704	33,690	21,174	16,246	86,020	10,771
Total fund balance	<u>469,884</u>	<u>40,761</u>	<u>21,174</u>	<u>16,246</u>	<u>89,593</u>	<u>10,771</u>
Total liabilities and fund balance	<u>\$ 479,688</u>	<u>\$ 45,979</u>	<u>\$ 21,174</u>	<u>\$ 16,246</u>	<u>\$ 89,751</u>	<u>\$ 10,771</u>

<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>	<u>Management Information System</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>	<u>Poverty Aid</u>
\$ 11,000	\$ 53,600	\$ -	\$ -	\$ -	\$ 951	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,000</u>	<u>\$ 53,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951</u>	<u>\$ -</u>
\$ -	\$ 6,536	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	50,000	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>56,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	4,927	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,000</u>	<u>(7,863)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>951</u>	<u>-</u>
<u>11,000</u>	<u>(2,936)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>951</u>	<u>-</u>
<u>\$ 11,000</u>	<u>\$ 53,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951</u>	<u>\$ -</u>

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (continued)**  
**June 30, 2008**

	Miscellaneous State Grants	IDEA Grant	Title I	Title V	Drug Free School Grant	EHA Preschool Grant
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 1,218	\$ -	\$ 29,039	\$ -	\$ -	\$ -
Receivables:						
Intergovernmental	-	-	17,513	3,626	-	300
Prepaid items	-	5	-	-	-	-
Inventory held for resale	-	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-	-
Total assets	<u>\$ 1,218</u>	<u>\$ 5</u>	<u>\$ 46,552</u>	<u>\$ 3,626</u>	<u>\$ -</u>	<u>\$ 300</u>
<u>Liabilities and fund balance:</u>						
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ 20,222	\$ -	\$ -	\$ -
Accrued wages	-	-	23,277	-	-	-
Interfund payable	-	-	-	800	-	300
Intergovernmental payable	59	2,837	5,279	70	-	-
Deferred revenue	-	-	17,513	1,501	-	-
Total liabilities	<u>59</u>	<u>2,837</u>	<u>66,291</u>	<u>2,371</u>	<u>-</u>	<u>300</u>
<u>Fund balance:</u>						
Reserved for encumbrances	-	-	1,000	200	-	-
Reserved for inventory	-	-	-	-	-	-
Reserved for prepaid items	-	5	-	-	-	-
Unreserved:						
Undesignated, reported in:						
Special revenue funds	<u>1,159</u>	<u>(2,837)</u>	<u>(20,739)</u>	<u>1,055</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>1,159</u>	<u>(2,832)</u>	<u>(19,739)</u>	<u>1,255</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,218</u>	<u>\$ 5</u>	<u>\$ 46,552</u>	<u>\$ 3,626</u>	<u>\$ -</u>	<u>\$ 300</u>



Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 2,155	\$ 134	\$ 744,459
4,917	707	27,287
-	-	9,603
-	-	6,105
-	-	1,320
<u>\$ 7,072</u>	<u>\$ 841</u>	<u>\$ 788,774</u>
\$ 162	\$ -	\$ 32,536
4,988	-	31,969
411	-	51,511
439	-	14,544
4,917	-	23,931
<u>10,917</u>	<u>-</u>	<u>154,491</u>
6	781	46,715
-	-	7,425
-	-	9,603
<u>(3,851)</u>	<u>60</u>	<u>570,540</u>
<u>(3,845)</u>	<u>841</u>	<u>634,283</u>
<u>\$ 7,072</u>	<u>\$ 841</u>	<u>\$ 788,774</u>

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Customer Service Rotary</u>	<u>Adult Education</u>	<u>Public School Support</u>	<u>Miscellaneous Local Grants</u>
<b>Revenues:</b>						
Intergovernmental	\$ 254,985	\$ -	\$ -	\$ -	\$ -	\$ 2,243
Interest	17,920	-	-	-	-	-
Tuition and fees	-	63,626	-	-	-	-
Extracurricular activities	-	-	-	-	50,827	-
Gifts and donations	-	-	-	-	46,576	399
Charges for services	587,215	-	-	822	-	-
Miscellaneous	18,641	-	-	-	53,245	-
Total revenues	<u>878,761</u>	<u>63,626</u>	<u>-</u>	<u>822</u>	<u>150,648</u>	<u>2,642</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	-	54,087	-	-	104,664	-
Special	-	-	-	-	-	2,019
Vocational	-	4,323	-	-	-	-
Other	-	-	-	-	-	-
<b>Support services:</b>						
Pupils	-	-	-	-	-	-
Instructional staff	-	-	-	1,547	134	-
Administration	-	-	-	-	-	-
Central	-	-	-	-	-	-
Operation of food services	808,259	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	12,228	-
Total expenditures	<u>808,259</u>	<u>58,410</u>	<u>-</u>	<u>1,547</u>	<u>117,026</u>	<u>2,019</u>
Net change in fund balances	70,502	5,216	-	(725)	33,622	623
Fund balances (deficit) at beginning of year	400,454	35,545	21,174	16,971	55,971	10,148
Increase (decrease) in reserve for inventory	<u>(1,072)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ 469,884</u>	<u>\$ 40,761</u>	<u>\$ 21,174</u>	<u>\$ 16,246</u>	<u>\$ 89,593</u>	<u>\$ 10,771</u>

<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>	<u>Management Information System</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>	<u>Poverty Aid</u>
\$ -	\$ -	\$ 9,078	\$ -	\$ 15,000	\$ 2,970	\$ 20,944
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	126,273	-	-	-	-	-
-	1,710	-	-	-	-	-
-	-	-	-	-	-	-
-	8,100	-	-	-	-	-
<u>-</u>	<u>136,083</u>	<u>9,078</u>	<u>-</u>	<u>15,000</u>	<u>2,970</u>	<u>20,944</u>
-	-	-	-	15,000	2,019	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	20,944
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	9,078	-	-	-	-
-	-	-	-	-	-	-
-	156,947	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>156,947</u>	<u>9,078</u>	<u>-</u>	<u>15,000</u>	<u>2,019</u>	<u>20,944</u>
-	(20,864)	-	-	-	951	-
11,000	17,928	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 11,000</u>	<u>\$ (2,936)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951</u>	<u>\$ -</u>

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (continued)**  
**For the Fiscal Year Ended June 30, 2008**

	Miscellaneous State Grants	IDEA Grant	Title I	Title V	Drug Free School Grant	EHA Preschool Grant
<u>Revenues:</u>						
Intergovernmental	\$ 25,135	\$ 484,229	\$ 234,108	\$ 10,171	\$ 7,256	\$ 4,935
Interest	-	-	-	-	-	-
Tuition and fees	-	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>25,135</u>	<u>484,229</u>	<u>234,108</u>	<u>10,171</u>	<u>7,256</u>	<u>4,935</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	15,849	-	1,560	6,410	7,256	-
Special	-	98,368	224,271	-	-	-
Vocational	-	-	-	-	-	-
Other	-	-	-	-	-	-
Support services:						
Pupils	-	74,350	-	-	-	-
Instructional staff	9,654	174,375	-	1,272	-	4,935
Administration	-	140,107	4,855	-	-	-
Central	-	-	-	-	-	-
Operation of food services	-	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>25,503</u>	<u>487,200</u>	<u>230,686</u>	<u>7,682</u>	<u>7,256</u>	<u>4,935</u>
Net change in fund balance	(368)	(2,971)	3,422	2,489	-	-
Fund balances (deficit) at beginning of year	1,527	139	(23,161)	(1,234)	-	-
Increase (decrease) in reserve for inventory	-	-	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 1,159</u>	<u>\$ (2,832)</u>	<u>\$ (19,739)</u>	<u>\$ 1,255</u>	<u>\$ -</u>	<u>\$ -</u>

Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 84,669	\$ 2,951	\$ 1,158,674
-	-	17,920
-	-	63,626
-	-	177,100
-	-	48,685
-	-	588,037
-	-	79,986
<u>84,669</u>	<u>2,951</u>	<u>2,134,028</u>
92,683	930	300,458
-	-	324,658
-	-	4,323
-	-	20,944
-	-	74,350
-	-	191,917
-	-	144,962
-	-	9,078
-	-	808,259
-	-	156,947
-	-	12,228
<u>92,683</u>	<u>930</u>	<u>2,048,124</u>
(8,014)	2,021	85,904
4,169	(1,180)	549,451
-	-	(1,072)
<u>\$ (3,845)</u>	<u>\$ 841</u>	<u>\$ 634,283</u>

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2008**

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 1,052,826	\$ -	\$ 1,052,826
Receivables:			
Taxes	605,679	-	605,679
Total assets	<u>\$ 1,658,505</u>	<u>\$ -</u>	<u>\$ 1,658,505</u>
<u>Liabilities and fund balance:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 2,840	\$ -	\$ 2,840
Deferred revenue	561,931	-	561,931
Total liabilities	<u>564,771</u>	<u>-</u>	<u>564,771</u>
<u>Fund balance:</u>			
Reserved for encumbrances	34,188	-	34,188
Reserved for property taxes	43,748	-	43,748
Unreserved:			
Undesignated, reported in:			
Capital projects funds	1,015,798	-	1,015,798
Total fund balance	<u>1,093,734</u>	<u>-</u>	<u>1,093,734</u>
Total liabilities and fund balance	<u>\$ 1,658,505</u>	<u>\$ -</u>	<u>\$ 1,658,505</u>

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>			
Taxes	\$ 586,512	\$ -	\$ 586,512
Intergovernmental	108,426	-	108,426
Total revenues	<u>694,938</u>	<u>-</u>	<u>694,938</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	77,592	-	77,592
Support services:			
Instructional staff	2,029	-	2,029
Fiscal	9,658	-	9,658
Operation and maintenance of plant	153,770	-	153,770
Pupil transportation	23,000	-	23,000
Extracurricular activities	8,965	-	8,965
Capital outlay	49,225	-	49,225
Total expenditures	<u>324,239</u>	<u>-</u>	<u>324,239</u>
Net change in fund balances	370,699	-	370,699
Fund balances at beginning of year	723,035	-	723,035
Fund balances at end of year	<u>\$ 1,093,734</u>	<u>\$ -</u>	<u>\$ 1,093,734</u>

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



***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Food Services Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 161,526	\$ 228,634	\$ 67,108
Interest	19,493	17,920	(1,573)
Customer services	592,544	587,215	(5,329)
Miscellaneous	19,437	18,641	(796)
Total revenues	<u>793,000</u>	<u>852,410</u>	<u>59,410</u>
<u>Expenditures:</u>			
Current:			
Food service operations	1,159,091	785,073	374,018
Net change in fund balance	(366,091)	67,337	433,428
Fund balance at beginning of year	330,635	330,635	-
Prior year encumbrances appropriated	35,457	35,457	-
Fund balance at end of year	<u>\$ 1</u>	<u>\$ 433,429</u>	<u>\$ 433,428</u>

**Uniform School Supplies Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 65,000	\$ 63,626	\$ (1,374)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	85,143	55,909	29,234
Special	217	-	217
Vocational	15,185	5,202	9,983
Total expenditures	<u>100,545</u>	<u>61,111</u>	<u>39,434</u>
Net change in fund balance	(35,545)	2,515	38,060
Fund balance at beginning of year	32,368	32,368	-
Prior year encumbrances appropriated	3,177	3,177	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 38,060</u>	<u>\$ 38,060</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Customer Service Rotary Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational	21,174	-	21,174
Net change in fund balance	(21,174)	-	21,174
Fund balance at beginning of year	21,174	21,174	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 21,174</u>	<u>\$ 21,174</u>

**Adult Education Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Customer services	\$ 2,500	\$ 822	\$ (1,678)
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	19,555	1,631	17,924
Net change in fund balance	(17,055)	(809)	16,246
Fund balance at beginning of year	16,789	16,789	-
Prior year encumbrances appropriated	266	266	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 16,246</u>	<u>\$ 16,246</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Public School Support Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 71,034	\$ 50,827	\$ (20,207)
Gifts and donations	51,617	46,576	(5,041)
Miscellaneous	7,349	53,245	45,896
Total revenues	<u>130,000</u>	<u>150,648</u>	<u>20,648</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	179,381	120,074	59,307
Support services:			
Instructional staff	4,228	864	3,364
Administration	2,069	-	2,069
Pupil transportation	633	-	633
Total expenditures	<u>186,311</u>	<u>120,938</u>	<u>65,373</u>
Net change in fund balance	(56,311)	29,710	86,021
Fund balance at beginning of year	55,151	55,151	-
Prior year encumbrances appropriated	1,160	1,160	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 86,021</u>	<u>\$ 86,021</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Miscellaneous Local Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 4,844	\$ 2,019	\$ (2,825)
Gifts and donations	399	399	-
Total revenues	<u>5,243</u>	<u>2,418</u>	<u>(2,825)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,188	-	6,188
Special	2,055	2,019	36
Adult/continuing	6,648	-	6,648
Support services:			
Operation and maintenance of plant	500	-	500
Total expenditures	<u>15,391</u>	<u>2,019</u>	<u>13,372</u>
Net change in fund balance	(10,148)	399	10,547
Fund balance at beginning of year	10,148	10,148	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 10,547</u>	<u>\$ 10,547</u>

**Underground Storage Tanks Fund**

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

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**District Managed Student Activity Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 126,391	\$ 126,273	\$ (118)
Gifts and donations	372	1,710	1,338
Miscellaneous	8,100	8,100	-
Total revenues	<u>134,863</u>	<u>136,083</u>	<u>1,220</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	210,121	168,946	41,175
Excess of revenues under expenditures	<u>(75,258)</u>	<u>(32,863)</u>	<u>42,395</u>
<u>Other financing sources:</u>			
Refund of prior year expenditures	137	149	12
Advances in	50,000	50,000	-
Total other financing sources	<u>50,137</u>	<u>50,149</u>	<u>12</u>
Net change in fund balance	(25,121)	17,286	42,407
Fund balance at beginning of year	9,449	9,449	-
Prior year encumbrances appropriated	15,672	15,672	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 42,407</u>	<u>\$ 42,407</u>

**Management Information System Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,078	\$ 9,078	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	<u>9,078</u>	<u>9,078</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Entry Year Programs Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 7,000	\$ -	\$ (7,000)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	7,000	-	7,000
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

**Data Communications Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 15,000	\$ 15,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	15,000	15,000	-
Net change in fund balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**School Net Professional Development Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,970	\$ 2,970	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,970	2,019	951
Net change in fund balance	-	951	951
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ 951</u>	<u>\$ 951</u>

**Poverty Aid Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 21,000	\$ 20,944	\$ (56)
<u>Expenditures:</u>			
Current:			
Instruction:			
Other	21,000	20,944	56
Net change in fund balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Miscellaneous State Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 26,000	\$ 25,135	\$ (865)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	19,643	17,560	2,083
Support services:			
Instructional staff	9,654	9,654	-
Total expenditures	<u>29,297</u>	<u>27,214</u>	<u>2,083</u>
Net change in fund balance	(3,297)	(2,079)	1,218
Fund balances at beginning of year	3,297	3,297	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,218</u>	<u>\$ 1,218</u>



***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**IDEA Grant Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 484,229	\$ 484,229	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	108,568	108,568	-
Support services:			
Pupils	74,350	74,350	-
Instructional staff	174,251	174,251	-
Administration	140,138	140,138	-
Total expenditures	497,307	497,307	-
Excess of revenues under expenditures	(13,078)	(13,078)	-
<u>Other financing uses:</u>			
Advances out	(100,000)	(100,000)	-
Net change in fund balance	(113,078)	(113,078)	-
Fund balance at beginning of year	101,054	101,054	-
Prior year encumbrances appropriated	12,024	12,024	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	<b>Title I Fund</b>		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 251,621	\$ 234,108	\$ (17,513)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,560	2,560	-
Special	243,239	217,909	25,330
Support services:			
Administration	4,859	4,859	-
Total expenditures	250,658	225,328	25,330
Excess of revenues over expenditures	963	8,780	7,817
<u>Other financing uses:</u>			
Advances out	(50,000)	(50,000)	-
Net change in fund balance	(49,037)	(41,220)	7,817
Fund balance at beginning of year	46,145	46,145	-
Prior year encumbrances appropriated	2,892	2,892	-
Fund balance at end of year	\$ -	\$ 7,817	\$ 7,817

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Title V Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,992	\$ 8,046	\$ (3,946)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,896	6,598	298
Support services:			
Instructional staff	3,688	2,366	1,322
Total expenditures	10,584	8,964	1,620
Excess of revenues over (under) expenditures	1,408	(918)	(2,326)
<u>Other financing sources (uses):</u>			
Advances in	-	2,125	2,125
Advances out	(7,983)	(7,983)	-
Total other financing sources (uses)	(7,983)	(5,858)	2,125
Net change in fund balance	(6,575)	(6,776)	(201)
Fund balance at beginning of year	3,863	3,863	-
Prior year encumbrances appropriated	2,714	2,714	-
Fund balance at end of year	\$ 2	\$ (199)	\$ (201)

**Drug Free School Grant Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 7,256	\$ 7,256	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	7,256	7,256	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**EHA Preschool Grant Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 4,935	\$ 4,635	\$ (300)
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	4,935	4,935	-
Excess of revenues over (under) expenditures	-	(300)	(300)
<u>Other financing sources:</u>			
Advances in	-	300	300
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	<b>Title II-A Fund</b>		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 89,586	\$ 84,669	\$ (4,917)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	94,754	87,850	6,904
Net change in fund balance	(5,168)	(3,181)	1,987
Fund balance at beginning of year	(1,573)	(1,573)	-
Prior year encumbrances appropriated	6,741	6,741	-
Fund balance at end of year	\$ -	\$ 1,987	\$ 1,987

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Miscellaneous Federal Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,951	\$ 2,244	\$ (707)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,191	3,131	60
Net change in fund balance	(240)	(887)	(647)
Fund balance at beginning of year	240	240	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ (647)</u>	<u>\$ (647)</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Bond Retirement Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Debt service:			
Principal retirement	390	-	390
Interest and fiscal charges	4,313	-	4,313
Total expenditures	4,703	-	4,703
Net change in fund balance	(4,703)	-	4,703
Fund balance at beginning of year	4,703	4,703	-
Fund balance at end of year	\$ -	\$ 4,703	\$ 4,703

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2008**

**Permanent Improvement Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 600,705	\$ 600,705	\$ -
Intergovernmental	108,391	108,426	35
Total revenues	<u>709,096</u>	<u>709,131</u>	<u>35</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	87,891	87,891	-
Support services:			
Instructional staff	134,129	9,129	125,000
Fiscal	719,476	9,658	709,818
Pupil transportation	203,000	23,000	180,000
Extracurricular activities	19,175	18,235	940
Capital outlay	234,416	234,416	-
Total expenditures	<u>1,398,087</u>	<u>382,329</u>	<u>1,015,758</u>
Net change in fund balance	(688,991)	326,802	1,015,793
Fund balance at beginning of year	606,750	606,750	-
Prior year encumbrances appropriated	82,241	82,241	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,015,793</u>	<u>\$ 1,015,793</u>

**SchoolNet Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 14,000	\$ -	\$ (14,000)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	14,521	521	14,000
Net change in fund balance	(521)	(521)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	521	521	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**Internal Service Fund**

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

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**Fiduciary Funds**

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

**Statement of Changes in Assets and Liabilities – Agency Fund**

***Norton City School District***  
**Schedule of Revenues, Expenses and Changes in Fund Equity -**  
**Budget (Non-GAAP) and Actual**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2008**

**Self Insurance Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 3,789,560	\$ 3,810,695	\$ 21,135
<u>Expenses:</u>			
Purchased services:			
Central support services	4,951,002	3,572,701	1,378,301
Excess of revenues over (under) expenses	(1,161,442)	237,994	1,399,436
<u>Non-operating revenues:</u>			
Interest	52,440	40,728	(11,712)
Net change in fund equity	(1,109,002)	278,722	1,387,724
Fund equity at beginning of year	1,109,003	1,109,003	-
Fund equity at end of year	\$ 1	\$ 1,387,725	\$ 1,387,724

***Norton City School District***  
**Schedule of Revenues, Expenses and Changes in Fund Equity -**  
**Budget (Non-GAAP) and Actual**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2008**

**Scholarships Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 4,719	\$ 4,719	\$ -
Gifts and donations	4,976	4,976	-
Miscellaneous	5	-	(5)
Total revenues	<u>9,700</u>	<u>9,695</u>	<u>(5)</u>
<u>Expenses:</u>			
<u>Current:</u>			
Instruction:			
Regular	90,166	7,100	83,066
Net change in fund equity	(80,466)	2,595	83,061
Fund equity at beginning of year	84,996	84,996	-
Fund equity at end of year	<u>\$ 4,530</u>	<u>\$ 87,591</u>	<u>\$ 83,061</u>

***Norton City School District***  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Beginning Balance <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2008</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 57,133	\$ 57,088	\$ 60,346	\$ 53,875
<u>Liabilities:</u>				
Accounts payable	\$ 55	\$ 742	\$ 55	\$ 742
Due to students	57,078	57,143	61,088	53,133
Total liabilities	<u>\$ 57,133</u>	<u>\$ 57,885</u>	<u>\$ 61,143</u>	<u>\$ 53,875</u>

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STATISTICAL SECTION



## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	<b>S2 - S8</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source.	<b>S9 - S12</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	<b>S13 - S16</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>S17 - S18</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	<b>S19 - S26</b>

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

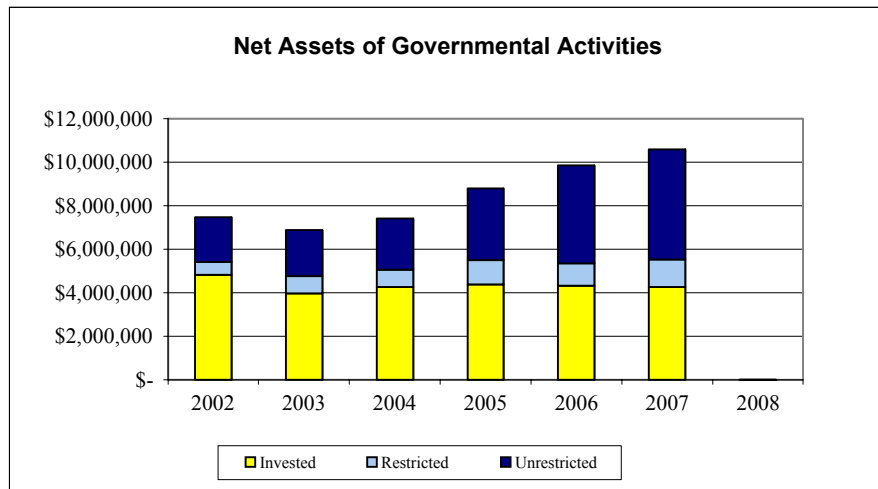
**Norton City School District**

**Net Assets by Component (1)**

**Last Seven Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	\$4,809,335	\$3,980,868	\$4,265,882	\$4,372,617	\$4,321,392	\$4,251,688	\$3,974,054
Restricted for:							
Capital projects	275,964	374,087	377,760	684,779	540,433	733,759	1,111,071
Debt service	-	48,708	15,349	2,453	4,703	4,703	4,703
Other purposes	331,982	355,316	410,085	438,169	480,162	540,919	642,502
Unrestricted (deficit)	2,057,686	2,130,609	2,356,025	3,290,328	4,528,059	5,057,457	5,152,849
<b>Total governmental activities net assets</b>	<b>\$7,474,967</b>	<b>\$6,889,588</b>	<b>\$7,425,101</b>	<b>\$8,788,346</b>	<b>\$9,874,749</b>	<b>\$10,588,526</b>	<b>\$10,885,179</b>
<b>Primary government:</b>							
Invested in capital assets, net of related debt	\$4,809,335	\$3,980,868	\$4,265,882	\$4,372,617	\$4,321,392	\$4,251,688	\$3,974,054
Restricted	607,946	778,111	803,194	1,125,401	1,025,298	1,279,381	1,758,276
Unrestricted (deficit)	2,057,686	2,130,609	2,356,025	3,290,328	4,528,059	5,057,457	5,152,849
<b>Total primary government net assets</b>	<b>\$7,474,967</b>	<b>\$6,889,588</b>	<b>\$7,425,101</b>	<b>\$8,788,346</b>	<b>\$9,874,749</b>	<b>\$10,588,526</b>	<b>\$10,885,179</b>

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.





# Norton City School District

## Changes in Net Assets of Governmental Activities (1)

### Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>							
Regular instruction	\$ 8,715,332	\$ 9,004,244	\$ 9,176,819	\$ 9,599,189	\$ 10,095,929	\$ 10,704,032	\$ 10,722,198
Special instruction	1,379,132	1,368,574	1,421,802	1,506,388	1,500,754	1,527,876	1,716,479
Vocational instruction	751,858	716,261	839,228	870,552	756,342	791,623	751,190
Adult/continuing instruction	4,146	1,653	842	575	355	1,167	1,907
Other instruction	35,787	166,237	147,727	307,566	269,789	315,352	302,020
Pupil support	699,775	839,294	713,899	745,018	810,870	797,913	754,478
Instructional staff support	753,463	721,001	630,319	592,410	678,445	905,399	995,596
Board of education	27,945	42,363	5,571	84,202	16,283	43,158	37,251
Administration	1,482,425	1,467,880	1,479,088	1,452,860	1,517,744	1,559,502	1,654,583
Fiscal	502,957	523,185	543,841	489,406	488,161	507,517	512,986
Business	298,014	357,272	322,587	296,888	378,646	349,689	302,407
Operation and maintenance of plant	2,184,104	2,159,874	1,711,278	1,743,837	2,328,056	2,023,579	2,087,838
Pupil transportation	1,271,955	1,058,785	1,023,012	1,177,982	1,309,633	1,359,161	1,539,668
Central	59,020	64,172	64,805	69,815	73,612	77,665	74,388
Operation of non-instructional services	6,795	10,923	3,332	2,526	5,036	1,004	1,003
Operation of food services	707,156	696,460	674,911	694,481	774,662	788,395	813,046
Extracurricular activities	439,649	540,724	406,468	422,265	487,038	499,769	509,362
Interest and fiscal charges	17,202	11,748	11,013	8,741	4,858	3,147	5,130
<i>Total expenses</i>	<u>\$ 19,336,715</u>	<u>\$ 19,750,650</u>	<u>\$ 19,176,542</u>	<u>\$ 20,064,701</u>	<u>\$ 21,496,213</u>	<u>\$ 22,255,948</u>	<u>\$ 22,781,530</u>
<b>Program Revenues</b>							
Charges for services:							
Regular instruction	\$ 357,999	\$ 1,421,437	\$ 1,692,597	\$ 2,084,493	\$ 1,659,294	\$ 2,240,450	\$ 2,208,226
Special instruction	256,345	260,830	118,424	-	341,416	219,257	397,126
Vocational instruction	14,190	4,106	-	-	3,914	6,993	5,031
Instructional staff support	3,400	13,101	4,043	785	1,315	498	822
Administration	-	7,079	-	-	-	-	-
Operation and maintenance of plant	-	-	2,652	3,099	3,425	7,967	7,510
Operation of food service	536,241	525,549	502,312	523,888	593,051	586,080	605,856
Extracurricular activities	98,159	77,564	214,412	221,840	126,657	142,033	134,373
Operating grants and contributions:							
Regular instruction	135,716	178,510	321,723	237,078	253,023	188,588	187,571
Special instruction	124,846	118,944	216,830	261,140	207,341	303,700	360,793
Vocational instruction	-	-	2,395	1,717	883	-	-
Other instruction	-	-	-	-	12,296	21,086	20,944
Pupil support	40,786	6,508	10,237	146,312	132,319	94,264	67,792
Instructional staff support	63,124	77,254	90,557	103,043	69,501	128,107	183,948
Administration	56,585	78,726	-	120,240	129,102	111,932	140,427
Business	-	21,000	106,844	-	-	-	-
Operation and maintenance of plant	6,327	-	-	-	536	-	-
Pupil transportation	42,820	34,640	19,999	-	9,876	9,426	-
Central	9,521	9,579	9,468	7,861	8,380	8,508	9,078
Operation of non-instructional services	1,429	-	2,401	-	811	-	-
Operation of food services	187,044	179,099	205,929	190,055	235,093	263,654	272,904
Extracurricular activities	-	-	15,291	4,267	525	372	1,710
Capital grants and contributions:							
Pupil transportation	-	34,781	16,963	17,276	10,273	12,456	7,871
<i>Total program revenues</i>	<u>\$ 1,934,532</u>	<u>\$ 3,048,707</u>	<u>\$ 3,553,077</u>	<u>\$ 3,923,094</u>	<u>\$ 3,799,031</u>	<u>\$ 4,345,371</u>	<u>\$ 4,611,982</u>

(Continued)

***Norton City School District***

**Changes in Net Assets of Governmental Activities (1)**

**Last Seven Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net expense	<u>\$ (17,402,183)</u>	<u>\$ (16,701,943)</u>	<u>\$ (15,623,465)</u>	<u>\$ (16,141,607)</u>	<u>\$ (17,697,182)</u>	<u>\$ (17,910,577)</u>	<u>\$ (18,169,548)</u>
<b><i>General revenues</i></b>							
Property taxes levied for:							
General purposes	\$ 6,604,598	\$ 7,058,412	\$ 6,702,989	\$ 8,080,902	\$ 9,054,931	\$ 8,558,045	\$ 8,219,152
Debt service	45,536	103,965	15,160	48,304	45,852	-	-
Capital outlay	582,777	619,338	549,102	629,404	644,642	619,430	593,125
Grants and entitlements not restricted to specific program	9,248,968	8,631,148	8,821,958	8,388,771	8,500,989	8,734,624	9,073,682
Investment earnings	151,532	73,455	52,399	112,629	313,951	458,823	352,961
Miscellaneous	<u>153,436</u>	<u>292,876</u>	<u>17,370</u>	<u>244,842</u>	<u>223,220</u>	<u>253,432</u>	<u>227,281</u>
<b><i>Total general revenues</i></b>	<u>\$ 16,786,847</u>	<u>\$ 16,779,194</u>	<u>\$ 16,158,978</u>	<u>\$ 17,504,852</u>	<u>\$ 18,783,585</u>	<u>\$ 18,624,354</u>	<u>\$ 18,466,201</u>
<b><i>Change in net assets</i></b>	<u>\$ (615,336)</u>	<u>\$ 77,251</u>	<u>\$ 535,513</u>	<u>\$ 1,363,245</u>	<u>\$ 1,086,403</u>	<u>\$ 713,777</u>	<u>\$ 296,653</u>

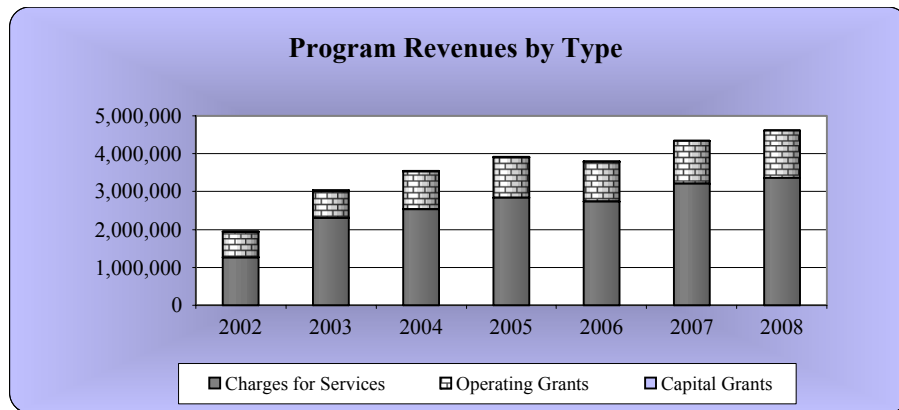
(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

**Norton City School District**

**Program Revenues of Governmental Activities by Function (1)  
Last Seven Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities:</b>							
<i>Function</i>							
Regular instruction	\$ 493,715	\$ 1,599,947	\$ 2,014,320	\$ 2,321,571	\$ 1,912,317	\$ 2,429,038	\$ 2,395,797
Special instruction	381,191	379,774	335,254	261,140	548,757	522,957	757,919
Vocational instruction	14,190	4,106	2,395	1,717	4,797	6,993	5,031
Other instruction	-	-	-	-	12,296	21,086	20,944
Pupil support	40,786	6,508	10,237	146,312	132,319	94,264	67,792
Instructional staff support	66,524	90,355	94,600	103,828	70,816	128,605	184,770
Administration	56,585	85,805	106,844	120,240	129,102	111,932	140,427
Business	-	21,000	-	-	-	-	-
Operation and maintenance of plant	6,327	-	2,652	3,099	3,961	7,967	7,510
Pupil transportation	42,820	69,421	36,962	17,276	20,149	21,882	7,871
Central	9,521	9,579	9,468	7,861	8,380	8,508	9,078
Operation of non-instructional services	1,429	-	2,401	-	811	-	-
Operation of food services	723,285	704,648	708,241	713,943	828,144	849,734	878,760
Extracurricular activities	98,159	77,564	229,703	226,107	127,182	142,405	136,083
<b>Total program revenues</b>	<b>\$ 1,934,532</b>	<b>\$ 3,048,707</b>	<b>\$ 3,553,077</b>	<b>\$ 3,923,094</b>	<b>\$ 3,799,031</b>	<b>\$ 4,345,371</b>	<b>\$ 4,611,982</b>

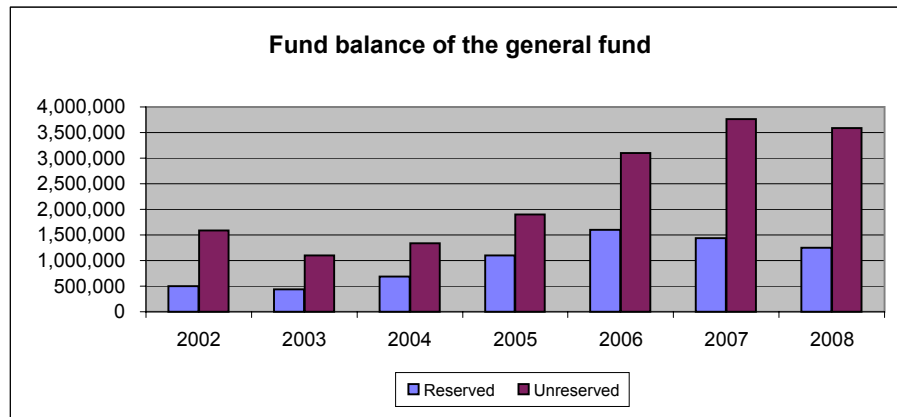
(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund							
Reserved	\$ 503,312	\$ 440,320	\$ 684,937	\$ 1,104,090	\$ 1,604,746	\$ 1,439,581	\$ 1,250,282
Unreserved	1,591,318	1,102,648	1,334,500	1,905,356	3,100,105	3,764,904	3,593,408
<i>Total general fund</i>	<u>2,094,630</u>	<u>1,542,968</u>	<u>2,019,437</u>	<u>3,009,446</u>	<u>4,704,851</u>	<u>5,204,485</u>	<u>4,843,690</u>
All other governmental funds							
Reserved	300,385	158,729	277,616	614,734	220,760	195,353	141,679
Unreserved, undesignated, Reported in:							
Special revenue funds	252,284	311,768	327,394	290,062	433,219	470,380	570,540
Debt service funds	4,703	55,459	4,703	4,703	4,703	4,703	4,703
Capital projects funds	33,938	270,017	166,789	196,760	362,389	606,753	1,015,798
Total all other\ governmental funds	<u>591,310</u>	<u>795,973</u>	<u>776,502</u>	<u>1,106,259</u>	<u>1,021,071</u>	<u>1,277,189</u>	<u>1,732,720</u>
<i>Total governmental funds</i>	<u>\$ 2,685,940</u>	<u>\$ 2,338,941</u>	<u>\$ 2,795,939</u>	<u>\$ 4,115,705</u>	<u>\$ 5,725,922</u>	<u>\$ 6,481,674</u>	<u>\$ 6,576,410</u>

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



***Norton City School District***

**Changes in Fund Balances, Governmental Funds (1)**

**Last Ten Fiscal Years (2)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>										
Taxes	\$7,088,311	\$6,931,423	\$7,368,737	\$ 7,378,369	\$7,877,702	\$7,212,007	\$8,749,520	\$9,750,612	\$9,247,786	\$8,718,480
Intergovernmental	7,930,250	8,556,448	8,787,464	10,221,987	9,329,822	9,669,168	9,457,485	9,514,985	9,801,988	10,240,225
Interest	247,073	321,810	320,425	136,929	59,978	43,599	112,629	289,058	425,876	330,152
Tuition and fees	232,262	146,249	355,139	265,164	1,511,325	1,730,844	1,978,323	2,118,303	2,195,173	2,469,991
Extracurricular activities	158,845	180,012	193,290	238,837	219,150	280,693	279,425	177,176	198,768	177,100
Gifts and donations	-	13,305	71,967	26,243	64,699	65,934	53,252	66,237	51,989	48,685
Charges for services	-	-	-	539,641	528,739	576,306	524,673	574,984	567,142	654,358
Rent	-	-	9,073	2,415	2,758	2,652	3,099	3,425	7,967	7,510
Miscellaneous	169,596	99,517	76,745	124,778	200,294	106,097	264,799	231,531	322,491	307,328
<i>Total revenues</i>	<u>15,826,337</u>	<u>16,248,764</u>	<u>17,182,840</u>	<u>18,934,363</u>	<u>19,794,467</u>	<u>19,687,300</u>	<u>21,423,205</u>	<u>22,726,311</u>	<u>22,819,180</u>	<u>22,953,829</u>
<b>Expenditures</b>										
Current:										
Instruction:										
Regular	\$6,813,089	\$7,325,399	8,259,175	8,697,751	9,241,788	8,879,162	9,373,521	9,834,960	10,556,261	10,807,707
Special	1,052,907	1,113,521	1,313,992	1,381,199	1,450,656	1,388,815	1,471,124	1,472,022	1,514,673	1,728,835
Vocational	611,958	507,387	640,602	722,660	759,539	794,851	835,886	730,151	767,128	729,807
Adult/continuing	9,672	15,835	17,189	4,146	1,653	842	575	355	1,167	1,907
Other	-	27,373	34,532	35,787	166,237	147,727	307,566	269,789	315,352	302,020
Support services:										
Pupil	512,235	634,511	710,539	934,375	851,076	719,563	730,493	793,580	784,148	766,319
Instructional staff	473,678	730,814	632,444	750,519	699,535	613,177	576,299	661,199	874,626	1,000,635
Board of education	19,081	24,176	15,006	28,098	41,034	7,007	84,202	15,734	40,964	35,057
Administration	1,128,782	1,178,060	1,312,524	1,456,769	1,505,272	1,421,284	1,374,162	1,441,901	1,470,332	1,679,729
Fiscal	403,386	470,814	430,129	496,683	525,049	529,292	497,276	473,055	500,765	517,575
Business	281,573	258,196	388,122	297,993	351,943	329,826	295,116	379,555	346,611	258,875
Operation and maintenance of plant	1,333,538	1,636,887	1,674,486	1,772,897	1,728,571	1,583,297	1,569,271	2,100,733	1,908,182	2,032,636
Pupil transportation	741,979	899,240	875,637	1,179,126	1,061,598	914,243	1,062,259	1,189,540	1,251,530	1,442,696
Central	7,119	7,195	49,219	59,904	65,030	63,910	69,247	70,915	76,656	75,799
Operation of non-instructional services	9,347	11,570	13,484	1,694	382	2,328	1,522	4,032	-	-
Operation of food services	-	-	-	931,824	676,038	666,605	672,020	754,062	772,515	808,259
Extracurricular activities	346,942	386,554	424,299	439,060	552,598	400,647	421,459	473,253	503,890	512,670
Capital outlay	511,031	1,003,816	538,950	720,204	369,792	832,067	490,728	366,658	342,141	278,318
Debt service:										
Principal retirement	43,400	43,400	69,449	71,899	74,578	95,904	76,035	77,480	35,589	53,874
Interest and fiscal charges	19,617	17,165	24,462	19,561	14,429	13,250	11,005	7,108	3,147	5,130
<i>Total expenditures</i>	<u>14,319,334</u>	<u>16,291,913</u>	<u>17,424,240</u>	<u>20,002,149</u>	<u>20,136,798</u>	<u>19,403,797</u>	<u>19,919,766</u>	<u>21,116,082</u>	<u>22,065,677</u>	<u>23,037,848</u>

(Continued)

***Norton City School District***

**Changes in Fund Balances, Governmental Funds (1)**

**Last Ten Fiscal Years (2)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>Excess of revenues over (under) expenditures</i>	<u>1,507,003</u>	<u>(43,149)</u>	<u>(241,400)</u>	<u>(1,067,786)</u>	<u>(342,331)</u>	<u>283,503</u>	<u>1,503,439</u>	<u>1,610,229</u>	<u>753,503</u>	<u>(84,019)</u>
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Inception of capital lease	-	-	119,835	-	-	173,829	-	-	-	179,827
Transfers in	2,191	776	18,562	-	10,103	-	-	-	-	-
Transfers out	<u>(3,118)</u>	<u>(776)</u>	<u>(18,562)</u>	-	<u>(10,103)</u>	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(927)</u>	<u>-</u>	<u>119,835</u>	<u>-</u>	<u>-</u>	<u>173,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,827</u>
<i>Net change in fund balances</i>	<u>\$1,506,076</u>	<u>\$ (43,149)</u>	<u>\$ (121,565)</u>	<u>\$ (1,067,786)</u>	<u>\$ (342,331)</u>	<u>\$ 457,332</u>	<u>\$1,503,439</u>	<u>\$1,610,229</u>	<u>\$ 753,503</u>	<u>\$ 95,808</u>
 Debt service as a percentage of noncapital expenditures	0.5%	0.4%	0.6%	0.5%	0.5%	0.6%	0.4%	0.4%	0.2%	0.3%

(1) Modified accrual basis of accounting.

∞ (2) Includes general, special revenue, debt service and capital projects funds for fiscal years 2002 through 2008. Fiscal years 1999-2001 included general, special revenue, debt service, capital projects and expendable trust funds.

# Norton City School District

## Assessed and Estimated Actual Value of Taxable Property

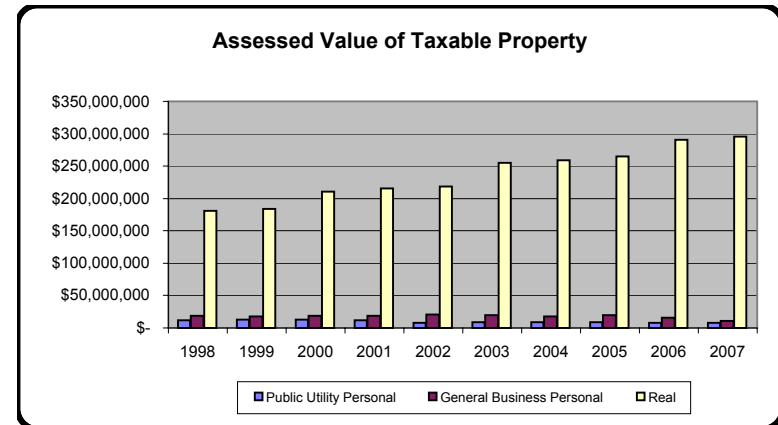
### Last Ten Years

Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total			Weighted Average Tax Rate
	Assessed Value		Estimated Actual Value	Public Utility	General Business	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
	Residential/Agricultural	Commercial/Industrial/PU									
1999	\$183,968,200	\$ -	\$ 525,623,429	\$12,819,380	\$14,567,477	\$18,157,729	\$72,630,916	\$214,945,309	\$612,821,822	35.07%	55.00
2000	182,465,740	28,302,810	602,195,857	13,181,080	14,978,500	19,048,419	76,193,676	242,998,049	693,368,033	35.05%	55.00
2001	184,844,760	30,988,330	616,665,971	12,132,210	13,786,602	18,292,861	73,171,444	246,258,161	703,624,018	35.00%	55.00
2002	187,555,690	31,346,640	625,435,229	8,294,520	9,425,591	20,398,661	81,594,644	247,595,511	716,455,463	34.56%	55.00
2003	217,133,400	38,019,310	729,007,743	8,768,500	9,964,205	19,345,067	77,380,268	283,266,277	816,352,215	34.70%	55.00
2004	221,743,890	37,596,610	740,972,857	8,453,470	9,712,113	17,792,625	71,170,500	285,586,595	821,855,470	34.75%	55.00
2005	226,246,280	38,504,470	756,430,714	8,720,900	9,910,114	19,596,241	78,384,964	293,067,891	844,725,792	34.69%	59.90
2006	251,020,120	39,806,390	830,932,886	7,882,630	8,957,534	15,659,573	62,638,292	314,368,713	902,528,712	34.83%	59.90
2007	255,108,200	40,275,790	843,954,257	7,642,460	8,684,614	10,780,155	43,120,620	313,806,605	895,759,491	35.03%	59.90
2008	258,122,620	41,487,830	856,029,857	5,809,220	6,601,386	6,093,290	24,373,160	311,512,960	887,004,404	35.12%	59.90

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

The assessed value of real property (including public utility real property is 35% of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assess in previous years at 25% for machinery and equipment. General business inventory tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and zero for 2009.

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



Source: Summit County Fiscal Officer

***Norton City School District***

**Property Tax Rates - Direct and Overlapping Governments (1)**

**(per \$1,000 of assessed value)**

**Last Ten Years**

<u>Collection Year</u>	<u>School Levy</u>	<u>City Levy (2)</u>	<u>Franklin Township Levy</u>	<u>County Levy</u>	<u>Akron Summit Library Levy</u>	<u>Total</u>
2008	59.90	13.75	14.65	14.26	2.07	104.63
2007	59.90	10.00	14.65	14.57	2.03	101.15
2006	59.90	10.00	14.65	13.07	2.04	99.66
2005	59.90	10.00	14.65	13.07	2.14	99.76
2004	55.00	10.00	14.65	13.07	0.78	93.50
2003	55.00	10.00	14.65	13.07	1.59	94.31
2002	55.00	10.00	14.65	13.07	1.35	94.07
2001	55.00	10.00	14.65	13.07	1.39	94.11
2000	55.00	10.00	14.65	12.27	1.39	93.31
1999	55.00	10.00	14.65	12.27	1.79	93.71

**Source:** Summit County Fiscal Officer.

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

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

(2) The City of Barberton now has overlapping valuations, therefore this includes 6.5 from the City of Norton and 3.5 from the City of Barberton (1999-2008 only).



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

Year	Current Levy	Delinquent Levy (2)	Total Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
2007	\$10,034,876	\$ 646,293	\$ 10,681,169	\$ 9,658,007	96.24%	\$ 428,478	\$ 10,086,485	94.43%	\$ 594,684
2006	10,246,211	938,817	11,185,028	9,842,810	96.06%	361,589	10,204,399	91.23%	980,629
2005	10,890,317	619,263	11,509,580	10,468,098	96.12%	315,442	10,783,540	93.69%	726,041
2004	10,365,254	554,995	10,920,249	9,968,049	96.17%	282,887	10,250,936	93.87%	669,313
2003	8,733,646	490,727	9,224,373	8,486,330	97.17%	286,843	8,773,173	95.11%	451,200
2002	8,208,438	655,238	8,863,676	7,933,738	96.65%	346,038	8,279,776	93.41%	583,900
2001	8,208,384	655,210	8,863,594	7,933,684	96.65%	345,998	8,279,682	93.41%	583,912
2000	8,400,858	633,570	9,034,428	8,113,663	96.58%	264,795	8,378,458	92.74%	655,970
1999	8,161,748	556,618	8,718,366	7,871,681	96.45%	228,223	8,099,904	92.91%	618,462
1998	7,900,026	581,689	8,481,715	7,689,081	97.33%	252,684	7,941,765	93.63%	539,950

11-5

**Source:** Summit County Fiscal Officer.

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

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

(3) The 2008 information cannot be presented because all collections have not been made by June 30, 2008.

**Norton City School District**

**Principal Taxpayers**

**2008 and 1999**

2008 Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility (1)	Total
B & C Corporation	\$ 2,166,290	\$ 1,935,220	\$ -	\$ 4,101,510	1.32%	\$ 6,189,400	\$ 7,740,880	\$ -	\$ 13,930,280
Ohio Edison	-	-	3,603,480	3,603,480	1.16%	-	-	4,094,864	4,094,864
Columbia Woods	2,887,320	-	-	2,887,320	0.93%	8,249,486	-	-	8,249,486
Albrecht Inc.	1,920,910	-	-	1,920,910	0.62%	5,488,314	-	-	5,488,314
PPG Industries Inc.	-	1,688,290	-	1,688,290	0.54%	-	6,753,160	-	6,753,160
Fred Martin Motor Co.	-	1,438,720	-	1,438,720	0.46%	-	5,754,880	-	5,754,880
East Ohio Gas	-	-	1,088,680	1,088,680	0.35%	-	-	1,237,136	1,237,136
Falkenstein Albert J & Margaret	1,003,450	-	-	1,003,450	0.32%	2,867,000	-	-	2,867,000
Newpark Drive Limited Partnership	872,990	-	-	872,990	0.28%	2,494,257	-	-	2,494,257
Pittsburgh Plate Glass Co.	698,610	-	-	698,610	0.22%	1,996,029	-	-	1,996,029
<b>Total Top Ten Taxpayers</b>	<b>\$ 9,549,570</b>	<b>\$ 5,062,230</b>	<b>\$ 4,692,160</b>	<b>\$ 19,303,960</b>	<b>6.20%</b>	<b>\$ 27,284,486</b>	<b>\$ 20,248,920</b>	<b>\$ 5,332,000</b>	<b>\$ 52,865,406</b>
<b>Total All Assessed Valuations</b>	<b>\$ 299,610,450</b>	<b>\$ 6,093,290</b>	<b>\$ 5,809,220</b>	<b>\$ 311,512,960</b>					

1999 Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility (1)	Total
Ohio Edison	\$ 246,927	\$ -	\$ 5,741,850	\$ 5,988,777	2.79%	\$ 705,506	\$ -	\$ 6,524,830	\$ 7,230,335
PPG Industries	1,956,410	3,199,730	-	5,156,140	2.40%	5,589,743	12,798,920	-	18,388,663
East Ohio Gas	-	-	3,491,740	3,491,740	1.62%	-	-	3,967,886	3,967,886
Albrecht Inc	1,762,922	218,990	-	1,981,912	0.92%	5,036,920	875,960	-	5,912,880
Ohio Bell Telephone	-	-	1,930,000	1,930,000	0.90%	-	-	2,193,182	2,193,182
Isolab	473,095	928,480	-	1,401,575	0.65%	1,351,700	3,713,920	-	5,065,620
Fomo Products, Inc.	312,946	982,480	-	1,295,426	0.60%	894,131	3,929,920	-	4,824,051
Praxair Inc.	-	1,162,420	-	1,162,420	0.54%	-	4,649,680	-	4,649,680
Albert J. Falkenstein	901,740	-	-	901,740	0.42%	2,576,400	-	-	2,576,400
Albert J. Falkenstein	-	888,110	-	888,110	0.41%	-	3,552,440	-	3,552,440
<b>Total Top Ten Taxpayers</b>	<b>\$ 5,654,040</b>	<b>\$ 7,380,210</b>	<b>\$ 11,163,590</b>	<b>\$ 24,197,840</b>	<b>11.25%</b>	<b>\$ 16,154,400</b>	<b>\$ 29,520,840</b>	<b>\$ 12,685,898</b>	<b>\$ 58,361,137</b>
<b>Total All Assessed Valuations</b>	<b>\$ 183,968,200</b>	<b>\$ 18,157,729</b>	<b>\$ 12,819,380</b>	<b>\$ 214,945,309</b>					

S-12

**Source:** Summit County Fiscal Officer

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

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

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Resources Available to Pay Principal</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value</u>	<u>Percentage of Personal Income</u>	<u>Net Bonded Debt per Capita</u>
1999	\$ 303,800	\$ 4,703	\$ 299,097	0.05%	0.12%	\$ 26.47
2000	260,400	4,703	255,697	0.04%	0.09%	22.60
2001	217,000	4,703	212,297	0.03%	0.08%	18.83
2002	173,600	55,459	118,141	0.02%	0.04%	15.07
2003	130,200	4,703	125,497	0.02%	0.05%	11.30
2004	86,800	4,703	82,097	0.01%	0.03%	7.53
2005	43,400	4,703	38,697	0.00%	0.01%	3.77
2006	-	-	-	0.00%	0.00%	-
2007	-	-	-	0.00%	0.00%	-
2008	-	-	-	0.00%	0.00%	-

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Tax Valuation	<u>\$ 214,945,309</u>	<u>\$ 242,998,049</u>	<u>\$ 246,258,161</u>	<u>\$ 247,595,511</u>	<u>\$ 283,266,277</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>19,345,078</u>	<u>21,869,824</u>	<u>22,163,234</u>	<u>22,283,596</u>	<u>25,493,965</u>
Amount of Debt Applicable to Debt Limit					
General Obligation Bonds	303,800	260,400	217,000	173,600	130,200
Less Amount Available in Debt Service	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(55,459)</u>	<u>(4,703)</u>
Amount of Debt Subject to Limit	<u>299,097</u>	<u>255,697</u>	<u>212,297</u>	<u>118,141</u>	<u>125,497</u>
Legal Debt Margin	<u>\$ 19,045,981</u>	<u>\$ 21,614,127</u>	<u>\$ 21,950,937</u>	<u>\$ 22,165,455</u>	<u>\$ 25,368,468</u>
Legal Debt Margin as a Percentage of the Debt Limit	98.45%	98.83%	99.04%	99.47%	99.51%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 214,945	\$ 242,998	\$ 246,258	\$ 247,596	\$ 283,266
Amount of Debt Subject to Limit	<u>299,097</u>	<u>255,697</u>	<u>212,297</u>	<u>118,141</u>	<u>125,497</u>
Unvoted Legal Debt Margin	<u>\$ 514,042</u>	<u>\$ 498,695</u>	<u>\$ 458,555</u>	<u>\$ 365,737</u>	<u>\$ 408,763</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	239.15%	205.23%	186.21%	147.72%	144.30%

**Source:** School District records, Summit County Fiscal Officer.

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

***Norton City School District***  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years (Continued)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Tax Valuation	<u>\$ 285,586,595</u>	<u>\$ 293,067,891</u>	<u>\$ 314,368,713</u>	<u>\$ 313,806,605</u>	<u>\$ 311,512,960</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>25,702,794</u>	<u>26,376,110</u>	<u>28,293,184</u>	<u>28,242,594</u>	<u>28,036,166</u>
Amount of Debt Applicable to Debt Limit					
General Obligation Bonds	86,800	43,400	-	-	-
Less Amount Available in Debt Service	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>
Amount of Debt Subject to Limit	<u>82,097</u>	<u>38,697</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>
Legal Debt Margin	<u>\$ 25,620,697</u>	<u>\$ 26,337,413</u>	<u>\$ 28,297,887</u>	<u>\$ 28,247,297</u>	<u>\$ 28,040,869</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.68%	99.85%	100.02%	100.02%	100.02%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 285,587	\$ 293,068	\$ 314,369	\$ 313,807	\$ 311,513
Amount of Debt Subject to Limit	<u>82,097</u>	<u>38,697</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>
Unvoted Legal Debt Margin	<u>\$ 367,684</u>	<u>\$ 331,765</u>	<u>\$ 309,666</u>	<u>\$ 309,104</u>	<u>\$ 306,810</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	128.75%	113.20%	98.50%	98.50%	98.49%

**Source:** School District records, Summit County Fiscal Officer.

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

***Norton City School District***

**Computation of Direct and Overlapping Debt**

**June 30, 2008**

	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable to Norton CSD</u>
<b>Direct:</b>			
Norton City School District	<u>\$ -</u>	100.00%	<u>\$ -</u>
<b>Overlapping:</b>			
City of Norton	3,405,291	97.02%	3,303,813
City of Barberton	5,940,000	0.10%	5,940
New Franklin Village	-	13.79%	-
Summit County	49,245,000	2.46%	1,211,427
Metro Regional Transit Authority	650,000	2.46%	15,990
Akron-Summit Library District	53,825,000	3.60%	1,937,700
Muskingum Watershed Conservancy District	-	0.80%	-
Summit Metro Park District	<u>-</u>	<u>2.59%</u>	<u>-</u>
Total overlapping:	<u>113,065,291</u>		<u>6,474,870</u>
Total direct and overlapping debt:	<u>\$ 113,065,291</u>		<u>\$ 6,474,870</u>

**Source:** School District records, Summit County Fiscal Officer.

(1) All debt reported is as of December 31, 2007, except for Norton City School District, which is reported as of June 30, 2008.

(2) Overlapping percentages are calculated based on overlapping valuation and total entity valuation.

***Norton City School District***  
**Demographic and Economic Statistics**  
**Last Ten Years**

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
1999	11,477	\$257,268	\$22	4.20%
2000	11,523	276,435	24	4.00%
2001	11,523	269,608	23	4.30%
2002	11,523	266,886	23	5.50%
2003	11,523	275,864	24	5.70%
2004	11,523	296,584	26	6.10%
2005	11,523	305,137	26	5.80%
2006	11,523	318,731	28	4.90%
2007	11,523	n/a	n/a	5.30%
2008	11,523	n/a	n/a	6.20%

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

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

***Norton City School District***

**Principal Employers**

**2007 and 2002 (1)**

Employer	Nature of Business	2007			2002		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
B & C Corporation	Communications	1,587	1	47.87%	949	1	33.93%
Norton City School District	Education	415	2	12.52%	454	2	16.23%
SA Communale Company	Construction	271	3	8.17%	254	4	9.08%
Fred Martin Motor Group	Automotive sales	266	4	8.02%	274	3	9.80%
Fred W. Albrecht Grocery, Inc.	Grocery Store	214	5	6.46%	238	5	8.51%
Albert Screenprint, Inc.	Screen printing	180	6	5.43%	168	6	6.01%
Ganley Ford, Inc.	Automotive sales	131	7	3.95%	150	7	5.36%
City of Norton	City	112	8	3.38%	-	-	0.00%
PPG Industries	Glass manufacturing	76	9	2.29%	86	10	3.07%
Milich's Village Inn Incorporated	Restaurant	63	10	1.90%	-	-	0.00%
Lenic, Inc.	Fast food	-	-	0.00%	123	8	4.40%
Perkinelmer Wallace, Inc.	Automotive sales	-	-	0.00%	101	9	3.61%
Total		<u>3,315</u>			<u>2,797</u>		

**Source:** City of Norton, Ohio.

(1) Information prior to 2002 is not available.



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

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

Information prior to 2004 is not available.

**Source:** School District records.

***Norton City School District***

**Operating Statistics**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Percentage of students receiving free or reduced lunches</u>
1999	n/a	2,444	n/a	n/a	n/a	n/a	11.15%
2000	n/a	2,456	n/a	n/a	n/a	n/a	12.29%
2001	n/a	2,429	n/a	n/a	142.90	17.0	13.84%
2002	\$ 19,336,715	2,544	\$7,601	n/a	154.00	16.5	16.30%
2003	\$ 19,750,650	2,544	\$7,764	2.14%	147.60	17.2	15.87%
2004	\$ 19,176,542	2,523	\$7,601	-2.10%	138.60	18.2	17.31%
2005	\$ 20,064,701	2,425	\$8,274	8.86%	138.80	17.5	17.58%
2006	\$ 21,496,213	2,377	\$9,043	9.30%	140.30	16.9	17.84%
2007	\$ 22,255,948	2,417	\$9,208	1.82%	145.90	16.6	20.47%
2008	\$ 22,781,530	2,505	\$9,094	-1.23%	146.50	17.1	19.50%

**Source:** School District Records, Ohio Department of Education.

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

***Norton City School District***

**Building Statistics**

**Last Ten Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Norton Corner Stone Elementary School</b>										
Constructed in 1914										
Total building square footage	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919
Enrollment grades K-4	355	360	366	366	349	216	229	217	226	346
Student capacity	510	510	510	510	510	510	510	510	510	510
Regular instruction classrooms	16	16	16	16	16	16	16	16	16	16
Regular instruction teachers	n/a	n/a	18	19	16	11	11	11	19	15
Special instruction classrooms	1	1	1	1	1	1	1	1	1	2
Special instruction teachers	1	1	1	1	1	1	1	1	1	2
<b>Norton Primary Elementary School</b>										
Constructed in 1956										
Total building square footage	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658
Enrollment grades K-4	300	319	287	343	354	360	353	362	358	373
Student capacity	630	630	630	630	630	630	630	630	630	630
Regular instruction classrooms	19	19	19	19	19	19	19	19	19	19
Regular instruction teachers	n/a	n/a	14	15	15	16	16	18	18	15
Special instruction classrooms	2	2	2	2	2	2	2	2	2	2
Special instruction teachers	2	2	2	2	2	2	2	2	2	2
<b>Grill Elementary School</b>										
Constructed in 1928										
Total building square footage	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562
Enrollment grades K-4	248	254	265	277	273	219	217	235	239	237
Student capacity	480	480	480	480	480	480	480	480	480	480
Regular instruction classrooms	14	14	14	14	14	14	14	14	14	14
Regular instruction teachers	n/a	n/a	12	13	13	9	9	11	15	10
Special instruction classrooms	2	2	2	2	2	2	2	2	2	1
Special instruction teachers	2	2	2	2	2	2	2	2	2	1
<b>Junior High/Middle School</b>										
Constructed in 1966										
Total building square footage	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081
Enrollment grades 5-8	622	604	592	600	605	824	781	776	783	795
Student capacity	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Regular instruction classrooms	36	36	36	36	36	36	36	36	36	36
Regular instruction teachers	n/a	n/a	31	33	32	36	36	36	37	42
Special instruction classrooms	2	2	2	2	2	2	2	2	2	3
Special instruction teachers	2	2	2	2	2	2	2	4	5	3

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>High School</b>										
Constructed in 1953										
Total building square footage	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097
Enrollment grades 9-12	807	801	802	843	844	815	766	701	725	838
Student capacity	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530
Regular instruction classrooms	47	47	47	47	47	47	47	47	47	47
Regular instruction teachers	n/a	n/a	43	49	47	43	43	46	36	37
Special instruction classrooms	4	4	4	4	4	4	4	4	4	4
Special instruction teachers	4	4	4	4	4	4	4	4	4	4

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

***Norton City School District***

**Teachers' Salaries**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Norton City School District Average Salary</u>	<u>Statewide Average Salary</u>
1999	\$ 38,720	n/a
2000	44,931	n/a
2001	42,303	42,995
2002	41,842	43,755
2003	45,167	45,645
2004	47,538	47,659
2005	47,583	49,438
2006	49,877	50,772
2007	50,411	53,536
2008	51,341	53,410

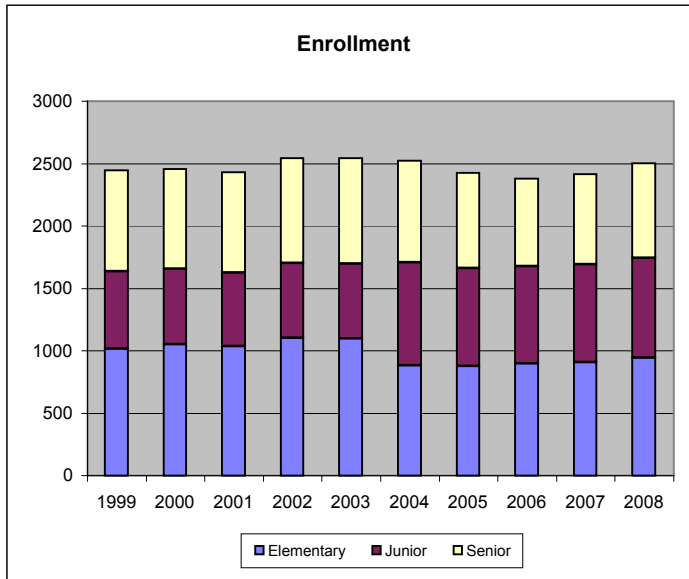
**Source:** Ohio Department of Education.

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

***Norton City School District***

**Enrollment Statistics  
Last Ten Fiscal Years**

Fiscal Year	Elementary Schools	Junior High School	Senior High School	Total
1999	1,015	622	807	2,444
2000	1,051	604	801	2,456
2001	1,035	592	802	2,429
2002	1,101	600	843	2,544
2003	1,095	605	844	2,544
2004	884	824	815	2,523
2005	878	781	766	2,425
2006	900	776	701	2,377
2007	909	783	725	2,417
2008	944	802	759	2,505



Source: Ohio Department of Education.

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

<u>Fiscal Year</u>	<u>Norton City School District Average</u>	<u>State Average</u>
1999	21.30	18.60
2000	21.30	18.10
2001	20.70	18.00
2002	19.40	16.90
2003	19.20	16.50
2004	20.00	18.50
2005	19.30	18.50
2006	18.20	18.60
2007	18.50	19.60
2008	19.20	18.60

**Source:** Ohio Department of Education.

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

<u>Fiscal Year</u>	<u>Norton City School District Attendance Rate</u>	<u>State Average</u>	<u>Norton City School District Graduation Rate</u>	<u>State Average</u>
1999	94.30%	93.50%	91.60%	80.60%
2000	95.10%	93.60%	87.60%	80.60%
2001	95.20%	93.90%	88.80%	81.10%
2002	95.00%	94.30%	92.90%	82.70%
2003	95.10%	94.50%	97.30%	84.30%
2004	95.20%	94.50%	97.50%	85.90%
2005	94.90%	94.30%	97.60%	86.20%
2006	95.10%	94.10%	95.30%	86.10%
2007	95.10%	94.10%	98.20%	86.90%
2008	95.10%	94.20%	n/a	n/a

**Source:** Ohio Department of Education.

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





**Mary Taylor, CPA**  
Auditor of State

**NORTON CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 22, 2009**