

CITY OF NORTON, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Norton, Summit County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 21, 2005

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CITY OF NORTON, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004

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Ohio Society of Certified Public Accountants

**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**

The Honorable Mayor Joseph Kernan
and Members of Council
City of Norton, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of and for the year ended December 31, 2004, which collectively comprise the City of Norton, Ohio's basic financial statements and have issued our report thereon dated July 29, 2005. The City has implemented a new financial reporting model for the fiscal year beginning January 1, 2004, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Norton, Ohio'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Norton, Ohio'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*. However, we noted a certain matter that we have reported to the management of the City of Norton, Ohio, in a separate letter dated July 29, 2005.

This report is intended for the information and use of the audit committee, management, City Council and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 29, 2005

City of Norton, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2004

Issued by:

City of Norton
Department of Finance

Jeanne M. Zerga
Finance Director

City of Norton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
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City of Norton

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Norton, Ohio 44203

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July 29, 2005

Members of City Council and
Citizens of Norton

The Comprehensive Annual Financial Report (CAFR) of the City of Norton, Ohio (City) is hereby presented. This CAFR represents the official report of the City of Norton's operations and financial position for the year ended December 31, 2004, and has been developed to accurately detail the status of City finances to Norton residents and elected officials, investment banks and underwriters and all other interested parties. This report is presented in compliance with GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments".

Responsibility for the accuracy of the data contained herein, for the completeness and fairness of the presentation and for all disclosures rests with the City's management. To the best of her knowledge, the Director of Finance believes that the financial and other data contained in this report fairly present the financial position and results of operations of the City. All necessary disclosures to enable the citizens and other readers to understand the City's financial activities are included in this report.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The Introductory Sections contains Table of Contents, Letter of Transmittal, the GFOA Certificate of Achievement for Excellence in Financial Reporting, a list of the elected and appointed City officials and department heads and an Organizational Chart.
2. The Financial Section contains the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements and notes that provide an overview of the City's financial position and operating results. Included are Combining Statements for non-major fund and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents financial, economic, social, and demographic data about the City for the last 10 years.

THE REPORTING ENTITY

The City has reviewed its reporting entity definition in order to insure compliance and conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". For financial reporting definition purposes, City management has considered all agencies, departments, and organizations comprising the City of Norton, the primary government and its potential component units.

The Norton City School District and Norton Public Library have not been included in the accompanying financial statements. Boards of both entities are not appointed by the City, nor is either fiscally dependent on the City of Norton.

Under the provisions of the Ohio Revised Code, Chapter 1905, the Municipal Corporation shall provide the office, salaries and corporate seal for the Mayor's Court. The operations of this office and its related expenses and salaries are budgeted and accounted for in the general fund and mayor's court special revenue fund.

THE CITY OF NORTON

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

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

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

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

The City of Norton has an excellent public school system which is supplemented by local vocational and technical schools. An array of higher education programs are available at nearby University of Akron (5 miles) as well as Case Western Reserve University, Kent State University and Wooster College, all within a one-hour drive.

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

- ◆ The Department of Services includes the division of Streets, Parks and Cemeteries
- ◆ The Department of Safety and Service include the divisions of Police, Fire, Emergency Medical Services, and Inspection and Licensing.

CITY GOVERNMENT

The City of Norton was organized as a City effective January 11, 1969; the City is a home-rule municipal corporation operating under the laws of the State of Ohio. The original charter was adopted on November 6, 1962. The Charter was readopted by the voters in its entirety on November 5, 1991. The Charter was last amended in 1994.

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

years. Council holds an organizational meeting the second day of January of each year, or if such date is a Saturday or Sunday then on the following Monday. The prior President of Council presides over the meeting until the members of Council elect a President of Council.

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

The Mayor is elected for a four-year term to begin the first day of January following the election. According to the Charter, the Mayor is the executive of the City and is responsible to the electors for enforcement of all laws and ordinances, and for control and proper operation of all administrative departments and divisions. The Mayor appoints an Administrative Officer, Director of Finance, Director of Law, and Director of Community Development, subject to confirmation by a majority vote of Council. The Directors are responsible to the Mayor for the general administration of the affairs of the City.

ECONOMIC CONDITIONS AND OUTLOOK

The City continues to grow both in the areas of commercial and residential development. During 2004, 30 commercial permits were issued for a total value of \$3,247,497.

Trinity Broadcasting Network (TBN) is relocating to the City of Norton. The Trinity Broadcasting Network facilities will include a church, television station, and radio station. Construction started in 2004, with a scheduled completion date of November, 2005. The new facility is valued at \$1.5 million dollars.

Strickland's Ice Cream is coming to the City of Norton in 2005. The commercial structure will be built on the property just north of the Branch of the Norton Library.

Custom Comfort is a business that relocated in the City of Norton. The business was formed in 1993 and due to business growth, including the hiring of sixteen employees, Custom Comfort constructed a 7,400 square foot building in the City of Norton in 2004.

A new plaza is under construction on Greenwich Road, approximately a quarter of a mile west of the Cleveland Massillon Road intersection. Albrecht Incorporated (ACME) is the developer and owner of the 24,000 square foot plaza. The plaza will contain fourteen units. The plaza has currently leased four of the center units to a group of physicians. North Akron Savings Bank is a separate and stand-alone unit on this parcel due to open November 2005.

During 2004, a total of 41 new single-family permits were issued at a value of approximately \$6.1 million. Stonewyck, a new single family residential housing development, started construction in 2004, with Ryan Homes as the builder. Phase I of Stonewyck has been completed with service of water, sanitary sewers, storm sewers, curbs and gutters. Phase I has 90 buildable lots available. An additional 38 lots will be available in Phase II and III.

In November 2004, the voters of Norton approved a .5 percent increase for city income tax. The income tax rate of two percent went into effect as of January 1, 2005. The tax increase is expected to generate an additional \$866,000 per year. The additional income tax collection provides for the continued services provided to our residents. In addition, money is being set aside for the future purchases of equipment and vehicles, and a city service garage. The City's tax base is made of businesses and residential. In 2004, the City received 85 percent of total collections from businesses in the community, with the remaining 15 percent from residents.

In 2003, the City was awarded an Ohio Public Works Commission grant for the replacement of waterlines in the Gardner Tallwood Phase I area. The construction of water lines and replacement of hydrants was completed at the end of 2004. The total cost of the project was \$153,885 with OPWC providing 50 percent of the funding and the remaining 50 percent assessed to the benefited properties.

MAJOR INIATIVES

Current Projects

The Johnson United Methodist Church petitioned the City of Norton to construct, grade, curb and pave a road in the proposed Meadows at Johnson senior living community known as Meadows Lane. This would include the construction of sanitary sewers, water lines, hydrants, storm sewers, utilities and all necessary appurtenances. The petition requested their lots and lands be assessed the cost of constructing the improvements in proportion to the benefits. The Meadows at Johnson part of the Johnson United Methodist Church is fully responsible for all related costs of this project. The Meadows at Johnson senior living community will consist of 104 villas and 37 patio homes. The anticipated completion is five years. Debt service for this project has been allocated at \$4,500 per unit.

The City of Norton has been awarded an Ohio Public Works Commission Grant (OPWC) for the replacement of water lines and hydrants in the Gardner Phase II area of the City. The estimated cost of this project is \$705,860 with 50 percent funding from OPWC.

The City has submitted a request for an OPWC grant for the waterline replacement in the Connect Road and Hazelwood Avenue area of the City. The project is estimated at \$177,500 with a 50 percent funding request from OPWC.

FINANCIAL INFORMATION

Introduction

The City's charter states that the Director of Finance shall be the head of the Finance Department and shall be the fiscal officer of the municipality. The Director of Finance serves the Mayor and Council as financial advisor concerning municipal affairs and keeps the financial records of the municipality. The Director is also responsible for collection of all taxes and assessments.

Internal Accounting Controls

In developing the City's accounting system, the adequacy of internal accounting controls has been taken into consideration. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of the financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

During the year, the City's accounting records are maintained on a cash basis for all of the City's funds. At year end, in order to convert its financial reporting from a cash basis to one in accordance and conformity with Generally Accepted Accounting Principals (GAAP), adjusting entries are prepared for the various funds to convert cash basis records to modified accrual basis for governmental funds and the accrual basis for internal service and fiduciary funds.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. A more detailed explanation of the basis of accounting for the various funds is included in the notes to the basic financial statements, located in the Financial Section of this report.

Budgetary Controls

The budgetary process is prescribed by provision 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 ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Any budgetary modifications at this level may only be made by ordinance of the City Council.

The City's computerized financial system maintains budgetary control through its purchase order/encumbrance feature. The purchase order, required before making a purchase, creates the encumbrance against the current budget.

The Mayor and the Finance Director with Council continually monitor the encumbrances and expenditures against the budget appropriations and against the County Fiscal Officer's certificate of estimated resources. Using the budget prepared by the City and including carry-over balances less carry-over encumbrances at year end, the County Fiscal Officer arrives at and issues the certificate of estimated resources for the City. Ohio Law prohibits total fund appropriations from exceeding the amount by fund on the County Fiscal Officer's Certificate.

As an additional control over expenditures, the City Charter requires that all contracts in excess of \$5,000 and not over the amount established by the Ohio Revised Code (currently \$25,000), be authorized by the Board of Control.

New Financial Reporting Model

This is the first year the City has prepared financial statements following GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements: Statements 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 City that are governmental and those that are considered business-type activities.

Fund financial statements: Statements which 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 governmental activities accrual information presented in the governmental-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparison: Statements which present comparisons 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, disbursements and encumbrances.

As part of the new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City's finances for 2004 and a discussion of current issues affecting the City.

CASH MANAGEMENT

Cash management is a vital component in the City's overall financial strategy. The Director of Finance maintains an aggressive cash management program. Major considerations are timing of cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested in short-term certificates of deposit. Interest earnings are allocated to the general fund.

All deposits are covered by pooled collateral with a market value equal to at least 105 percent of deposits or by pledged securities held at a Federal Reserve Bank in the name of the respective depository bank.

RISK MANAGEMENT

The City of Norton insures all risks with the exception of health insurance through private insurance carriers. Property valuations are revised annually to provide insurance companies and the City with an accurate inventory of insurable property and replacement cost values.

The City assumes the risk of health benefits up to \$20,000 per employee. A third-party administrator processes and pays these claims on behalf of the City.

Workers' compensation claims are covered through the City's participation in the State of Ohio's program.

INDEPENDENT AUDIT

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The accounting firm of James G. Zupka, C.P.A., Inc. rendered an opinion on the City's financial statements as of December 31, 2004, and the Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

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 City of Norton for its Comprehensive Annual Financial Reports for the year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

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

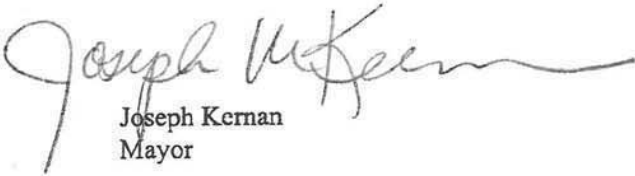
ACKNOWLEDGEMENTS

Your Director of Finance strongly supports full disclosure of the City's finances. We would like to thank the Members of Council, whose leadership made the preparation of this report possible.

The employees of the City of Norton are dedicated to serve its citizens. The preparation of a report of this scope depends upon the dedication of many employees, but especially to the employees in the Department of Finance and to Local Government Services for their assistance and guidance in the preparation of this report.

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

Respectfully submitted,



Joseph Kernan
Mayor



Jeanne M. Zerga
Finance Director and Tax Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norton,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

City of Norton, Ohio

Principal Officials

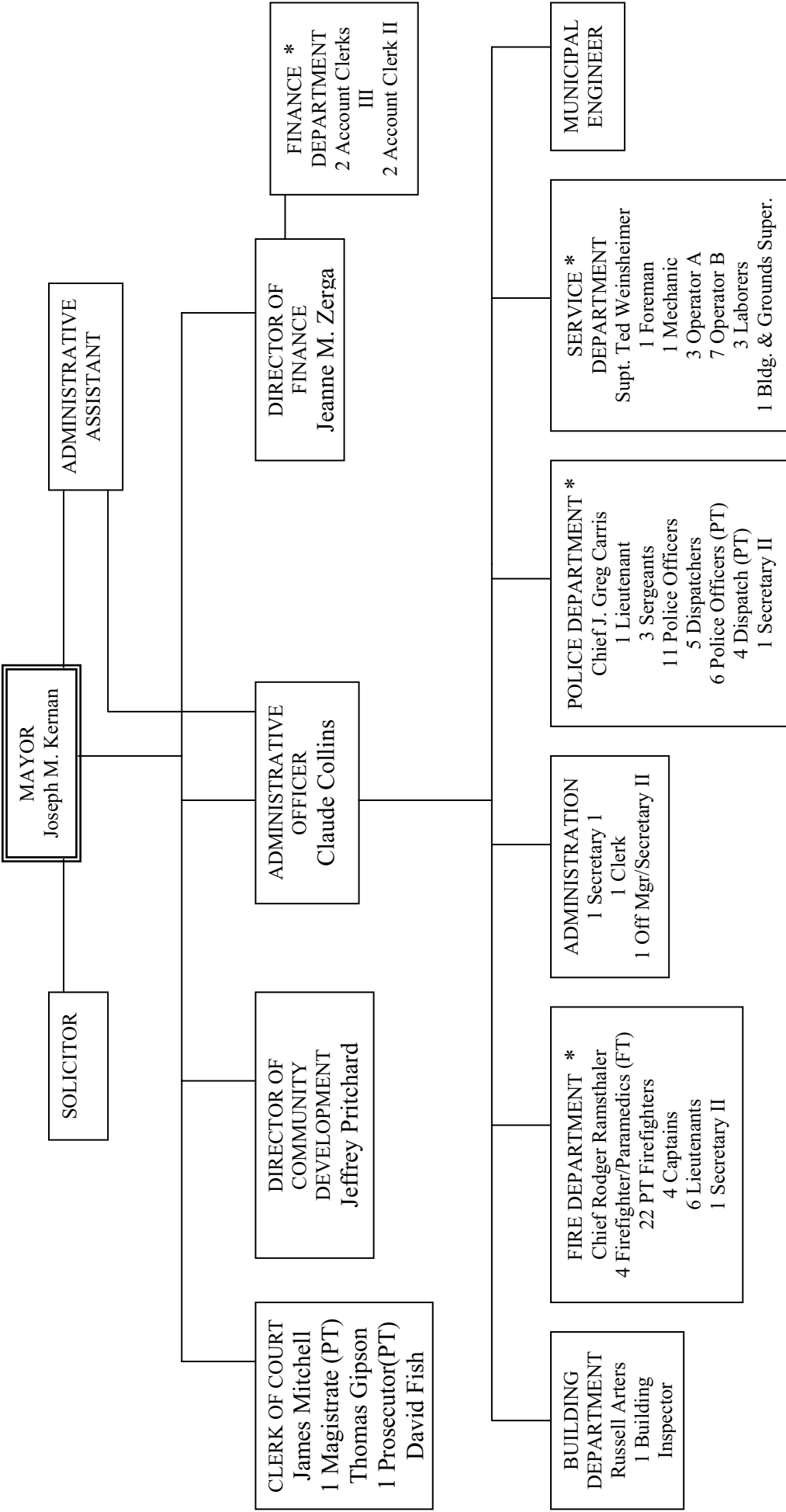
Elected Officials

Joseph M. Kernan	Mayor
Brenda Hlas	City Council, President, Ward 1
Dennis McGlone	City Council, Ward 2
William Mowery	City Council, Ward 3
John Conklin	City Council, Ward 4
James Price	City Council At-Large
Scott Pelot	City Council At-Large
Michael Zita	City Council At-Large

Administrators

Claude Collins	Administrative Officer
Jeanne M. Zerga	Director of Finance
Michael Lyons	Director of Law
Jeffrey Pritchard	Director of Community Development
J. Greg Carris	Chief of Police
Rodger Ramsthalter	Chief of Fire/EMS
Russ Arters	Superintendent of Buildings and Zoning Inspector
James Mitchell	Clerk of Mayor's Court
Thomas Gipson	Court Magistrate
Karla Richards	Clerk

CITY OF NORTON



* AUTHORIZED STRENGTH

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Joseph M. Kernan
and Members of City Council
City of Norton, Ohio

The Honorable Betty Montgomery
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

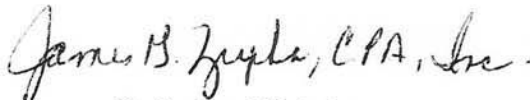
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of December 31, 2004, and the respective changes in financial position, thereof, and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, during the year ended December 31, 2004, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which changed its accounting for capital assets, long-term liabilities, and long-term deferred assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2005 on our consideration of the City of Norton, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 -10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

July 29, 2005

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The discussion and analysis for the City of Norton's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2004. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the transmittal letter as well as the basic financial statements.

Financial Highlights

Financial Highlights for 2004 are as follows:

- Total net assets increased \$373,528, or a 4.39 percent increase over 2003.
- Total assets of governmental activities increased \$310,691, which represents a 1.96 percent increase over 2003.
- Total liabilities decreased by \$62,837, which represents a .80 percent decrease over 2003.
- Total invested in capital assets, net of debt decreased \$119,450, a decrease of 2.75 percent from 2003.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2004 and how they affected the City of Norton's operations. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City of Norton as a Whole

Statement of Net Assets and the Statement of Activities

This financial view of the City as a whole considers all transactions and answers the question of how the City of Norton performed financially during 2004. The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
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when they are incurred. Transactions are booked when they occur and not when actual cash is received for revenues or when invoices are paid.

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

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

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

Reporting the City of Norton's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on Page 7. Fund financial reports give detailed information of activities within these funds. The City currently has forty-one funds, which have been established to account for the multitude of services provided to residents, for employee health care and the operation of facilities, as well as for infrastructure and capital purchases. These fund financial statements focus on the City's six major funds: the General Fund, the Street Construction, Maintenance and Repair Fund, the Fire Fund, the Emergency Medical Service Fund, the Special Assessment Bond Retirement Fund and The Meadows at Johnson Fund.

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

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

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

City of Norton, Ohio
Management's Discussion and Analysis
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The City of Norton as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2004 as they compare to 2003.

Table 1
Net Assets

	Governmental Activities	
	2004	2003
Assets		
Current and Other Assets	\$7,001,296	\$6,500,320
Capital Assets, Net	9,646,053	9,836,338
Total Assets	16,647,349	16,336,658
Liabilities		
Current and Other Liabilities	2,477,855	2,718,149
Long-Term Liabilities:		
Due Within One Year	503,589	450,939
Due in More than One Year	4,777,996	4,653,189
Total Liabilities	7,759,440	7,822,277
Net Assets		
Invested in Capital Assets		
Net of Related Debt	4,225,497	4,344,947
Restricted:		
Capital Projects	1,877,579	1,922,637
Debt Service	915,517	886,466
Other Purposes	991,074	779,500
Unrestricted	878,242	580,831
Total Net Assets	\$8,887,909	\$8,514,381

Total assets increased by \$310,691 from 2003 to 2004. This increase was the result of an increase in current assets of \$500,976. The current assets increase was due in part to an increase in intergovernmental, accounts and taxes receivable.

Total liabilities decreased by \$62,837 for the year. This decrease is due to paying down debt.

Total net assets increased by \$373,528. Some factors partly responsible for this increase included the higher taxes receivable and intergovernmental receivable along with the City paying down debt.

Table 2 shows the changes in net assets for the year ended December 31, 2004. Since this is the first year the City has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to the year 2003 are not available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
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Table 2
Changes in Net Assets

	Governmental Activities <u>2004</u>
<i>Revenues</i>	
Program Revenues:	
Charges for Services and Sales	\$906,496
Operating Grants and Contributions	684,941
Capital Grants and Contributions	61,654
General Revenues:	
Property Taxes	1,081,150
Municipal Income Taxes	2,715,198
Grants and Entitlements	1,096,348
Interest	55,784
Gain on Sale of Capital Assets	26,184
Other	<u>112,326</u>
<i>Total Revenues</i>	<u>6,740,081</u>
<i>Program Expenses</i>	
General Government	\$1,496,946
Security of Persons and Property:	
Police	1,894,423
Fire/EMS	1,013,332
Transportation	1,306,330
Community Environment	251,646
Public Health Services	86,907
Leisure Time Activities	149,725
Interest and Fiscal Charges	<u>167,244</u>
<i>Total Expenses</i>	<u>6,366,553</u>
<i>Increase in Net Assets</i>	373,528
Net Assets Beginning of Year (Restated)	<u>8,514,381</u>
Net Assets End of Year	<u><u>\$8,887,909</u></u>

City of Norton, Ohio
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Governmental Activities

Several revenue sources fund governmental activities with the City of Norton's municipal income tax being the largest contributor. The income tax rate of 1 percent was created by City Charter adopted November 6, 1962 and re-adopted in its entirety by the voters at a general election held on November 5, 1992. The City allows a 100 percent credit of taxes paid to other municipalities, up to 1 percent of income. The 1 percent tax created by the Charter remained in effect until July 1, 1974, when Norton's electorate increased the income tax rate to 1.50 percent, with a 100 percent credit of taxes paid to other municipalities up to 1.50 percent of income. The 1.50 percent tax remained in effect until November 4, 2004, when Norton's electorate increased the income tax rate effective January 1, 2005 to 2 percent, with a 100 percent credit of taxes paid to other municipalities up to 2 percent of income. Council adopted a resolution of intent effective January 1, 2005 for the distribution of income tax funds. The allocations of tax funds collected are: first, to defray all tax collection and enforcement expenses. The net income tax collections are distributed 71.85 percent to defray expenses of the General Fund, 17.95 percent to defray Service Fund expenses, 8.25 percent for Debt Service, 1.20 percent for future equipment purchases, and .75 percent to be set aside for the future purchase of a Service Garage in January 2008. Income tax collected in excess of the allocations will be set aside for an annual road program. On a full accrual basis, the City received income tax revenues of \$2,715,198, in 2004.

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

The operations of the City's safety forces account for the largest expense in governmental activities, representing approximately 46 percent of the total governmental activity expenses. The police service for the City of Norton is a full time, 24-hour per day, 365 days per year operation. The staff consists of a full time chief, one full time lieutenant, three full time sergeants, twelve full time patrol officers, six part time patrol officers, and one full time secretary. The police operations also include dispatch for police, fire and EMS, with four full time dispatchers, and three part time dispatchers.

The fire/paramedic division is a full-time, 24-hour per day, 365-days per year operation utilizing two fire stations. The staff consists of a full time chief, three full time fire/paramedics, 32 part time fire/paramedics and one full time secretary.

The City's Funds

Information about the City's governmental funds begins on page 14. These funds are accounted for by using the modified accrual method of accounting. All governmental funds had total revenues of \$6,598,306 and expenditures of \$6,889,072. The City's General Fund reflected an increase in fund balance of \$46,104. The Street Construction, Maintenance and Repair and the Fire funds had increases in fund balance of \$315,198 and \$122,849, respectively, while the remaining major funds had decreases in fund balance.

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
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General Fund Budgeting Highlights

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

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

For the General Fund, original budgeted revenues were \$3,789,165 and actual revenue collections were \$4,185,158. The General Fund original budgeted expenditures were \$3,648,934 and the actual expenditures were \$3,484,784. The City's fund balance end of year in the General Fund was \$386,264 above the original budgeted amount.

Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities	
	2004	2003
Land	\$330,122	\$330,122
Construction in Progress	0	16,320
Building and Improvements	963,139	983,803
Equipment, Furniture and Fixtures	1,324,871	1,451,165
Vehicles	1,558,803	1,706,748
Infrastructure		
Water Lines	1,856,231	1,697,686
Sanitary Sewer Lines	3,612,887	3,650,494
	\$9,646,053	\$9,836,338
<i>Totals</i>		

City of Norton, Ohio
Management's Discussion and Analysis
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Total Capital Assets for the City of Norton as of December 31, 2004, amounted to \$9,836,338, which was a decrease of \$190,285 from 2003. This decrease was a result of depreciation. The Planning Department and City Engineer maintain a listing of all the City's streets, storm sewers and traffic lights. During the year, a water line project was completed, replacing undersized temporary water lines. The City was awarded an OPWC grant to provide for 50 percent of the project. For more information about the City's capital assets, see Note 9 in the basic financial statements.

Debt

As of December 31, 2004, the City of Norton had \$5,411,000 in outstanding debt.

Table 4
 Outstanding Debt at Year End

	Governmental Activities	
	2004	2003
General Obligation Bonds	\$3,371,668	\$3,531,940
Special Assessment Bonds	923,332	973,060
Notes Payable	1,116,000	978,000
	\$5,411,000	\$5,483,000

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

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

The notes include tax anticipation notes for the purchase of a fire pumper truck and bond anticipation notes for the purchase of street equipment, and street and waterline projects. The tax anticipation notes will be paid with fire levy funds and the bond anticipation notes will be paid with general fund transfers.

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

Current Financial Related Issues

Effective January 1, 2005 the electorate of Norton approved a .5 percent City income tax increase. This increase was to provide funds for general municipal operations, new equipment, debt service, purchase of a City Service Garage, an annual road program and the overall commitment of municipal services.

City of Norton, Ohio
Management's Discussion and Analysis
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As the City of Norton continues to grow, meeting the financial challenges to provide services and infrastructure needs in the community without increasing real estate taxes is a primary goal. Through the Administration's strong fiscal management and City Council's strict budget supervision, the City has been able to hold general operating expenditures in check while maintaining City services at a high level. Financial planning -- whereby all equipment as well as facility improvements and acquisitions and other necessary major purchases have been paid for in cash -- will continue in the future. The City has kept the work force size at a financially manageable level and still has met the needs of City residents.

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

Contacting the City of Norton's Finance Department

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

Basic Financial Statements

City of Norton, Ohio
Statement of Net Assets
December 31, 2004

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,127,316
Materials and Supplies Inventory	17,212
Accounts Receivable	110,768
Accrued Interest Receivable	2,817
Intergovernmental Receivable	774,571
Prepaid Items	58,795
Taxes Receivable	2,050,571
Special Assessments Receivable	859,246
Nondepreciable Capital Assets	330,122
Depreciable Capital Assets, Net	9,315,931
<i>Total Assets</i>	<i>16,647,349</i>
Liabilities	
Accounts Payable	33,075
Accrued Wages and Benefits	168,640
Intergovernmental Payable	306,896
Notes Payable	776,000
Claims Payable	68,542
Deferred Revenue	1,110,756
Accrued Interest Payable	13,946
Long-Term Liabilities:	
Due Within One Year	503,589
Due in More Than One Year	4,777,996
<i>Total Liabilities</i>	<i>7,759,440</i>
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,225,497
Restricted for:	
Capital Projects	1,877,579
Debt Service	915,517
Police	58,012
Fire and EMS	198,162
Transportation	463,227
Utility Services	238,163
Other Purposes	33,510
Unrestricted	878,242
<i>Total Net Assets</i>	<i>\$8,887,909</i>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,496,946	\$193,091	\$13,221	\$0	(\$1,290,634)
Security of Persons and Property:					
Police	1,894,423	176,034	35,910	0	(1,682,479)
Fire/EMS	1,013,332	208,873	0	0	(804,459)
Transportation	1,306,330	40,639	635,810	61,654	(568,227)
Community Environment	251,646	0	0	0	(251,646)
Public Health Services	86,907	229,228	0	0	142,321
Leisure Time Activities	149,725	58,631	0	0	(91,094)
Interest and Fiscal Charges	167,244	0	0	0	(167,244)
<i>Totals</i>	<u>\$6,366,553</u>	<u>\$906,496</u>	<u>\$684,941</u>	<u>\$61,654</u>	<u>(4,713,462)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	364,278
Fire	358,948
EMS	289,622
Police Pension	68,302
Income Taxes Levied for:	
General Purposes	2,483,503
Debt Service	67,904
Capital Projects	16,050
Street Repair and Maintenance	147,741
Grants and Entitlements not Restricted to Specific Programs	1,096,348
Interest	55,784
Gain on Sale of Capital Assets	26,184
Other	112,326
<i>Total General Revenues</i>	<u>5,086,990</u>
Change in Net Assets	373,528
<i>Net Assets Beginning of Year - See Note 4</i>	<u>8,514,381</u>
<i>Net Assets End of Year</i>	<u><u>\$8,887,909</u></u>

See accompanying notes to the basic financial statements

City of Norton, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$425,030	\$92,659	\$143,288	\$167,092	\$9,002
Materials and Supplies Inventory	1,017	16,195	0	0	0
Accounts Receivable	16,303	3,543	0	0	0
Accrued Interest Receivable	2,817	0	0	0	0
Intergovernmental Receivable	425,579	283,517	20,440	17,700	0
Interfund Receivable	7,065	0	0	0	0
Prepaid Items	48,406	3,866	2,475	4,048	0
Taxes Receivable	1,054,266	147,741	385,841	305,367	0
Special Assessments Receivable	0	0	0	0	843,332
<i>Total Assets</i>	<u>\$1,980,483</u>	<u>\$547,521</u>	<u>\$552,044</u>	<u>\$494,207</u>	<u>\$852,334</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$15,893	\$5,348	\$0	\$2,343	\$0
Accrued Wages and Benefits	96,888	25,672	13,632	32,448	0
Intergovernmental Payable	228,868	32,073	8,925	26,340	0
Notes Payable	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Accrued Interest Payable	0	0	0	0	0
Deferred Revenue	843,910	219,353	404,881	323,067	843,332
<i>Total Liabilities</i>	<u>1,185,559</u>	<u>282,446</u>	<u>427,438</u>	<u>384,198</u>	<u>843,332</u>
Fund Balances (Deficit)					
Reserved for Encumbrances	41,945	24,706	435	674	0
Reserved for Unclaimed Money	2,727	0	0	0	0
Unreserved, Undesignated, Reported in:					
General Fund	750,252	0	0	0	0
Special Revenue Funds	0	240,369	124,171	109,335	0
Debt Service Funds	0	0	0	0	9,002
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>794,924</u>	<u>265,075</u>	<u>124,606</u>	<u>110,009</u>	<u>9,002</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,980,483</u>	<u>\$547,521</u>	<u>\$552,044</u>	<u>\$494,207</u>	<u>\$852,334</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004*

The Meadows at Johnson	Other Governmental Funds	Total Governmental Funds		
			Total Governmental Fund Balances	\$2,832,839
			<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
			Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,646,053
			Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
			Delinquent Property Taxes	45,331
			Income Tax	260,900
			Special Assessments	859,246
			Grants	<u>486,328</u>
			Total	1,651,805
			In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
			Accrued Interest Payable	(8,852)
			An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of activities.	47,649
			Long-term liabilities, including notes and bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
			General Obligation Bonds	(3,371,668)
			Special Assessment Bonds	(923,332)
			Capital Leases	(9,556)
			Notes	(340,000)
			Compensated Absences	<u>(637,029)</u>
			Total	<u>(5,281,585)</u>
			<i>Net Assets of Governmental Activities</i>	<u>\$8,887,909</u>
\$400,337	\$1,773,717	\$3,011,125		
0	0	17,212		
0	90,922	110,768		
0	0	2,817		
0	27,335	774,571		
0	0	7,065		
0	0	58,795		
0	157,356	2,050,571		
0	15,914	859,246		
<u>\$400,337</u>	<u>\$2,065,244</u>	<u>\$6,892,170</u>		
\$0	\$9,491	\$33,075		
0	0	168,640		
0	10,690	306,896		
524,000	252,000	776,000		
0	7,065	7,065		
2,105	2,989	5,094		
0	128,018	2,762,561		
<u>526,105</u>	<u>410,253</u>	<u>4,059,331</u>		
400,337	732,354	1,200,451		
0	0	2,727		
0	0	750,252		
0	385,482	859,357		
0	56,402	65,404		
<u>(526,105)</u>	<u>480,753</u>	<u>(45,352)</u>		
<u>(125,768)</u>	<u>1,654,991</u>	<u>2,832,839</u>		
<u>\$400,337</u>	<u>\$2,065,244</u>	<u>\$6,892,170</u>		

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement
Revenues					
Property and Other Taxes	\$366,865	\$0	\$364,605	\$288,453	\$0
Municipal Income Tax	2,463,197	113,728	0	0	0
Charges for Services	48,504	40,639	0	208,873	0
Special Assessments	0	0	0	0	44,728
Licenses, Permits and Fees	66,295	0	0	0	0
Fines and Forfeitures	200,028	0	0	0	0
Intergovernmental	895,672	561,020	51,284	48,751	0
Interest	33,414	0	0	0	22,370
Other	12,907	46,552	5,034	792	0
<i>Total Revenues</i>	<u>4,086,882</u>	<u>761,939</u>	<u>420,923</u>	<u>546,869</u>	<u>67,098</u>
Expenditures					
Current:					
General Government	1,409,133	0	0	0	2,583
Security of Persons and Property:					
Police	1,776,284	0	0	0	0
Fire/EMS	0	0	257,086	628,926	0
Transportation	0	1,013,372	0	0	0
Community Environment	267,972	0	0	0	0
Public Health Services	0	0	0	0	0
Leisure Time Activities	105,391	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	0	4,835	35,000	0	95,000
Interest and Fiscal Charges	0	961	5,988	0	80,980
<i>Total Expenditures</i>	<u>3,558,780</u>	<u>1,019,168</u>	<u>298,074</u>	<u>628,926</u>	<u>178,563</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>528,102</u>	<u>(257,229)</u>	<u>122,849</u>	<u>(82,057)</u>	<u>(111,465)</u>
Other Financing Sources (Uses)					
Notes Issued	0	0	0	0	0
Sale of Capital Assets	26,184	0	0	0	0
Inception of Capital Lease	0	6,000	0	0	0
Transfers In	363,074	566,427	0	0	109,700
Transfers Out	(871,256)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(481,998)</u>	<u>572,427</u>	<u>0</u>	<u>0</u>	<u>109,700</u>
<i>Net Change in Fund Balances</i>	46,104	315,198	122,849	(82,057)	(1,765)
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 4)</i>	<u>748,820</u>	<u>(50,123)</u>	<u>1,757</u>	<u>192,066</u>	<u>10,767</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$794,924</u>	<u>\$265,075</u>	<u>\$124,606</u>	<u>\$110,009</u>	<u>\$9,002</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004*

The Meadows at Johnson	Other Governmental Funds	Total Governmental Funds		
			Net Change in Fund Balances -Total Governmental Funds	(\$23,582)
			<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
			Governmental funds report capital outlays as expenditures.	
			However, in the statement of activities, the cost of those	
			assets is allocated over their estimated useful lives as	
			depreciation expense. This is the amount by which	
			depreciation exceeded capital outlays in the current period.	
			Capital Asset Additions	217,820
			Current Year Depreciation	(408,105)
			Total	(190,285)
			Revenues in the statement of activities that do not provide	
			current financial resources are not reported as revenues	
			in the funds.	
			Delinquent Property Taxes	(7,560)
			Income Tax	73,647
			Special Assessments	(31,754)
			Grants	81,258
			Total	115,591
			Repayment of bond, lease and note principal is an expenditure	
			in the governmental funds, but the repayment reduces	
			long-term liabilities in the statement of net assets.	577,835
			In the statement of activities, interest is accrued on	
			outstanding bonds, whereas in governmental funds,	
			an interest expenditure is reported when due.	3,510
			Proceeds of debt is an other financing source in the governmental	
			funds, but increases liabilities in governmental activities.	
			Notes	(235,000)
			Capital Lease	(6,000)
			Total	(241,000)
			Some expenses reported in the statement of activities do not	
			require the use of current financial resources and therefore	
			are not reported as expenditures in governmental funds.	
			Compensated Absences	(46,292)
			The change in the accumulated overpayments to the internal	
			service fund for governmental funds is reported	
			for the year.	177,751
			<i>Change in Net Assets of Governmental Activities</i>	\$373,528
\$0	\$68,787	\$1,088,710		
0	64,626	2,641,551		
0	262,011	560,027		
0	10,932	55,660		
0	0	66,295		
0	56,240	256,268		
0	204,958	1,761,685		
0	0	55,784		
0	47,041	112,326		
0	714,595	6,598,306		
0	37,407	1,449,123		
0	117,412	1,893,696		
0	0	886,012		
0	89,252	1,102,624		
0	19,086	287,058		
0	59,445	59,445		
0	32,139	137,530		
109,663	215,332	324,995		
0	443,000	577,835		
13,793	69,032	170,754		
123,456	1,082,105	6,889,072		
(123,456)	(367,510)	(290,766)		
0	235,000	235,000		
0	0	26,184		
0	0	6,000		
181	394,461	1,433,843		
0	(562,587)	(1,433,843)		
181	66,874	267,184		
(123,275)	(300,636)	(23,582)		
(2,493)	1,955,627	2,856,421		
(\$125,768)	\$1,654,991	\$2,832,839		

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$332,369	\$359,352	\$366,865	\$7,513
Municipal Income Tax	2,325,176	2,577,200	2,566,505	(10,695)
Charges for Services	43,943	63,325	48,504	(14,821)
Licenses, Permits and Fees	85,212	82,992	94,056	11,064
Fines and Forfeitures	166,449	181,000	183,725	2,725
Intergovernmental	800,197	896,242	883,249	(12,993)
Interest	27,720	29,500	30,597	1,097
Other	8,099	12,785	11,657	(1,128)
<i>Total Revenues</i>	3,789,165	4,202,396	4,185,158	(17,238)
Expenditures				
Current:				
General Government	1,461,637	1,538,550	1,399,276	139,274
Security of Persons and Property	1,798,076	1,795,696	1,732,981	62,715
Community Environment	277,658	259,443	250,919	8,524
Leisure Time Activities	111,563	106,668	101,608	5,060
<i>Total Expenditures</i>	3,648,934	3,700,357	3,484,784	215,573
<i>Excess of Revenues Over Expenditures</i>	140,231	502,039	700,374	198,335
Other Financing Sources (Uses)				
Sale of Capital Assets	26,184	26,184	26,184	0
Transfers In	314,828	517,117	363,074	(154,043)
Transfers Out	(649,131)	(1,043,146)	(871,256)	171,890
<i>Total Other Financing Sources (Uses)</i>	(308,119)	(499,845)	(481,998)	17,847
<i>Net Change in Fund Balance</i>	(167,888)	2,194	218,376	216,182
<i>Fund Balance Beginning of Year</i>	122,574	122,574	122,574	0
Prior Year Encumbrances Appropriated	7,397	7,397	7,397	0
<i>Fund Balance (Deficit) End of Year</i>	(\$37,917)	\$132,165	\$348,347	\$216,182

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$29,645	\$36,000	\$37,096	\$1,096
Intergovernmental	410,198	471,399	513,305	41,906
Other	37,507	29,150	46,935	17,785
<i>Total Revenues</i>	477,350	536,549	597,336	60,787
Expenditures				
Current:				
Transportation	1,120,374	1,103,474	1,048,847	54,627
<i>Excess of Revenues Under Expenditures</i>	(643,024)	(566,925)	(451,511)	115,414
Other Financing Sources				
Transfers In	452,650	584,271	566,427	(17,844)
<i>Net Change in Fund Balance</i>	(190,374)	17,346	114,916	97,570
<i>Fund Balance (Deficit) Beginning of Year</i>	(52,035)	(52,035)	(52,035)	0
Prior Year Encumbrances Appropriated	197	197	197	0
<i>Fund Balance (Deficit) End of Year</i>	(\$242,212)	(\$34,492)	\$63,078	\$97,570

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$346,928	\$363,679	\$364,605	\$926
Intergovernmental	47,465	49,750	49,884	134
Other	4,790	2,110	5,034	2,924
<i>Total Revenues</i>	399,183	415,539	419,523	3,984
Expenditures				
Current:				
Security of Persons and Property	265,445	293,034	252,768	40,266
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	5,992	5,992	5,988	4
Total Debt Service	40,992	40,992	40,988	4
<i>Total Expenditures</i>	306,437	334,026	293,756	40,270
<i>Net Change in Fund Balance</i>	92,746	81,513	125,767	44,254
<i>Fund Balance Beginning of Year</i>	15,657	15,657	15,657	0
Prior Year Encumbrances Appropriated	1,429	1,429	1,429	0
<i>Fund Balance End of Year</i>	\$109,832	\$98,599	\$142,853	\$44,254

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$278,966	\$287,740	\$288,453	\$713
Charges for Services	202,003	192,000	208,873	16,873
Intergovernmental	47,148	49,416	48,751	(665)
Other	766	675	792	117
<i>Total Revenues</i>	528,883	529,831	546,869	17,038
Expenditures				
Current:				
Security of Persons and Property	592,026	679,349	605,422	73,927
<i>Net Change in Fund Balance</i>	(63,143)	(149,518)	(58,553)	90,965
<i>Fund Balance Beginning of Year</i>	220,166	220,166	220,166	0
Prior Year Encumbrances Appropriated	3,799	3,799	3,799	0
<i>Fund Balance End of Year</i>	<u>\$160,822</u>	<u>\$74,447</u>	<u>\$165,412</u>	<u>\$90,965</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Fund Net Assets
Internal Service Fund
December 31, 2004

Assets

Equity in Pooled Cash and Cash Equivalents	\$116,191
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Liabilities

Claims Payable	<u>68,542</u>
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Net Assets

Unrestricted	<u><u>\$47,649</u></u>
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See accompanying notes to the basic financial statements

City of Norton, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Year Ended December 31, 2004*

Operating Revenues	
Charges for Services	<u>\$608,792</u>
Operating Expenses	
Purchased Services	188,010
Claims	<u>243,031</u>
<i>Total Operating Expenses</i>	<u>431,041</u>
<i>Operating Income</i>	177,751
<i>Net Assets Beginning of Year</i>	<u>(130,102)</u>
<i>Net Assets End of Year</i>	<u><u>\$47,649</u></u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2004

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Transactions with Other Funds	\$608,792
Cash Payments for Goods and Services	(188,010)
Cash Payments for Claims	<u>(304,591)</u>

Net Increase in Cash and Cash Equivalents 116,191

Cash and Cash Equivalents Beginning of Year 0

Cash and Cash Equivalents End of Year \$116,191

Reconciliation of Operating Income to

Net Cash Provided by Operating Activities

Operating Income \$177,751

Adjustments to Reconcile Operating Income to

Net Cash Provided by Operating Activities

Increase/(Decrease) in Liabilities:

 Claims Payable (61,560)

Net Cash Provided by Operating Activities \$116,191

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2004

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$112,428</u></u>
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Liabilities

Undistributed Assets	<u><u>\$112,428</u></u>
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See accompanying notes to the basic financial statements

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

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

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

B. Fund Accounting

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

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

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

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

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

The Meadows at Johnson Capital Projects Fund The Meadows at Johnson fund accounts for note proceeds used to construct roads in the Meadows at Johnson area.

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

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

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

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

C. Measurement Focus

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

During 2004, investments were limited to overnight repurchase agreements, reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue is distributed to the general fund, certain special revenue funds, debt service funds and certain capital projects funds. Interest revenue credited to the general fund during 2004 amounted to \$33,414, which includes \$6,856 assigned from other City funds.

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

G. Inventory

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, 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 in which services are consumed.

I. Capital Assets

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

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

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

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

The City's infrastructure consists of water lines and sanitary sewer lines and includes infrastructure acquired prior to December 31, 1980.

J. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Long term interfund loans are reported as "loans to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute "available expendable resources" since they are not a component of net current assets. Interfund balance amounts are eliminated in the statement of net assets.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

N. Operating Revenues and Expenses

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

O. Interfund Activity

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

City of Norton, Ohio
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P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$3,784,170 of restricted net assets, of which \$679,205 is restricted by enabling legislation. Net assets restricted for other purposes include the computerization of the mayor's court and federal emergency management services.

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

Q. Extraordinary and Special Items

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

R. Estimates

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

Note 3 – Accountability and Compliance

A. Accountability

The Community Center special revenue fund, the Greenwich Road special revenue fund, the Brentwood Water special revenue fund, the The Meadows at Johnson capital projects fund and the Gardner OPWC capital projects fund had deficit fund balances of \$1,942, \$11, \$15,005, \$125,768 and \$80,353, respectively. The deficit fund balances in the special revenue funds are due to the recognition of accrued liabilities. The general fund is liable for any deficit balance and provides operating transfers when cash is required, not when accruals occur. The deficit fund balances in the capital projects funds are a result of the issuance of short-term notes. The deficit will be eliminated once bonds are issued and the notes are paid.

B. Compliance

The City had negative cash balances in the following funds indicating that revenues from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10:

Greenwich Road	\$11
Community Center	1,942
Brentwood Water	5,112

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Contrary to Section 5705.39, Ohio Revised Code, the following funds had original appropriations in excess of estimated revenues and carryover balances:

	Estimated Revenue Plus Carryover Balances	Appropriations	Excess
General Fund	\$4,260,148	\$4,298,065	(\$37,917)
<i>Special Revenue Funds:</i>			
Street Construction, Maintenance and Repair	878,162	1,120,374	(242,212)

Contrary to Section 5705.39, Ohio Revised Code, the following funds had final appropriations in excess of estimated revenues and carryover balances:

	Estimated Revenue Plus Carryover Balances	Appropriations	Excess
<i>Special Revenue Funds:</i>			
Street Construction, Maintenance and Repair	\$1,068,982	\$1,103,474	(\$34,492)
Community Center	31,125	38,515	(7,390)
Greenwich Road	1,801	2,000	(199)
Brentwood Water	5,000	7,200	(2,200)
<i>Capital Projects Fund:</i>			
Equipment	351,738	400,000	(48,262)

Although these budgetary violations were not corrected by year end, management has indicated that appropriations will be closely monitored to ensure no further violations.

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

For 2004, the City has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”, GASB Statement No. 41, “Budgetary Comparison Schedules – Perspective Differences”, GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation”, GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers”, and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

City of Norton, Ohio
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GASB Statement No. 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City's programs between governmental and business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2003, caused by the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the City's legally adopted budget.

GASB Statement No. 46 clarifies how enabling legislation should be defined for determining restricted net assets.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Restatement of Fund Balance The new standards for reporting fund obligations for compensated absences in GASB Interpretation No. 6 caused changes in previously reported fund balances as did fund reclassifications based on the new guidance provided in GASB Statement No. 34. These restatements had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

City of Norton, Ohio
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	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement	The Meadows at Johnson	Nonmajor	Total
Fund Balances,								
December 31, 2003	\$693,376	(\$34,880)	\$9,026	\$200,434	\$10,767	\$0	\$1,488,219	\$2,366,942
Notes Payable	0	0	0	0	0	0	468,000	468,000
Accrued Interest Payable	0	0	0	0	0	(2,493)	0	(2,493)
Fund Reclassification	130,102	0	0	0	0	0	0	130,102
Technical Bulletin 2004-2	(74,658)	(15,243)	(7,269)	(8,368)	0	0	(592)	(106,130)
Restated Fund Balance								
December 31, 2003	<u>\$748,820</u>	<u>(\$50,123)</u>	<u>\$1,757</u>	<u>\$192,066</u>	<u>\$10,767</u>	<u>(\$2,493)</u>	<u>\$1,955,627</u>	<u>\$2,856,421</u>
GASB 34 Adjustments:								
Capital Assets								9,836,338
Accrued Interest								(12,362)
Internal Service Fund								(130,102)
Long-Term Liabilities:								
Compensated Absences								(590,737)
Bonds Payable								(4,505,000)
Notes Payable								(468,000)
Capital Leases Payable								(8,391)
Long-Term (Deferred) Assets								<u>1,536,214</u>
Governmental Activities Net Assets, December 31, 2003								<u><u>\$8,514,381</u></u>

The City's self insurance activity was previously reported in the general fund. This activity has been reclassified into an internal service fund with a deficit fund balance of \$130,102 as of December 31, 2003.

Note 5 - Budgetary Basis of Accounting

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

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

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

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Net Change in Fund Balances

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service
GAAP Basis	\$46,104	\$315,198	\$122,849	(\$82,057)
Net Adjustment for Revenue Accruals	98,276	(164,603)	(1,400)	0
Net Adjustment for Expenditure Accruals	127,120	(6,098)	4,753	25,184
Adjustments for Encumbrances	(53,124)	(29,581)	(435)	(1,680)
Budget Basis	<u>\$218,376</u>	<u>\$114,916</u>	<u>\$125,767</u>	<u>(\$58,553)</u>

Note 6 - Deposits and Investments

State statutes classify monies held by the City 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 City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director 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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Norton, Ohio
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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 two percent 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 division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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

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

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Cash on Hand At year end, the City had \$1,250 in undeposited cash on hand which is included on the basic financial statements of the City as part of "equity in pooled cash and cash equivalents."

Deposits At year end, the carrying amount of the City's deposits was \$2,893,494 and the bank balance was \$3,364,642. Of the bank balance:

1. \$300,000 was covered by federal depository insurance;
2. \$3,064,642 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

City of Norton, Ohio
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Investments The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreement	\$345,000	\$345,000	\$345,000

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined as investments with an original maturity of three months or less. Reconciliation between the classification of cash and investments on the basic financial statements and the classifications per GASB Statement No. 3, is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,239,744	\$0
Cash On Hand	(1,250)	0
Investments:		
Repurchase Agreement	(345,000)	345,000
GASB Statement No. 3	\$2,893,494	\$345,000

Note 7 - Receivables

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, interest, interfund receivables for services provided and accounts (billings for user charged services).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$843,332 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is \$25,173.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

City of Norton, Ohio
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Public utility real and tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventories.

The full tax rate for all City operations for the year ended December 31, 2004, was \$6.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Estate	\$230,526,020
Public Utility Property	6,977,590
Tangible Personal	<u>22,835,501</u>
Total Assessed Value	<u><u>\$260,339,111</u></u>

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

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 at September 20.

The Summit County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Norton. The County Fiscal Officer periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2004 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while the remainder of the receivable is deferred.

B. Income Tax

The City levies a municipal income tax of 1.50 percent on salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. Residents of the City are granted a credit of one hundred percent for taxes paid to other municipalities. In November, voters passed an increase to the municipal income tax of .5 percent, to become effective January 1, 2005.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds for 2004, after income tax department expenditures, are credited to the general fund. Beginning in 2005,

City of Norton, Ohio
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income tax proceeds, after income tax department expenditures, will be credited to the following funds: 71.85 percent to the general fund, 17.95 percent to the street construction, maintenance and repair special revenue fund, 8.25 percent to the general obligation bond retirement debt service fund, 1.20 percent to the equipment capital projects fund and .75 percent to the buildings capital projects fund.

C. Intergovernmental Receivables

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

	<u>Amounts</u>
Local Government	\$387,226
Gasoline Tax	231,234
Motor Vehicle License Registration	72,431
Homestead and Rollback	64,263
Grants	13,181
Estate Tax	3,395
Permissive Motor Vehicle License Tax	<u>2,841</u>
Total	<u><u>\$774,571</u></u>

Note 8 - Contingencies

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2004.

B. Litigation

The City is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City except for a City of Barberton claim for income tax sharing under its 1997 water and sewer service agreement with the City of Norton under a Joint Economic Development Zone Agreement for a share of income tax collected by the City of Norton on businesses that are located in certain Joint Economic Development Zones after May, 1997. Unpaid income tax estimated at \$200,000 is outstanding at year end.

City of Norton, Ohio
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Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$330,122	\$0	\$0	\$330,122
Construction in Progress	16,320	163,785	(180,105)	0
<i>Total Capital Assets, not being depreciated</i>	<u>346,442</u>	<u>163,785</u>	<u>(180,105)</u>	<u>330,122</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	1,549,803	0	0	1,549,803
Equipment, Furniture and Fixtures	2,153,229	54,035	0	2,207,264
Vehicles	2,553,866	0	(190,700)	2,363,166
Infrastructure				
Water Lines	1,975,830	180,105	0	2,155,935
Sanitary Sewer Lines	3,760,653	0	0	3,760,653
<i>Total Capital Assets, being depreciated</i>	<u>11,993,381</u>	<u>234,140</u>	<u>(190,700)</u>	<u>12,036,821</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(566,000)	(20,664)	0	(586,664)
Equipment, Furniture and Fixtures	(702,064)	(180,329)	0	(882,393)
Vehicles	(847,118)	(147,945)	190,700	(804,363)
Infrastructure				
Water Lines	(278,144)	(21,560)	0	(299,704)
Sanitary Sewer Lines	(110,159)	(37,607)	0	(147,766)
Total Accumulation Depreciation	<u>(2,503,485)</u>	<u>(408,105) *</u>	<u>190,700</u>	<u>(2,720,890)</u>
Total Capital Assets being depreciated, net	<u>9,489,896</u>	<u>(173,965)</u>	<u>0</u>	<u>9,315,931</u>
Governmental Activities Capital Assets, Net	<u>\$9,836,338</u>	<u>(\$10,180)</u>	<u>(\$180,105)</u>	<u>\$9,646,053</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$72,787
Security of Persons and Property:	
Police	45,781
Fire/EMS	120,422
Transportation	90,481
Community Environment	821
Public Health Services	60,534
Leisure Time Activities	17,279
Total Depreciation Expense	<u>\$408,105</u>

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Note 10 – Notes Payable

A summary of the note transactions for the year ended December 31, 2004, follows:

	Outstanding 12/31/2003	Issued	Retired	Outstanding 12/31/2004
The Meadows at Johnson Notes	\$510,000	\$524,000	\$510,000	\$524,000
Johnson Waterline Notes	0	67,000	0	67,000
Service Equipment Notes	0	25,000	0	25,000
Gardner Phase I Notes	0	160,000	0	160,000
Total	<u>\$510,000</u>	<u>\$776,000</u>	<u>\$510,000</u>	<u>\$776,000</u>

All of the notes are bond anticipation notes which are backed by the full faith and credit of the City. The Meadows at Johnson notes mature October 31, 2005, the Johnson Waterline and Service Equipment notes mature February 20, 2005 and the Gardner Phase I notes mature June 18, 2005. The note liability is reflected in the fund which received the proceeds and will repay the debt.

Note 11 - Long-Term Obligations

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds</i>				
Street Improvement	2003	2.00 %	\$570,000	December 1, 2018
Police Cruisers	2003	2.00	55,000	December 1, 2008
Police Radio System	2003	2.00	415,000	December 1, 2018
Road Program	2003	2.00	520,000	December 1, 2018
Ballfields	2003	2.00	260,000	December 1, 2023
Gardner Engineering	2003	2.00	215,000	December 1, 2023
Barber Road Sanitary Sewer	2003	2.00	1,496,940	December 1, 2023
<i>Special Assessment Bonds</i>				
1996 Special Assessments	1996	6.60	122,000	December 1, 2016
Barber Road Special Assessments	2003	2.00	888,060	December 1, 2023
<i>Long-Term Notes</i>				
Johnson Waterline	2004	2.09	110,000	February 20, 2005
Fire Pumper	2002	4.28	175,000	October 31, 2007
Service Equipment	2004	2.09	125,000	February 20, 2005

City of Norton, Ohio
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A schedule of changes in bonds and other long-term obligations of the City during 2004 follows:

	Amounts Outstanding 12/31/03	Additions	Reductions	Amounts Outstanding 12/31/04	Amounts Due in One Year
<i>General Obligation Bonds:</i>					
Street Improvement	\$570,000	\$0	(\$30,000)	\$540,000	\$35,000
Police Cruisers	55,000	0	(10,000)	45,000	10,000
Police Radio System	415,000	0	(25,000)	390,000	25,000
Road Program	520,000	0	(30,000)	490,000	30,000
Ballfields	260,000	0	(10,000)	250,000	10,000
Gardner Engineering	215,000	0	(10,000)	205,000	10,000
Barber Road Sanitary Sewer	1,496,940	0	(45,272)	1,451,668	57,627
<i>Total General Obligation Bonds</i>	<u>3,531,940</u>	<u>0</u>	<u>(160,272)</u>	<u>3,371,668</u>	<u>177,627</u>
<i>Long-Term Notes:</i>					
Fire Pumper Tax Anticipation Note	140,000	0	(35,000)	105,000	35,000
Johnson Waterline	178,000	110,000	(178,000)	110,000	0
Service Equipment	150,000	125,000	(150,000)	125,000	0
<i>Total Long-Term Notes</i>	<u>468,000</u>	<u>235,000</u>	<u>(363,000)</u>	<u>340,000</u>	<u>35,000</u>
<i>Special Assessment Bonds:</i>					
1996 Special Assessment	85,000	0	(5,000)	80,000	5,000
Barber Road Special Assessment	888,060	0	(44,728)	843,332	35,373
<i>Total Special Assessment Bonds</i>	<u>973,060</u>	<u>0</u>	<u>(49,728)</u>	<u>923,332</u>	<u>40,373</u>
Capital Leases	8,391	6,000	(4,835)	9,556	5,311
Compensated Absences	590,737	46,292	0	637,029	245,278
<i>Total Governmental Long-Term Liabilities</i>	<u>\$5,572,128</u>	<u>\$287,292</u>	<u>(\$577,835)</u>	<u>\$5,281,585</u>	<u>\$503,589</u>

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The City's overall debt margin was \$22,904,341 and the unvoted legal debt margin was \$9,887,385 at December 31, 2004. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2004, are as follows:

	General Obligation Bonds		Special Assessment Bonds		Fire Pumper Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$177,627	\$101,384	\$40,373	\$32,916	\$35,000	\$4,494
2006	179,036	97,675	40,964	31,995	35,000	2,996
2007	182,765	94,647	42,235	30,393	35,000	1,498
2008	187,765	90,247	42,235	30,063	0	0
2009	177,174	86,337	42,826	29,143	0	0
2010-2014	958,436	360,947	241,564	123,000	0	0
2015-2019	986,881	202,017	263,119	73,905	0	0
2020-2024	521,984	52,559	210,016	22,041	0	0
Total	\$3,371,668	\$1,085,813	\$923,332	\$373,456	\$105,000	\$8,988

Note 12 – Capital Lease

The City entered into capital leases for an airlift jack and a tire changer. The City's lease obligations meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases." Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized and depreciated as follows as of December 31, 2004:

Governmental Activities

Capital Assets, being depreciated:

Equipment, Furniture and Fixtures	\$18,728
Less Accumulated Depreciation:	
Equipment, Furniture and Fixtures	(2,400)
<i>Capital Assets, Net</i>	\$16,328

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2004.

Year Ending December 30,	Governmental Activities
2005	\$5,949
2006	4,083
2007	366
Total Minimum Lease Payments	10,398
Less: Amounts Representing Interest	(842)
Present Value of Minimum Lease Payments	\$9,556

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

Note 13 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2004, the City contracted with several insurance companies for various types of insurance. The coverage and deductible are as follows:

Company	Type of Coverage	Deductible
Ohio Casualty Insurance	Bond - Public Employees	\$0
	Bond - Finance Director	0
	Bond - Mayor	0
	Bond - Administrator	0
	Bond - Clerk of Mayor's Court	0
United National Insurance	Public Officials Liability	25,000
	Law Enforcement Liability	25,000
Transcontinental Insurance	Commercial Property	1,000
	Inland Marine	1,000
	General Liability	1,000
	Commercial Crime	500
	Ambulance and EMT Liability	0
National Fire Insurance of Hartford	Firemen's Errors and Omissions	0
	Automobile Liability	0
	Automobile Comprehensive	500
Clarendon America	Automobile Collision	500
	Umbrella Liability	0

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

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

The City manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health coverage through Benefit Service Claims, the third party administrators of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$20,000 per employee, per year. The premium was \$954 per employee per month.

The claims liability of \$68,542 reported in the self-insurance fund at December 31, 2004, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$83,300	\$456,100	\$409,298	\$130,102
2004	130,102	243,031	304,591	68,542

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

Note 14 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System (OPERS)

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$156,729, \$135,659 and \$130,794, respectively; 97.13 percent has been contributed for 2004 and 100 percent for 2003 and 2002. There were no contributions made to the member-directed plan for 2004.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$116,653 and \$36,114 for the year ended December 31, 2004, \$172,637 and

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

\$48,857 for the year ended December 31, 2003 and \$172,434 and \$42,501 for the year ended December 31, 2002 equal to the required contributions for each year. The full amount has been contributed for 2003 and 2002. 94.88 percent and 88.93 percent, respectively, have been contributed for 2004.

Note 15 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$65,646. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$76,941 for police and \$17,224 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

Note 16 – Compensated Absences

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

Employees earn sick leave at the rate of 10 hours per month of service. Sick leave accumulation is unlimited, but upon retirement or death, an employee with ten years of service or more can be paid twenty-five percent of accumulated, unused sick leave within certain limitations.

Note 17 - Interfund Transfers and Balances

A. Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

Transfer To	Transfer From		
	<u>General</u>	<u>Nonmajor</u>	<u>Totals</u>
<i>Governmental Activities</i>			
General	\$0	\$363,074	\$363,074
Street Construction,			
Maintenance and Repair	514,190	52,237	566,427
Special Assessment Bond Retirement	104,540	5,160	109,700
Meadows at Johnson	0	181	181
Nonmajor Funds	<u>252,526</u>	<u>141,935</u>	<u>394,461</u>
Total	<u><u>\$871,256</u></u>	<u><u>\$562,587</u></u>	<u><u>\$1,433,843</u></u>

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2004

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

B. Balances

The general fund reported an interfund receivable of \$7,065 and the Community Center, Greenwich Road and Brentwood Water special revenue funds reported interfund payables of \$1,942, \$11 and \$5,112, respectively, at December 31, 2004. These advances were made to cover negative cash balances.

Note 18 – Joint Economic Development Zones

In an effort to promote regional growth and economic development, the City has entered into a contract with the City of Barberton to create Joint Economic Development Zones (JEDZ). The agreement became effective on April 30, 1996. Per the agreement, the City collects a 1.5 percent income tax from the businesses located within the JEDZ. A portion of the proceeds of that tax are allocated, in accordance with the contract, to the City of Barberton. In exchange, the City of Barberton provides water and sanitary sewer service to the businesses in the JEDZ and maintains the water and sanitary sewer lines within the JEDZ.

Note 19 – Subsequent Events

On February 20, 2005, the City refinanced \$235,000 in bond anticipation notes. \$110,000 was issued for the Johnson waterline construction project and \$125,000 was issued to purchase equipment for the street department. Both issues were rolled into one note. The note had a 3.34 percent interest rate and matures in one year.

On February 28, 2005, City Council passed an ordinance to authorize the City to enter into a contract with Central Collection Agency for the collection of municipal income taxes, effective July 1, 2005.

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

Environmental and Natural Resources Fund To account for monies used for legal services to prevent the disposal of hazardous wastes.

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

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

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

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

Federal Emergency Management Assistance Fund To account for funds provided by grants to pay for storm damage in the event of emergencies.

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

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

Water System Fund To account for water line maintenance fees.

Sanitary Sewer Fund To account for sewer line maintenance fees.

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

Nonmajor Debt Service Fund

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

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

Nonmajor Capital Projects Funds

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

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

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

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Waterlines Fund To account for intergovernmental revenues and expenditures designated for construction of City water lines.

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

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

Gardner OPWC Fund To account for OPWC grants and expenses for water line construction.

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$324,673	\$4,131	\$1,444,913	\$1,773,717
Accounts Receivable	76,132	0	14,790	90,922
Intergovernmental Receivable	27,335	0	0	27,335
Taxes Receivable	73,402	67,904	16,050	157,356
Special Assessments Receivable	0	0	15,914	15,914
<i>Total Assets</i>	<u>\$501,542</u>	<u>\$72,035</u>	<u>\$1,491,667</u>	<u>\$2,065,244</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$160	\$0	\$9,331	\$9,491
Intergovernmental Payable	10,690	0	0	10,690
Notes Payable	0	0	252,000	252,000
Interfund Payable	7,065	0	0	7,065
Accrued Interest Payable	0	0	2,989	2,989
Deferred Revenue	92,776	15,633	19,609	128,018
<i>Total Liabilities</i>	<u>110,691</u>	<u>15,633</u>	<u>283,929</u>	<u>410,253</u>
Fund Balances				
Reserved for Encumbrances	5,369	0	726,985	732,354
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	385,482	0	0	385,482
Debt Service Fund	0	56,402	0	56,402
Capital Projects Funds	0	0	480,753	480,753
<i>Total Fund Balances</i>	<u>390,851</u>	<u>56,402</u>	<u>1,207,738</u>	<u>1,654,991</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$501,542</u>	<u>\$72,035</u>	<u>\$1,491,667</u>	<u>\$2,065,244</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$68,787	\$0	\$0	\$68,787
Municipal Income Tax	0	52,271	12,355	64,626
Charges for Services	198,102	0	63,909	262,011
Special Assessments	0	0	10,932	10,932
Fines and Forfeitures	56,240	0	0	56,240
Intergovernmental	143,304	0	61,654	204,958
Other	37,495	0	9,546	47,041
<i>Total Revenues</i>	<u>503,928</u>	<u>52,271</u>	<u>158,396</u>	<u>714,595</u>
Expenditures				
Current:				
General Government	37,407	0	0	37,407
Security of Persons and Property:				
Police	117,412	0	0	117,412
Transportation	89,252	0	0	89,252
Community Environment	19,086	0	0	19,086
Public Health Services	59,445	0	0	59,445
Leisure Time Activities	32,139	0	0	32,139
Capital Outlay	0	0	215,332	215,332
Debt Service:				
Principal Retirement	0	443,000	0	443,000
Interest and Fiscal Charges	0	66,043	2,989	69,032
<i>Total Expenditures</i>	<u>354,741</u>	<u>509,043</u>	<u>218,321</u>	<u>1,082,105</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>149,187</u>	<u>(456,772)</u>	<u>(59,925)</u>	<u>(367,510)</u>
Other Financing Sources (Uses)				
Notes Issued	0	235,000	0	235,000
Transfers In	34,643	278,354	81,464	394,461
Transfers Out	(360,517)	(181)	(201,889)	(562,587)
Total Other Financing Sources (Uses)	<u>(325,874)</u>	<u>513,173</u>	<u>(120,425)</u>	<u>66,874</u>
<i>Net Change in Fund Balances</i>	(176,687)	56,401	(180,350)	(300,636)
<i>Fund Balances Beginning of Year</i>	<u>567,538</u>	<u>1</u>	<u>1,388,088</u>	<u>1,955,627</u>
<i>Fund Balances End of Year</i>	<u><u>\$390,851</u></u>	<u><u>\$56,402</u></u>	<u><u>\$1,207,738</u></u>	<u><u>\$1,654,991</u></u>

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$14,061	\$63,326	\$2,836	\$662
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	22,989	0	0	0
Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$37,050</u>	<u>\$63,326</u>	<u>\$2,836</u>	<u>\$662</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Intergovernmental Payable	0	0	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	15,028	0	0	0
<i>Total Liabilities</i>	<u>15,028</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	0	4,369	0	0
Unreserved, Undesignated (Deficit)	22,022	58,957	2,836	662
<i>Total Fund Balances (Deficit)</i>	<u>22,022</u>	<u>63,326</u>	<u>2,836</u>	<u>662</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$37,050</u>	<u>\$63,326</u>	<u>\$2,836</u>	<u>\$662</u>

<u>Law Enforcement</u>	<u>DWI Enforcement and Education</u>	<u>Community Center</u>	<u>Greenwich Road</u>	<u>Cemetery</u>
\$16,488	\$22,848	\$0	\$0	\$10,955
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$16,488</u>	<u>\$22,848</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,955</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	1,942	11	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>1,942</u>	<u>11</u>	<u>0</u>
0	0	400	0	0
16,488	22,848	(2,342)	(11)	10,955
<u>16,488</u>	<u>22,848</u>	<u>(1,942)</u>	<u>(11)</u>	<u>10,955</u>
<u>\$16,488</u>	<u>\$22,848</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,955</u>

(continued)

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
December 31, 2004

	Special Event	Recycling	Scrap Tire	Police and Fire Disability and Pension
Assets				
Equity in Pooled Cash and Cash Equivalents	\$318	\$1,361	\$1,619	\$7,954
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	4,346
Taxes Receivable	0	0	0	73,402
<i>Total Assets</i>	<u>\$318</u>	<u>\$1,361</u>	<u>\$1,619</u>	<u>\$85,702</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Intergovernmental Payable	0	0	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	0	0	0	77,748
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>77,748</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	318	1,361	1,619	7,954
<i>Total Fund Balances (Deficit)</i>	<u>318</u>	<u>1,361</u>	<u>1,619</u>	<u>7,954</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$318</u>	<u>\$1,361</u>	<u>\$1,619</u>	<u>\$85,702</u>

Mayor's Court	Water System	Sanitary Sewer	Brentwood Water	Total Nonmajor Special Revenue Funds
\$17,954	\$33,978	\$130,313	\$0	\$324,673
2,260	37,732	36,140	0	76,132
0	0	0	0	27,335
0	0	0	0	73,402
<u>\$20,214</u>	<u>\$71,710</u>	<u>\$166,453</u>	<u>\$0</u>	<u>\$501,542</u>
\$160	\$0	\$0	\$0	\$160
797	0	0	9,893	10,690
0	0	0	5,112	7,065
0	0	0	0	92,776
<u>957</u>	<u>0</u>	<u>0</u>	<u>15,005</u>	<u>110,691</u>
0	300	300	0	5,369
19,257	71,410	166,153	(15,005)	385,482
<u>19,257</u>	<u>71,710</u>	<u>166,453</u>	<u>(15,005)</u>	<u>390,851</u>
<u>\$20,214</u>	<u>\$71,710</u>	<u>\$166,453</u>	<u>\$0</u>	<u>\$501,542</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	2,088	0
Intergovernmental	44,433	70,115	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>44,433</u>	<u>70,115</u>	<u>2,088</u>	<u>0</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property:				
Police	0	0	270	672
Transportation	33,871	55,381	0	0
Community Environment	0	0	0	0
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>33,871</u>	<u>55,381</u>	<u>270</u>	<u>672</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>10,562</u>	<u>14,734</u>	<u>1,818</u>	<u>(672)</u>
Other Financing Sources (Uses)				
Transfers In	4,235	0	0	0
Transfers Out	0	(56,472)	0	0
Total Other Financing Sources (Uses)	<u>4,235</u>	<u>(56,472)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	14,797	(41,738)	1,818	(672)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>7,225</u>	<u>105,064</u>	<u>1,018</u>	<u>1,334</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$22,022</u></u>	<u><u>\$63,326</u></u>	<u><u>\$2,836</u></u>	<u><u>\$662</u></u>

<u>Law Enforcement</u>	<u>DWI Enforcement and Education</u>	<u>Environmental and Natural Resources</u>	<u>Community Center</u>	<u>Greenwich Road</u>	<u>Cemetery</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	1,713
21,866	4,502	0	0	0	0
0	0	0	0	0	0
0	0	0	9,175	1	0
<u>21,866</u>	<u>4,502</u>	<u>0</u>	<u>9,175</u>	<u>1</u>	<u>1,713</u>
0	0	0	0	0	0
12,124	8,296	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	7,204
0	0	0	30,327	1,812	0
<u>12,124</u>	<u>8,296</u>	<u>0</u>	<u>30,327</u>	<u>1,812</u>	<u>7,204</u>
<u>9,742</u>	<u>(3,794)</u>	<u>0</u>	<u>(21,152)</u>	<u>(1,811)</u>	<u>(5,491)</u>
0	0	0	24,590	4,018	0
0	0	(304,045)	0	0	0
0	0	(304,045)	24,590	4,018	0
9,742	(3,794)	(304,045)	3,438	2,207	(5,491)
6,746	26,642	304,045	(5,380)	(2,218)	16,446
<u>\$16,488</u>	<u>\$22,848</u>	<u>\$0</u>	<u>(\$1,942)</u>	<u>(\$11)</u>	<u>\$10,955</u>

(continued)

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2004

	Special Event	Federal Emergency Management Assistance	Recycling	Scrap Tire
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	19,086	0	0
Other	6,986	0	0	0
<i>Total Revenues</i>	<u>6,986</u>	<u>19,086</u>	<u>0</u>	<u>0</u>
Expenditures				
Current:				
General Government	6,668	0	0	0
Security of Persons and Property:				
Police	0	0	0	0
Transportation	0	0	0	0
Community Environment	0	19,086	0	0
Public Health Services	0	0	0	192
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>6,668</u>	<u>19,086</u>	<u>0</u>	<u>192</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>318</u>	<u>0</u>	<u>0</u>	<u>(192)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	318	0	0	(192)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>1,361</u>	<u>1,811</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$318</u></u>	<u><u>\$0</u></u>	<u><u>\$1,361</u></u>	<u><u>\$1,619</u></u>

Police and Fire Disability and Pension	Mayor's Court	Water System	Sanitary Sewer	Brentwood Water	Total Nonmajor Special Revenue Funds
\$68,787	\$0	\$0	\$0	\$0	\$68,787
0	0	56,272	140,117	0	198,102
0	27,784	0	0	0	56,240
9,670	0	0	0	0	143,304
0	0	0	21,333	0	37,495
<u>78,457</u>	<u>27,784</u>	<u>56,272</u>	<u>161,450</u>	<u>0</u>	<u>503,928</u>
0	30,739	0	0	0	37,407
96,050	0	0	0	0	117,412
0	0	0	0	0	89,252
0	0	0	0	0	19,086
0	0	4,362	32,682	15,005	59,445
0	0	0	0	0	32,139
<u>96,050</u>	<u>30,739</u>	<u>4,362</u>	<u>32,682</u>	<u>15,005</u>	<u>354,741</u>
<u>(17,593)</u>	<u>(2,955)</u>	<u>51,910</u>	<u>128,768</u>	<u>(15,005)</u>	<u>149,187</u>
0	0	1,800	0	0	34,643
0	0	0	0	0	(360,517)
0	0	1,800	0	0	(325,874)
(17,593)	(2,955)	53,710	128,768	(15,005)	(176,687)
25,547	22,212	18,000	37,685	0	567,538
<u>\$7,954</u>	<u>\$19,257</u>	<u>\$71,710</u>	<u>\$166,453</u>	<u>(\$15,005)</u>	<u>\$390,851</u>

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Streets, Highways and Bridges</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$328,104	\$0	\$345,813	\$433,367
Accounts Receivable	14,790	0	0	0
Taxes Receivable	0	6,173	9,877	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$342,894</u>	<u>\$6,173</u>	<u>\$355,690</u>	<u>\$433,367</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Notes Payable	0	0	0	25,000
Accrued Interest Payable	0	0	0	0
Deferred Revenue	0	1,421	2,274	0
<i>Total Liabilities</i>	<u>0</u>	<u>1,421</u>	<u>2,274</u>	<u>25,000</u>
Fund Balances				
Reserved for Encumbrances	262,018	0	345,812	4,235
Unreserved, Undesignated (Deficit)	80,876	4,752	7,604	404,132
<i>Total Fund Balances (Deficit)</i>	<u>342,894</u>	<u>4,752</u>	<u>353,416</u>	<u>408,367</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$342,894</u>	<u>\$6,173</u>	<u>\$355,690</u>	<u>\$433,367</u>

<u>Storm Sewers</u>	<u>Waterlines</u>	<u>Sanitary Sewers</u>	<u>Gardner Issue II</u>	<u>Gardner OPWC</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$25,808	\$75,724	\$11,254	\$143,436	\$81,407	\$1,444,913
0	0	0	0	0	14,790
0	0	0	0	0	16,050
0	0	15,914	0	0	15,914
<u>\$25,808</u>	<u>\$75,724</u>	<u>\$27,168</u>	<u>\$143,436</u>	<u>\$81,407</u>	<u>\$1,491,667</u>
\$9,331	\$0	\$0	\$0	\$0	\$9,331
0	67,000	0	0	160,000	252,000
0	1,229	0	0	1,760	2,989
0	0	15,914	0	0	19,609
<u>9,331</u>	<u>68,229</u>	<u>15,914</u>	<u>0</u>	<u>161,760</u>	<u>283,929</u>
20,589	0	0	22,363	71,968	726,985
(4,112)	7,495	11,254	121,073	(152,321)	480,753
<u>16,477</u>	<u>7,495</u>	<u>11,254</u>	<u>143,436</u>	<u>(80,353)</u>	<u>1,207,738</u>
<u>\$25,808</u>	<u>\$75,724</u>	<u>\$27,168</u>	<u>\$143,436</u>	<u>\$81,407</u>	<u>\$1,491,667</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Streets, Highways and Bridges</u>
Revenues				
Municipal Income Tax	\$0	\$4,752	\$7,603	\$0
Charges for Services	56,689	0	0	0
Special Assessments	0	0	0	0
Intergovernmental	0	0	0	0
Other	9,446	0	0	0
<i>Total Revenues</i>	<u>66,135</u>	<u>4,752</u>	<u>7,603</u>	<u>0</u>
Expenditures				
Capital Outlay	18,213	0	5,926	12,922
Debt Service:				
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>18,213</u>	<u>0</u>	<u>5,926</u>	<u>12,922</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>47,922</u>	<u>4,752</u>	<u>1,677</u>	<u>(12,922)</u>
Other Financing Sources (Uses)				
Transfers In	0	7,024	0	0
Transfers Out	(18,263)	(61,584)	0	(25,000)
Total Other Financing Sources (Uses)	<u>(18,263)</u>	<u>(54,560)</u>	<u>0</u>	<u>(25,000)</u>
<i>Net Change in Fund Balances</i>	29,659	(49,808)	1,677	(37,922)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>313,235</u>	<u>54,560</u>	<u>351,739</u>	<u>446,289</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$342,894</u>	<u>\$4,752</u>	<u>\$353,416</u>	<u>\$408,367</u>

<u>Storm Sewers</u>	<u>Waterlines</u>	<u>Sanitary Sewers</u>	<u>Gardner Issue II</u>	<u>Gardner OPWC</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$0	\$0	\$0	\$0	\$0	\$12,355
0	2,060	5,160	0	0	63,909
0	0	10,932	0	0	10,932
0	0	0	0	61,654	61,654
0	0	0	100	0	9,546
0	2,060	16,092	100	61,654	158,396
18,088	0	115	19,821	140,247	215,332
0	1,229	0	0	1,760	2,989
18,088	1,229	115	19,821	142,007	218,321
(18,088)	831	15,977	(19,721)	(80,353)	(59,925)
58,004	12,396	4,040	0	0	81,464
0	(91,882)	(5,160)	0	0	(201,889)
58,004	(79,486)	(1,120)	0	0	(120,425)
39,916	(78,655)	14,857	(19,721)	(80,353)	(180,350)
(23,439)	86,150	(3,603)	163,157	0	1,388,088
<u>\$16,477</u>	<u>\$7,495</u>	<u>\$11,254</u>	<u>\$143,436</u>	<u>(\$80,353)</u>	<u>\$1,207,738</u>

Fund Descriptions - Fiduciary Funds

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

Agency Funds

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

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

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

City of Norton, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2004

	General Agency	Building Standards	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$112,333	\$95	\$112,428
Liabilities			
Undistributed Assets	\$112,333	\$95	\$112,428

City of Norton, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004

	Beginning Balance 12/31/03	Additions	Deductions	Ending Balance 12/31/04
General Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$77,776	\$87,374	\$52,817	\$112,333
Cash and Cash Equivalents in Segregated Accounts	23,761	0	23,761	0
<i>Total Assets</i>	<u>\$101,537</u>	<u>\$87,374</u>	<u>\$76,578</u>	<u>\$112,333</u>
Liabilities				
Undistributed Assets	<u>\$101,537</u>	<u>\$87,374</u>	<u>\$76,578</u>	<u>\$112,333</u>
 Building Standards				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,157</u>	<u>\$621</u>	<u>\$1,683</u>	<u>\$95</u>
Liabilities				
Undistributed Assets	<u>\$1,157</u>	<u>\$621</u>	<u>\$1,683</u>	<u>\$95</u>
 Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$78,933	\$87,995	\$54,500	\$112,428
Cash and Cash Equivalents in Segregated Accounts	23,761	0	23,761	0
<i>Total Assets</i>	<u>\$102,694</u>	<u>\$87,995</u>	<u>\$78,261</u>	<u>\$112,428</u>
Liabilities				
Undistributed Assets	<u>\$102,694</u>	<u>\$87,995</u>	<u>\$78,261</u>	<u>\$112,428</u>

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

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$332,369	\$359,352	\$366,865	\$7,513
Municipal Income Tax	2,325,176	2,577,200	2,566,505	(10,695)
Charges for Services	43,943	63,325	48,504	(14,821)
Licenses, Permits and Fees	85,212	82,992	94,056	11,064
Fines and Forfeitures	166,449	181,000	183,725	2,725
Intergovernmental	800,197	896,242	883,249	(12,993)
Interest	27,720	29,500	30,597	1,097
Other	8,099	12,785	11,657	(1,128)
<i>Total Revenues</i>	<u>3,789,165</u>	<u>4,202,396</u>	<u>4,185,158</u>	<u>(17,238)</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	24,066	23,733	23,727	6
Fringe Benefits	3,280	3,515	3,512	3
Purchased Services	2,100	2,640	2,305	335
Materials and Supplies	1,585	345	156	189
Capital Outlay	500	500	457	43
Total Mayor	<u>31,531</u>	<u>30,733</u>	<u>30,157</u>	<u>576</u>
City Council:				
Salaries and Wages	82,850	83,680	83,680	0
Fringe Benefits	23,435	23,495	23,490	5
Purchased Services	8,695	6,262	5,140	1,122
Materials and Supplies	1,450	1,861	1,817	44
Total City Council	<u>116,430</u>	<u>115,298</u>	<u>114,127</u>	<u>1,171</u>
Mayor's Court:				
Salaries and Wages	37,567	37,637	37,566	71
Fringe Benefits	11,835	12,545	12,521	24
Purchased Services	145	45	45	0
Materials and Supplies	360	760	610	150
Total Mayor's Court	<u>\$49,907</u>	<u>\$50,987</u>	<u>\$50,742</u>	<u>\$245</u>

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance Office:				
Salaries and Wages	\$122,035	\$120,345	\$120,182	\$163
Fringe Benefits	46,880	46,570	46,561	9
Purchased Services	5,350	5,425	5,033	392
Materials and Supplies	1,600	2,407	2,105	302
Capital Outlay	30,500	15,000	12,131	2,869
Total Finance Office	206,365	189,747	186,012	3,735
Public Service:				
Salaries and Wages	36,530	38,680	37,406	1,274
Fringe Benefits	45,530	48,326	48,210	116
Purchased Services	285,850	299,612	276,888	22,724
Materials and Supplies	147,285	135,919	130,721	5,198
Capital Outlay	75,000	75,000	650	74,350
Total Public Service	590,195	597,537	493,875	103,662
Income Tax:				
Salaries and Wages	53,915	54,885	54,850	35
Fringe Benefits	26,042	26,176	26,134	42
Purchased Services	43,700	148,155	128,377	19,778
Materials and Supplies	6,150	12,323	8,919	3,404
Capital Outlay	8,000	2,000	1,969	31
Total Income Tax	137,807	243,539	220,249	23,290
Law Director:				
Salaries and Wages	43,050	42,010	42,000	10
Fringe Benefits	6,305	6,305	6,300	5
Purchased Services	3,200	7,110	5,100	2,010
Total Law Director	52,555	55,425	53,400	2,025
Engineer:				
Salaries and Wages	4,825	4,835	4,833	2
Fringe Benefits	724	736	734	2
Purchased Services	77,897	85,000	85,000	0
Materials and Supplies	250	778	729	49
Total Engineer	\$83,696	\$91,349	\$91,296	\$53

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Administrative Officer:				
Salaries and Wages	\$79,360	\$75,884	\$75,878	\$6
Fringe Benefits	47,445	47,095	47,061	34
Purchased Services	24,650	6,120	3,893	2,227
Materials and Supplies	2,600	2,750	2,599	151
Capital Outlay	500	250	220	30
Total Administrative Officer	154,555	132,099	129,651	2,448
Planning Commission:				
Salaries and Wages	9,398	8,848	8,518	330
Fringe Benefits	1,415	1,335	1,313	22
Purchased Services	115	15	0	15
Materials and Supplies	350	700	493	207
Total Planning Commission	11,278	10,898	10,324	574
Record Retention:				
Salaries and Wages	4,925	1,625	1,069	556
Fringe Benefits	742	147	129	18
Total Record Retention	5,667	1,772	1,198	574
Parks and Recreation Board:				
Salaries and Wages	7,598	6,748	6,718	30
Fringe Benefits	1,140	1,030	1,020	10
Materials and Supplies	50	80	38	42
Total Parks and Recreation Board	8,788	7,858	7,776	82
Building and Zoning Board:				
Salaries and Wages	7,598	7,408	7,318	90
Fringe Benefits	1,140	1,135	1,116	19
Purchased Services	115	15	0	15
Materials and Supplies	100	500	360	140
Total Building and Zoning Board	8,953	9,058	8,794	264
Health Advisory Board:				
Salaries and Wages	1,440	1,230	1,230	0
Fringe Benefits	216	186	181	5
Total Health Advisory Board	\$1,656	\$1,416	\$1,411	\$5

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service Commission:				
Salaries and Wages	\$1,738	\$638	\$137	\$501
Fringe Benefits	266	136	122	14
Purchased Services	100	10	0	10
Materials and Supplies	150	50	5	45
Total Civil Service Commission	2,254	834	264	570
Total General Government	1,461,637	1,538,550	1,399,276	139,274
Security of Persons and Property:				
Police:				
Salaries and Wages	1,231,726	1,199,744	1,163,731	36,013
Fringe Benefits	412,770	393,021	391,830	1,191
Purchased Services	90,830	136,183	114,044	22,139
Materials and Supplies	52,750	56,698	54,226	2,472
Capital Outlay	10,000	10,050	9,150	900
Total Security of Persons and Property	1,798,076	1,795,696	1,732,981	62,715
Community Environment:				
Community Development:				
Salaries and Wages	56,973	55,308	55,305	3
Fringe Benefits	19,545	19,335	19,303	32
Purchased Services	6,100	5,930	4,947	983
Materials and Supplies	100	350	340	10
Total Community Development	82,718	80,923	79,895	1,028
Building:				
Salaries and Wages	107,200	100,600	100,599	1
Fringe Benefits	49,940	47,120	47,072	48
Purchased Services	34,500	27,200	20,746	6,454
Materials and Supplies	3,300	3,600	2,607	993
Total Building	194,940	178,520	171,024	7,496
Total Community Environment	\$277,658	\$259,443	\$250,919	\$8,524

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities:				
Recreation Center:				
Salaries and Wages	\$54,107	\$53,326	\$52,888	\$438
Fringe Benefits	25,292	25,827	25,718	109
Purchased Services	20,165	19,916	16,779	3,137
Materials and Supplies	9,999	7,499	6,223	1,276
Capital Outlay	2,000	100	0	100
Total Leisure Time Activities	111,563	106,668	101,608	5,060
<i>Total Expenditures</i>	3,648,934	3,700,357	3,484,784	215,573
<i>Excess of Revenues Over Expenditures</i>	140,231	502,039	700,374	198,335
Other Financing Sources (Uses)				
Sale of Capital Assets	26,184	26,184	26,184	0
Transfers In	314,828	517,117	363,074	(154,043)
Transfers Out	(649,131)	(1,043,146)	(871,256)	171,890
<i>Total Other Financing Sources (Uses)</i>	(308,119)	(499,845)	(481,998)	17,847
<i>Net Change in Fund Balance</i>	(167,888)	2,194	218,376	216,182
<i>Fund Balance Beginning of Year</i>	122,574	122,574	122,574	0
Prior Year Encumbrances Appropriated	7,397	7,397	7,397	0
<i>Fund Balance (Deficit) End of Year</i>	(\$37,917)	\$132,165	\$348,347	\$216,182

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$29,645	\$36,000	\$37,096	\$1,096
Intergovernmental	410,198	471,399	513,305	41,906
Other	37,507	29,150	46,935	17,785
<i>Total Revenues</i>	477,350	536,549	597,336	60,787
Expenditures				
Current:				
Transportation:				
Street Department:				
Salaries and Wages	557,310	478,525	447,282	31,243
Fringe Benefits	219,953	205,904	204,404	1,500
Purchased Services	93,940	108,398	98,054	10,344
Materials and Supplies	240,371	299,130	287,604	11,526
Capital Outlay	8,800	11,517	11,503	14
<i>Total Expenditures</i>	1,120,374	1,103,474	1,048,847	54,627
<i>Excess of Revenues Under Expenditures</i>	(643,024)	(566,925)	(451,511)	115,414
Other Financing Sources				
Transfers In	452,650	584,271	566,427	(17,844)
<i>Net Change in Fund Balance</i>	(190,374)	17,346	114,916	97,570
<i>Fund Balance (Deficit) Beginning of Year</i>	(52,035)	(52,035)	(52,035)	0
Prior Year Encumbrances Appropriated	197	197	197	0
<i>Fund Balance (Deficit) End of Year</i>	(\$242,212)	(\$34,492)	\$63,078	\$97,570

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Other Taxes	\$346,928	\$363,679	\$364,605	\$926
Intergovernmental	47,465	49,750	49,884	134
Other	4,790	2,110	5,034	2,924
<i>Total Revenues</i>	<u>399,183</u>	<u>415,539</u>	<u>419,523</u>	<u>3,984</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Salaries and Wages	132,222	172,433	149,795	22,638
Fringe Benefits	70,733	49,026	47,800	1,226
Purchased Services	43,485	50,496	37,030	13,466
Materials and Supplies	18,405	16,979	14,061	2,918
Capital Outlay	600	4,100	4,082	18
Total Security of Persons and Property	<u>265,445</u>	<u>293,034</u>	<u>252,768</u>	<u>40,266</u>
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	5,992	5,992	5,988	4
Total Debt Service	<u>40,992</u>	<u>40,992</u>	<u>40,988</u>	<u>4</u>
<i>Total Expenditures</i>	<u>306,437</u>	<u>334,026</u>	<u>293,756</u>	<u>40,270</u>
<i>Net Change in Fund Balance</i>	92,746	81,513	125,767	44,254
<i>Fund Balance Beginning of Year</i>	15,657	15,657	15,657	0
Prior Year Encumbrances Appropriated	<u>1,429</u>	<u>1,429</u>	<u>1,429</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$109,832</u></u>	<u><u>\$98,599</u></u>	<u><u>\$142,853</u></u>	<u><u>\$44,254</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Other Taxes	\$278,966	\$287,740	\$288,453	\$713
Charges for Services	202,003	192,000	208,873	16,873
Intergovernmental	47,148	49,416	48,751	(665)
Other	766	675	792	117
<i>Total Revenues</i>	<u>528,883</u>	<u>529,831</u>	<u>546,869</u>	<u>17,038</u>
Expenditures				
Current:				
Security of Persons and Property:				
Emergency Medical Services:				
Salaries and Wages	340,684	407,492	364,031	43,461
Fringe Benefits	150,933	142,663	129,639	13,024
Purchased Services	67,310	102,703	89,179	13,524
Materials and Supplies	32,599	26,391	22,573	3,818
Capital Outlay	500	100	0	100
<i>Total Expenditures</i>	<u>592,026</u>	<u>679,349</u>	<u>605,422</u>	<u>73,927</u>
<i>Net Change in Fund Balance</i>	(63,143)	(149,518)	(58,553)	90,965
<i>Fund Balance Beginning of Year</i>	220,166	220,166	220,166	0
Prior Year Encumbrances Appropriated	3,799	3,799	3,799	0
<i>Fund Balance End of Year</i>	<u>\$160,822</u>	<u>\$74,447</u>	<u>\$165,412</u>	<u>\$90,965</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Special Assessments	\$67,099	\$67,098	(\$1)
Expenditures			
Current:			
General Government:			
Purchased Services	2,596	2,583	13
Debt Service:			
Principal Retirement:			
1996 Special Assessment	5,000	5,000	0
Barber Road Sanitary Sewer	45,272	45,272	0
Barber Road Special Assessment	44,728	44,728	0
Total Principal Retirement	95,000	95,000	0
Interest and Fiscal Charges:			
1996 Special Assessment	5,610	5,610	0
Barber Road Sanitary Sewer	37,111	37,111	0
Barber Road Special Assessment	38,259	38,259	0
Total Interest and Fiscal Charges	80,980	80,980	0
Total Debt Service	175,980	175,980	0
<i>Total Expenditures</i>	178,576	178,563	13
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(111,477)	(111,465)	12
Other Financing Sources			
Transfers In	109,700	109,700	0
<i>Net Change in Fund Balance</i>	(1,777)	(1,765)	12
<i>Fund Balance Beginning of Year</i>	10,767	10,767	0
<i>Fund Balance End of Year</i>	\$8,990	\$9,002	\$12

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
The Meadows at Johnson Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	410,000	510,000	(100,000)
<i>Net Change in Fund Balance</i>	(410,000)	(510,000)	(100,000)
<i>Fund Balance Beginning of Year</i>	510,000	510,000	0
<i>Fund Balance End of Year</i>	\$100,000	\$0	(\$100,000)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Improvement Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$38,800	\$41,429	\$2,629
Expenditures			
Current:			
Transportation:			
State Highway:			
Materials and Supplies	34,000	33,871	129
<i>Excess of Revenues Over Expenditures</i>	4,800	7,558	2,758
Other Financing Sources			
Transfers In	4,235	4,235	0
<i>Net Change in Fund Balance</i>	9,035	11,793	2,758
<i>Fund Balance Beginning of Year</i>	2,268	2,268	0
<i>Fund Balance End of Year</i>	\$11,303	\$14,061	\$2,758

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Permissive License Plate Tax Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$72,167	\$72,167	\$0
Expenditures			
Current:			
Transportation:			
Special Permissive License Plate Tax:			
Purchased Services	59,750	59,750	0
<i>Excess of Revenues Over Expenditures</i>	12,417	12,417	0
Other Financing Uses			
Transfers Out	(56,472)	(56,472)	0
<i>Net Change in Fund Balance</i>	(44,055)	(44,055)	0
<i>Fund Balance Beginning of Year</i>	103,012	103,012	0
<i>Fund Balance End of Year</i>	\$58,957	\$58,957	\$0

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DARE Program Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$2,088	\$2,088	\$0
Expenditures			
Current:			
Security of Persons and Property:			
Drug Abuse Resistance Education:			
Materials and Supplies	747	270	477
<i>Net Change in Fund Balance</i>	1,341	1,818	477
<i>Fund Balance Beginning of Year</i>	1,018	1,018	0
<i>Fund Balance End of Year</i>	<u>\$2,359</u>	<u>\$2,836</u>	<u>\$477</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$500	\$0	(\$500)
Expenditures			
Current:			
Security of Persons and Property:			
Drug Law Enforcement:			
Purchased Services	<u>1,700</u>	<u>672</u>	<u>1,028</u>
<i>Net Change in Fund Balance</i>	(1,200)	(672)	528
<i>Fund Balance Beginning of Year</i>	<u>1,334</u>	<u>1,334</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$134</u></u>	<u><u>\$662</u></u>	<u><u>\$528</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$21,500	\$21,866	\$366
Expenditures			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	12,150	12,124	26
<i>Net Change in Fund Balance</i>	9,350	9,742	392
<i>Fund Balance Beginning of Year</i>	6,746	6,746	0
<i>Fund Balance End of Year</i>	\$16,096	\$16,488	\$392

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DWI Enforcement and Education Fund
For the Year Ended December 31, 2004*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$5,135	\$4,502	(\$633)
Expenditures			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	27,000	8,296	18,704
<i>Net Change in Fund Balance</i>	(21,865)	(3,794)	18,071
<i>Fund Balance Beginning of Year</i>	26,642	26,642	0
<i>Fund Balance End of Year</i>	\$4,777	\$22,848	\$18,071

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Environmental and Natural Resources Fund
For the Year Ended December 31, 2004*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Uses			
Transfers Out	<u>(304,045)</u>	<u>(304,045)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(304,045)	(304,045)	0
<i>Fund Balance Beginning of Year</i>	<u>304,045</u>	<u>304,045</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Center Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$11,125	\$9,175	(\$1,950)
Expenditures			
Current:			
Leisure Time Activities:			
Community Recreation:			
Salaries and Wages	11,150	9,032	2,118
Purchased Services	22,075	18,741	3,334
Materials and Supplies	5,290	3,744	1,546
<i>Total Expenditures</i>	38,515	31,517	6,998
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(27,390)	(22,342)	5,048
Other Financing Sources			
Transfers In	24,590	24,590	0
<i>Net Change in Fund Balance</i>	(2,800)	2,248	5,048
<i>Fund Balance (Deficit) Beginning of Year</i>	(4,590)	(4,590)	0
<i>Fund Balance (Deficit) End of Year</i>	(\$7,390)	(\$2,342)	\$5,048

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Greenwich Road Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$1	\$1	\$0
Expenditures			
Current:			
Community Environment:			
Historical Greenwich Road:			
Purchased Services	2,000	1,812	188
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(1,999)	(1,811)	188
Other Financing Sources			
Transfers In	4,018	4,018	0
<i>Net Change in Fund Balance</i>	2,019	2,207	188
<i>Fund Balance (Deficit) Beginning of Year</i>	(2,218)	(2,218)	0
<i>Fund Balance (Deficit) End of Year</i>	(\$199)	(\$11)	\$188

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$7,000	\$1,713	(\$5,287)
Expenditures			
Current:			
Public Health:			
Cemetery:			
Salaries and Wages	2,088	1,851	237
Fringe Benefits	284	271	13
Materials and Supplies	6,300	5,321	979
<i>Total Expenditures</i>	8,672	7,443	1,229
<i>Net Change in Fund Balance</i>	(1,672)	(5,730)	(4,058)
<i>Fund Balance Beginning of Year</i>	16,685	16,685	0
<i>Fund Balance End of Year</i>	\$15,013	\$10,955	(\$4,058)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Event Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$7,000	\$6,986	(\$14)
Expenditures			
Current:			
General Government:			
Special Events:			
Purchased Services	5,000	5,000	0
Materials and Supplies	1,669	1,668	1
<i>Total Expenditures</i>	<u>6,669</u>	<u>6,668</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	331	318	(13)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$331</u></u>	<u><u>\$318</u></u>	<u><u>(\$13)</u></u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Emergency Management Assistance Fund
For the Year Ended December 31, 2004*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$19,800	\$19,086	(\$714)
Expenditures			
Current:			
Community Environment:			
Federal Emergency Management Assistance:			
Purchased Services	19,800	19,086	714
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recycling Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Community Environment:			
Recycling:			
Purchased Services	1,000	0	1,000
<i>Net Change in Fund Balance</i>	(1,000)	0	1,000
<i>Fund Balance Beginning of Year</i>	1,361	1,361	0
<i>Fund Balance End of Year</i>	\$361	\$1,361	\$1,000

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Scrap Tire Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Community Environment:			
Scrap Tires:			
Purchased Services	1,000	192	808
<i>Net Change in Fund Balance</i>	(1,000)	(192)	808
<i>Fund Balance Beginning of Year</i>	1,811	1,811	0
<i>Fund Balance End of Year</i>	\$811	\$1,619	\$808

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police and Fire Disability and Pension Fund
For the Year Ended December 31, 2004*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property and Other Taxes	\$68,672	\$68,787	\$115
Intergovernmental	9,642	9,670	28
<i>Total Revenues</i>	<u>78,314</u>	<u>78,457</u>	<u>143</u>
Expenditures			
Current:			
General Government:			
Police and Fire Disability and Pension:			
Fringe Benefits	95,000	95,000	0
Purchased Services	1,050	1,050	0
<i>Total Expenditures</i>	<u>96,050</u>	<u>96,050</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(17,736)	(17,593)	143
<i>Fund Balance Beginning of Year</i>	<u>25,547</u>	<u>25,547</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,811</u></u>	<u><u>\$7,954</u></u>	<u><u>\$143</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$26,000	\$27,814	\$1,814
Expenditures			
Current:			
General Government:			
Mayor's Court:			
Salaries and Wages	20,900	19,802	1,098
Fringe Benefits	7,269	7,187	82
Purchased Services	2,920	2,766	154
Materials and Supplies	450	380	70
<i>Total Expenditures</i>	31,539	30,135	1,404
<i>Net Change in Fund Balance</i>	(5,539)	(2,321)	3,218
<i>Fund Balance Beginning of Year</i>	20,275	20,275	0
<i>Fund Balance End of Year</i>	\$14,736	\$17,954	\$3,218

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water System Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$21,000	\$18,540	(\$2,460)
Expenditures			
Current:			
Public Health Services:			
Waterline Improvement:			
Capital Outlay	10,000	4,662	5,338
<i>Excess of Revenues Over Expenditures</i>	11,000	13,878	2,878
Other Financing Sources			
Transfers In	1,800	1,800	0
<i>Net Change in Fund Balance</i>	12,800	15,678	2,878
<i>Fund Balance Beginning of Year</i>	18,000	18,000	0
<i>Fund Balance End of Year</i>	\$30,800	\$33,678	\$2,878

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitary Sewer Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$104,000	\$103,977	(\$23)
Other	21,333	21,333	0
<i>Total Revenues</i>	125,333	125,310	(23)
Expenditures			
Current:			
Public Health Services:			
Sewerline Improvement:			
Capital Outlay	62,000	32,982	29,018
<i>Net Change in Fund Balance</i>	63,333	92,328	28,995
<i>Fund Balance Beginning of Year</i>	37,685	37,685	0
<i>Fund Balance End of Year</i>	\$101,018	\$130,013	\$28,995

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Brentwood Water Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$5,000	\$0	(\$5,000)
Expenditures			
Current:			
Public Health Services:			
Brentwood Waterlines:			
Purchased Services	7,200	5,112	2,088
<i>Net Change in Fund Balance</i>	(2,200)	(5,112)	(2,912)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	(\$2,200)	(\$5,112)	(\$2,912)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Debt Service:			
Principal Retirement:			
Street Improvement	30,000	30,000	0
Police Cruisers	10,000	10,000	0
Police Radio System	25,000	25,000	0
Road Program	30,000	30,000	0
Ballfields	10,000	10,000	0
Gardner Engineering	10,000	10,000	0
Johnson Waterline	178,000	178,000	0
Service Equipment	150,000	150,000	0
The Meadows at Johnson	510,000	510,000	0
Total Principal Retirement	953,000	953,000	0
Interest and Fiscal Charges:			
Street Improvement	15,808	15,808	0
Police Cruisers	1,100	1,100	0
Police Radio System	11,495	11,495	0
Road Program	14,420	14,420	0
Ballfields	8,263	8,263	0
Gardner Engineering	6,665	6,665	0
Johnson Waterline	4,783	4,783	0
Service Equipment	3,690	3,690	0
The Meadows at Johnson	14,181	14,000	181
Total Interest and Fiscal Charges	80,405	80,224	181
<i>Total Expenditures</i>	1,033,405	1,033,224	181
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(1,033,405)	(1,033,224)	181
Other Financing Sources			
Notes Issued	851,000	851,000	0
Transfers In	186,354	186,354	0
<i>Total Other Financing Sources</i>	1,037,354	1,037,354	0
<i>Net Change in Fund Balance</i>	3,949	4,130	181
<i>Fund Balance Beginning of Year</i>	1	1	0
<i>Fund Balance End of Year</i>	\$3,950	\$4,131	\$181

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land and Land Improvements Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$54,000	\$55,621	\$1,621
Other	9,446	9,446	0
<i>Total Revenues</i>	<u>63,446</u>	<u>65,067</u>	<u>1,621</u>
Expenditures			
Capital Outlay:			
Purchased Services	5,231	5,231	0
Capital Outlay	275,000	275,000	0
<i>Total Expenditures</i>	<u>280,231</u>	<u>280,231</u>	<u>0</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(216,785)	(215,164)	1,621
Other Financing Uses			
Transfers Out	(18,263)	(18,263)	0
<i>Net Change in Fund Balance</i>	(235,048)	(233,427)	1,621
<i>Fund Balance Beginning of Year</i>	274,513	274,513	0
Prior Year Encumbrances Appropriated	24,999	24,999	0
<i>Fund Balance End of Year</i>	<u><u>\$64,464</u></u>	<u><u>\$66,085</u></u>	<u><u>\$1,621</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Buildings Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Sources (Uses)			
Transfers In	7,024	7,024	0
Transfers Out	(61,584)	(61,584)	0
<i>Total Other Financing Sources (Uses)</i>	(54,560)	(54,560)	0
<i>Net Change in Fund Balance</i>	(54,560)	(54,560)	0
<i>Fund Balance Beginning of Year</i>	54,560	54,560	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Equipment Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	400,000	351,738	48,262
<i>Net Change in Fund Balance</i>	(400,000)	(351,738)	48,262
<i>Fund Balance Beginning of Year</i>	342,739	342,739	0
Prior Year Encumbrances Appropriated	8,999	8,999	0
<i>Fund Balance (Deficit) End of Year</i>	(\$48,262)	\$0	\$48,262

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Streets, Highways and Bridges Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	33,506	33,435	71
<i>Net Change in Fund Balance</i>	(33,506)	(33,435)	71
<i>Fund Balance Beginning of Year</i>	410,360	410,360	0
Prior Year Encumbrances Appropriated	52,206	52,206	0
<i>Fund Balance End of Year</i>	\$429,060	\$429,131	\$71

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Storm Sewers Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	34,763	34,763	0
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(34,763)	(34,763)	0
Other Financing Sources			
Transfers In	58,004	58,004	0
<i>Net Change in Fund Balance</i>	23,241	23,241	0
<i>Fund Balance (Deficit) Beginning of Year</i>	(38,005)	(38,005)	0
Prior Year Encumbrances Appropriated	14,764	14,764	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Waterlines Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,970	\$2,060	(\$910)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,970</u>	<u>2,060</u>	<u>(910)</u>
Other Financing Sources (Uses)			
Transfers In	12,396	12,396	0
Transfers Out	<u>(24,882)</u>	<u>(24,882)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(12,486)</u>	<u>(12,486)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(9,516)	(10,426)	(910)
<i>Fund Balance Beginning of Year</i>	<u>86,150</u>	<u>86,150</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$76,634</u></u>	<u><u>\$75,724</u></u>	<u><u>(\$910)</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitary Sewers Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$5,160	\$5,160	\$0
Special Assessments	10,932	10,932	0
<i>Total Revenues</i>	16,092	16,092	0
Expenditures			
Capital Outlay:			
Capital Outlay	121	115	6
<i>Excess of Revenues Over Expenditures</i>	15,971	15,977	6
Other Financing Sources (Uses)			
Transfers In	4,040	4,040	0
Transfers Out	(5,160)	(5,160)	0
<i>Total Other Financing Sources (Uses)</i>	(1,120)	(1,120)	0
<i>Net Change in Fund Balance</i>	14,851	14,857	6
<i>Fund Balance (Deficit) Beginning of Year</i>	(3,603)	(3,603)	0
<i>Fund Balance End of Year</i>	\$11,248	\$11,254	\$6

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gardner Issue II Fund
For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$100	\$100	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	<u>110,000</u>	<u>42,184</u>	<u>67,816</u>
<i>Net Change in Fund Balance</i>	(109,900)	(42,084)	67,816
<i>Fund Balance Beginning of Year</i>	155,943	155,943	0
Prior Year Encumbrances Appropriated	<u>7,214</u>	<u>7,214</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$53,257</u></u>	<u><u>\$121,073</u></u>	<u><u>\$67,816</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gardner OPWC Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$99,230	\$61,654	(\$37,576)
Expenditures			
Capital Outlay:			
Capital Outlay	212,215	212,215	0
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(112,985)	(150,561)	(37,576)
Other Financing Sources			
Notes Issued	160,000	160,000	0
<i>Net Change in Fund Balance</i>	47,015	9,439	(37,576)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$47,015	\$9,439	(\$37,576)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$619,631	\$608,792	(\$10,839)
Expenditures			
Purchased Services	188,200	188,010	190
Claims	431,431	304,591	126,840
<i>Total Expenditures</i>	619,631	492,601	127,030
<i>Net Change in Fund Equity</i>	0	116,191	116,191
<i>Fund Equity Beginning of Year</i>	0	0	0
<i>Fund Equity End of Year</i>	\$0	\$116,191	\$116,191

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Statistical Section

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

City of Norton, Ohio
*General Governmental Revenues by Source
and Expenditures by Function (1)*
Last Ten Years

	2004 (3)	2003 (3)	2002 (3)	2001(2)
Revenues				
Taxes	\$3,730,261	\$3,847,841	\$3,585,101	\$3,503,951
Charges for Services	560,027	419,741	267,185	116,729
Special Assessments	55,660	12,756	11,348	8,107
Licenses, Permits and Fees	322,563	326,291	299,808	287,468
Intergovernmental	1,761,685	1,336,911	1,704,117	1,583,826
Interest	55,784	18,544	28,259	87,903
Other	112,326	159,924	422,130	272,973
Total	\$6,598,306	\$6,122,008	\$6,317,948	\$5,860,957
Expenditures				
Current:				
General Government	\$1,449,123	\$1,435,178	\$992,074	\$1,255,564
Security of Persons and Property	2,779,708	2,639,560	2,318,526	2,297,744
Transportation	1,102,624	902,554	983,519	741,285
Community Environment	287,058	290,668	228,436	196,305
Public Health Services	59,445	6,281	40	601
Leisure Time Activities	137,530	197,901	123,360	106,894
Basic Utility Services	0	0	0	0
Capital Outlay	324,995	1,001,789	1,648,845	5,460
Debt Service	748,589	304,338	139,424	11,600
Other	0	30,172	142,538	11,141
Total	\$6,889,072	\$6,808,441	\$6,576,762	\$4,626,594

Source: City Financial Records

- (1) 1995 through 1998 on a cash basis, 1999 through 2004 on a modified accrual GAAP basis
- (2) Does not include capital projects funds
- (3) Includes all governmental funds.

2000(2)	1999(2)	1998(2)	1997(2)	1996(2)	1995(2)
\$3,417,327	\$3,374,871	\$3,183,956	\$2,888,319	\$2,685,955	\$2,594,408
5,771	8,428	21,253	19,261	16,398	32,258
12,342	13,590	11,416	11,650	0	0
325,314	305,699	322,594	275,624	277,787	281,159
1,660,197	1,404,086	1,571,116	1,392,703	1,290,799	1,174,443
169,579	114,503	94,897	86,216	0	0
159,938	76,799	22,178	25,428	92,298	110,354
<u>\$5,750,468</u>	<u>\$5,297,976</u>	<u>\$5,227,410</u>	<u>\$4,699,201</u>	<u>\$4,363,237</u>	<u>\$4,192,622</u>

\$1,167,659	\$980,266	\$1,005,294	\$962,459	\$887,310	\$747,530
2,133,845	2,045,851	1,662,531	1,571,480	1,539,434	1,481,519
743,479	679,892	551,879	583,356	680,329	707,117
123,429	72,224	93,951	85,063	100,229	179,944
2,075	4,543	328,758	246,791	243,382	226,060
112,545	77,157	81,587	70,628	82,120	85,074
0	250	2,564	623	120	0
2,278	3,950	72,719	80,894	51,422	68,461
11,930	12,260	12,590	15,052	644,681	696,621
0	366,373	385,039	210,789	310,770	160,890
<u>\$4,297,240</u>	<u>\$4,242,766</u>	<u>\$4,196,912</u>	<u>\$3,827,135</u>	<u>\$4,539,797</u>	<u>\$4,353,216</u>

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

Year (1)	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)
2004	\$230,526,020	\$658,645,771	\$6,977,590	\$7,929,080
2003	225,429,780	644,085,086	6,754,770	7,675,875
2002	188,635,800	538,959,429	6,621,500	7,524,432
2001	185,343,710	529,553,457	10,111,350	11,490,170
2000	179,842,960	513,837,029	10,855,910	12,336,261
1999	156,948,340	448,423,829	10,490,480	11,921,000
1998	153,605,370	438,872,486	10,181,020	11,569,341
1997	151,376,420	432,504,057	10,137,420	11,519,795
1996	128,627,820	367,508,057	10,431,870	11,854,398
1995	127,264,020	363,611,486	10,960,070	12,454,625

Source: Summit County, Ohio; County Fiscal Officer

- (1) The year represents collection year.
- (2) For 2003 and 2004, this amount is calculated based on the following percentages:
 - Real property is assessed at thirty-five percent of actual value.
 - Public utility is assessed at various rates from twenty-five to eighty-eight percent of actual value.
 - Tangible personal is assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	Ratio
\$22,835,501	\$91,342,004	\$260,339,111	\$757,916,855	34.35 %
20,700,235	82,800,940	252,884,785	734,561,901	34.43
21,588,797	86,355,188	216,846,097	632,839,048	34.27
23,142,207	92,568,828	218,597,267	633,612,456	34.50
21,836,416	87,345,664	212,535,286	613,518,954	34.64
21,404,032	85,616,128	188,842,852	545,960,957	34.59
21,891,389	87,565,556	185,677,779	538,007,383	34.51
19,752,706	79,010,824	181,266,546	523,034,677	34.66
17,966,893	71,867,572	157,026,583	451,230,027	34.80
16,059,816	64,239,264	154,283,906	440,305,375	35.04

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

<u>Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Collections</u>	<u>Percent Collected</u>	<u>Delinquent Collections</u>
2004	\$1,098,882	\$1,017,803	92.62 %	\$35,748
2003	1,034,972	989,267	95.58	33,414
2002	1,022,167	929,322	90.92	38,641
2001	1,019,359	930,385	91.27	26,814
2000	991,364	908,580	91.65	30,713
1999	941,164	860,522	91.43	30,789
1998	927,552	848,718	91.50	24,159
1997	904,223	831,664	91.98	19,850
1996	817,228	765,456	93.66	17,182
1995	815,181	758,048	92.99	19,164

Source: Summit County, Ohio; 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.

<u>Total Collections</u>	<u>Percent of Total Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
\$1,053,551	95.87 %	\$45,331	4.13 %
1,022,681	98.81	52,891	5.11
967,963	94.70	54,205	5.30
957,199	93.90	62,160	6.10
939,293	94.75	52,651	5.31
891,311	94.70	49,853	5.30
872,877	94.11	54,674	5.89
851,514	94.17	52,709	5.83
782,638	95.77	34,588	4.23
777,212	95.34	37,969	4.66

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

Year	General Fund	Fire Fund	EMS Fund	Police Pension	Total City	Summit County	Norton City Schools	Akron/Summit Library	Total
2004	\$1.60	\$2.60	\$2.00	\$0.30	\$6.50	\$13.07	\$55.00	\$0.78	\$75.35
2003	1.60	2.60	2.00	0.30	6.50	13.07	55.00	1.59	76.16
2002	1.60	2.60	2.00	0.30	6.50	13.07	55.00	1.35	75.92
2001	1.60	2.60	2.00	0.30	6.50	13.07	55.00	1.39	75.96
2000	1.60	2.60	2.00	0.30	6.50	12.27	55.00	1.39	75.16
1999	1.60	2.60	2.00	0.30	6.50	12.27	55.00	1.79	75.56
1998	1.60	2.60	2.00	0.30	6.50	11.65	55.00	1.87	75.02
1997	1.60	2.60	2.00	0.30	6.50	11.39	55.00	0.89	73.78
1996	1.60	2.60	2.00	0.30	6.50	13.99	55.00	0.89	76.38
1995	1.60	2.60	2.00	0.30	6.50	14.16	47.10	0.89	68.65

Source: Summit County, Ohio; County Fiscal Officer

City of Norton, Ohio
Special Assessments Collections (1),(2)
Last Eight Years

Year	Amount Billed	Amount Collected	Percent Collected
2004	\$80,833	\$55,660	68.86 %
2003	25,693	20,616	80.24
2002	12,067	11,675	96.75
2001	12,633	10,848	85.87
2000	16,359	10,760	65.77
1999	11,086	10,811	97.52
1998	13,638	11,212	82.21
1997	12,305	11,650	94.68

Source: Summit County, Ohio; County Fiscal Officer

(1) Includes special assessments collected by the County for the retirement of debt.

(2) Prior to 1997 the City had no special assessments.

City of Norton, Ohio
Computation of Legal Debt Margin
December 31, 2004

Total Assessed Property Value	\$260,339,111
Overall Debt Limitation (10 1/2% of Assessed Valuation)	<u>\$27,335,607</u>
Gross Indebtedness:	
General Obligation Bonds	3,371,668
Special Assessment Bonds	923,332
Notes	<u>1,116,000</u>
Total Gross Indebtedness	<u>5,411,000</u>
Less: Special Assessments Bonds	(923,332)
Debt Service Fund Balance	<u>(56,402)</u>
Net Debt Within 10 1/2% Limitations	<u>4,431,266</u>
Overall Legal Debt Margin Within 10 1/2% Limitations	<u><u>\$22,904,341</u></u>
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	<u>\$14,318,651</u>
Gross Indebtedness	5,411,000
Less: Special Assessments Bonds	(923,332)
Debt Service Fund Balance	<u>(56,402)</u>
Net Debt Within 5 1/2% Limitations	<u>4,431,266</u>
Legal Debt Margin Within 5 1/2% Limitations	<u><u>\$9,887,385</u></u>

Source: City Financial Records

City of Norton, Ohio
*Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita
Last Nine Years (3)*

<u>Year</u>	<u>Population (1)</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net General Obligation Bonded Debt Per Capita</u>
2004	11,745	\$3,315,266	\$260,339,111	1.27 %	\$282.27
2003	11,726	3,531,939	252,884,785	1.40	301.21
2002	11,523	78,730	216,846,097	0.04	6.83
2001	11,523	83,400	218,597,267	0.04	7.24
2000	11,523	88,070	212,535,286	0.04	7.64
1999	11,523	92,740	188,842,852	0.05	8.05
1998	11,523	97,410	185,677,779	0.05	8.45
1997	11,523	99,948	181,266,546	0.06	8.67
1996	11,523	119,208	157,026,493	0.08	10.35

Source:

(1) Akron-Summit County Library

(2) Summit County, Ohio; County Fiscal Officer

(3) Prior to 1996 the City had no general obligation debt.

City of Norton, Ohio
*Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total Governmental Expenditures
 Last Eight Years (1)*

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service To Total Governmental Expenditures
2004	\$160,272	\$80,224	\$240,496	\$6,889,072	3.49 %
2003	5,000	203,836	208,836	6,808,441	3.07
2002	5,000	6,270	11,270	6,576,762	0.17
2001	5,000	6,600	11,600	4,626,594	0.25
2000	5,000	6,930	11,930	4,297,240	0.28
1999	5,000	7,260	12,260	4,242,766	0.29
1998	5,000	7,590	12,590	4,196,912	0.30
1997	7,000	8,052	15,052	3,827,135	0.39

Source: City financial records

(1) Prior to 1997 the City had no debt service expenditures.

City of Norton, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2004

	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Norton
<i>Direct:</i>			
City of Norton	\$3,371,668	100.00 %	\$3,371,668
<i>Overlapping:</i>			
Akron Summit Library	61,229,269	2.97	1,818,509
Metro Transit	1,680,000	2.15	36,120
Barberton City School District	25,829,962	2.27	586,340
Summit County	52,679,464	2.15	1,132,608
Total Overlapping Debt	141,418,695		3,573,577
Total Direct and Overlapping	\$144,790,363		\$6,945,245

Source: Summit County, Ohio; County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the assessed valuation of the political subdivision.

City of Norton, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>City Population (1)</u>	<u>County Population (1)</u>	<u>Unemployment Rate County Area (1)</u>	<u>Per Capita Income County Area (1)</u>	<u>Norton City School District Enrollment (2)</u>
2004	11,745	542,899	5.50%	\$31,145	2,470
2003	11,726	546,773	5.70	22,842	2,558
2002	11,523	542,899	4.30	25,794	2,597
2001	11,523	542,899	4.30	25,794	2,592
2000	11,523	532,700	4.00	25,794	2,553
1999	11,523	537,730	4.00	25,794	2,506
1998	11,523	537,730	4.00	25,794	2,553
1997	11,523	536,838	4.40	25,794	2,453
1996	11,523	535,160	4.60	24,624	2,402
1995	11,477	532,335	4.50	23,697	2,428

Source: (1) Akron-Summit County Library
(2) Norton City School District, Board of Education

City of Norton, Ohio
Housing Statistics
Last Six Years

<u>Year</u>	<u>Home Sales Within City</u>	<u>Summit County Average Price</u>	<u>City Average Price</u>
2004	144	\$154,269	\$133,257
2003	133	142,868	125,468
2002	126	125,151	133,790
2001	137	133,766	129,068
2000	136	142,788	109,035
1999	192	117,327	104,632

Source: Summit County Website

City of Norton, Ohio
Property Value, Construction and Bank Deposits
Last Ten Years

Year	Property Value (2)	Residential		
		Number of Permits	Housing Units	Value
2004	\$260,339,111	306	41	\$6,106,179
2003	252,884,785	366	40	8,706,135
2002	216,846,097	419	58	11,399,030
2001	218,597,267	294	38	9,828,152
2000	212,535,286	310	48	9,053,060
1999	188,842,852	280	49	7,750,645
1998	185,677,779	231	47	8,185,102
1997	181,266,546	205	36	6,368,439
1996	157,026,583	180	21	4,000,437
1995	154,283,906	178	18	2,673,133

Sources: City building permits reports
Federal Reserve Bank of Cleveland

(1) Number of units include new construction only

(2) Represents total assessed value

(3) Decrease from prior years is due to changes in banking headquarters

Commercial (1)		Domestic Bank
Number of Permits	Value	Deposits in the County (in thousands)
30	\$3,247,497	\$7,532,814
36	5,217,815	7,911,859
45	5,906,900	8,097,304
58	2,917,039	7,870,201
33	3,142,958	7,850,115
38	3,465,679	7,071,487
62	10,047,403	5,049,282
30	1,789,031	3,344,418 (3)
36	5,641,015	6,960,566
19	956,175	6,958,969

City of Norton
Principal Taxpayers
Real and Public Utility Property Tax
December 31, 2004

Taxpayer	Real and Public Utility Property Tax Assessed Value	Percent of Total Assessed Value
Ohio Edison	\$3,212,230	1.35 %
Columbia Woods Apartments LLC	2,800,020	1.18
Fred W. Albrecht Grocery, Inc.	2,273,092	0.96
Mack W. Seal	2,221,660	0.94
B&C Corporation	2,197,210	0.93
Ohio Bell Telephone	1,119,840	0.47
East Ohio Gas	1,078,650	0.45
Albert J. & Margaret C. Falkenstein	973,800	0.41
Pittsburgh Plate Glass Company	940,450	0.40
Newpark Drive Limited Partnership	846,270	0.35
Totals	<u>\$17,663,222</u>	<u>7.44 %</u>
Total Real and Public Utility Property Tax Assessed Value	<u>\$237,503,610</u>	

Source: Summit County, Ohio; County Fiscal Officer

City of Norton, Ohio
Principal Taxpayers - Tangible Personal Property Tax
December 31, 2004

Taxpayer	Tangible Personal Property Assessed Value	Percent of Total Assessed Value
PPG Industries	\$3,383,180	14.82 %
Fred Martin Motor Co.	3,368,360	14.75
B&C Corporation	3,107,010	13.61
Albert's Screenprint, Inc.	1,520,980	6.66
Fomo Products, Inc.	1,408,880	6.17
SA Comunale Co., Inc.	971,530	4.25
Adjusta Post Manufacturing Co.	822,670	3.60
Ganley Ford, Inc.	787,470	3.45
Revlis Corporation	481,600	2.11
Perkinelmer Life Sciences, Inc.	424,250	1.85
Totals	<u>\$16,275,930</u>	<u>71.27 %</u>
Total Tangible Personal Property Assessed Valuation	<u>\$22,835,501</u>	

Source: Summit County, Ohio; County Fiscal Officer

City of Norton, Ohio
Principal Taxpayers - Income Tax
December 31, 2004

Taxpayer	Amount of Income Tax Collected in 2004	Percent of Total
B&C Corporation	\$203,304	7.92 %
Norton City School District	155,695	6.07
SA Comunale Company, Inc.	134,908	5.26
Fred Martin Motor Company	93,265	3.63
PPG Industries	72,716	2.83
Ganley Ford, Inc.	68,516	2.67
Albert Screenprint, Inc.	64,674	2.52
Fred W. Albrecht Grocery, Inc.	43,166	1.68
Fomo Products, Inc.	42,462	1.65
Perkinelmer Life Sciences, Inc.	31,627	1.24
Totals	<u>\$910,333</u>	<u>35.47 %</u>
Total Income Tax Collected in 2004	<u>\$2,566,505</u>	

Source: Summit County, Ohio; County Fiscal Officer

City of Norton, Ohio
Principal Employers
December 31, 2004

Employer	Nature of Business or Activity	Approximate Number of Employees
B&C Corporation	Communications	1,918
Norton City School District	Education	441
Fred Martin Motor Company	Automobile Sales	273
S.A. Comunale Company	Construction	272
Fred W. Albrecht Grocery, Inc.	Grocery Store	212
Albert Screenprint, Inc.	Screen Printing	158
Lenic, Inc.	Fast Food	132
Ganley Ford, Inc.	Automobile Sales	118
PPG Industries	Glass Manufacturing	82
PerkinElmer Life Sciences, Inc.	Laboratory Equipment	61

Source: City of Norton Tax Records

City of Norton, Ohio
Miscellaneous Statistics
December 31, 2004

Date of Incorporation	1961		
Form of Government	Charter		
Area	20.54 Square Miles		
Land Usage - Percent by Area:			
Residential	27%		
Commercial/Industrial	4%		
Governmental (including parks) and other tax exempt	8%		
Agricultural and Undeveloped	61%		
Residential Building Permits issued in 2004	306		
Police Services:			
Number of Stations	1		
Number of Police Personnel and Officers	31		
Number of Patrol Units	9		
Marked Cruisers	7		
Unmarked Cruisers	3		
Number of Law Violations			
Juvenile Citations	189		
Criminal Juvenile Arrests	252		
Total Criminal Arrests (Adult)	649		
Traffic Citations Issued (Adult)	4,112		
Parking Tickets Written	63		
Fire/Emergency Medical Services:			
Number of Stations	2		
Number of Fire Officers	7		
Number of Fire Personnel	30		
Number of Calls Answered			
Fire	215		
EMS	928		
Squad Units	3		
Number of Inspections	535		
Education:	<u>Students</u>	<u>Teachers</u>	
Public Elementary Schools			
Grill - Grades K-4	216	12	
Norton 21 - Grades 1-4	99	4	
Norton Primary - Grades Preschool-4	364	18	
Cornerstone - Grades K-4	227	12	
Middle School - Grades 5-8	779	42	
High School - Grades 9-12	785	59	
Number of Cemeteries			2
Number of Libraries			1

Source: City Records



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

CITY OF NORTON

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 20, 2005**