

CITY OF NORTON, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

Members of Council
City of Norton

We have reviewed the Independent Auditor's Report of the City of Norton, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2003 through December 31, 2003. 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

June 29, 2004

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CITY OF NORTON, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

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

We have audited the general purpose financial statements of the City of Norton, Ohio, (the City) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 15, 2004. We conducted our audit in accordance with auditing standard 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Norton's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the City of Norton, Ohio in a separate letter dated June 15, 2004.

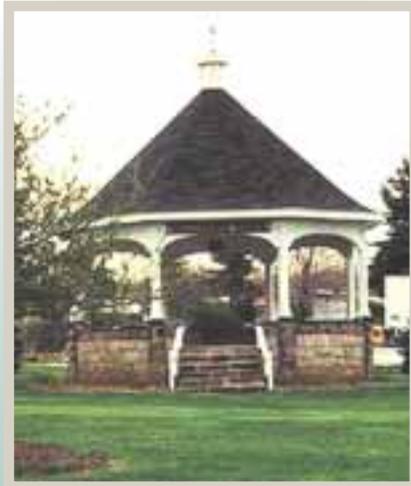
Internal Control Over Compliance

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 misstatements in amounts that would be material in relation to the general purpose 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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated June 15, 2004.

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

James G. Zupka
Certified Public Accountant
June 15, 2004

CITY OF NORTON, OHIO



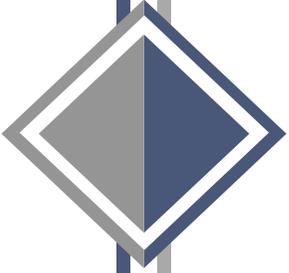
COMPREHENSIVE ANNUAL FINANCIAL REPORT 2003

FOR THE YEAR ENDED DECEMBER 31, 2003

INTRODUCTORY SECTION



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CITY OF NORTON, OHIO

COMPREHENSIVE ANNUAL
FINANCIAL REPORT FOR
THE FISCAL YEAR ENDED
DECEMBER 31, 2003

ISSUED BY: JEANNE M. ZERGA
DIRECTOR OF FINANCE

CITY OF NORTON, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2003

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NORTON

Mayor Joseph M. Kernan

City of Norton

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Norton, Ohio 44203

Administration (330) 825-7815 • 330-825-4511

Fax (330) 825-3104

June 15, 2004

To the Honorable Members of Norton City Council and
The Citizens of the City of Norton, Ohio

We are pleased to present the second annual Comprehensive Annual Financial Report (CAFR) for the City of Norton, Ohio for the fiscal year ended December 31, 2003. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Norton to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data, as presented, is accurate in all material respects. Furthermore, this information is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

The Report

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. *The Introductory Section* includes this letter of transmittal which presents the City's organization, operational structure and accomplishments; an organizational chart, a list of principal elected officials; and a list of principal administrative personnel.
2. *The Financial Section* contains the City's General Purpose Financial Statements and explanatory notes thereto, the combining and individual fund and account group financial statements and schedules and the Independent Auditor's Report.
3. *The Statistical Section* presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

The Reporting Entity

The accompanying general purpose financial statements comply with the provisions of Government Accounting Standards Board (“GASB”) Statement No. 14, “The Financial Reporting Entity,” in that the financial statements include all organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: public safety (police and fire), health services, culture and recreation (parks and recreation), community environment (planning, zoning, and community development), highways and streets (streets and highway maintenance), and general government.

The Norton Local School District is a distinct government entity, independent of the City and one another. The District represents a body politic and corporate and the City of Norton is not financially accountable for the District.

The City is located in the Counties of Summit and Wayne in northeastern Ohio, approximately 40 miles south of Cleveland. It was incorporated as a village in 1961, became a charter village in 1962 and became a charter city in 1969. The City is also subject to some general laws applicable to all cities. Under the Ohio Constitution the City of Norton may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws.

The City is in the Akron Primary Metropolitan Statistical Area (PMSA) comprised of Summit County and Wayne County with a population of 694,960 according to the 2000 census. More importantly, the City’s 2000 census population of 11,523 placed it as the 9th largest in the County. Additionally, its area of 20.43 square miles is broken down by land use as follows: residential 26 percent, commercial/industrial 4 percent, public utility less than 8 percent, and agricultural 62 percent.

Early History

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 only lightly 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. In the area’s first election, twenty-two votes were polled in a precinct covering 150 square miles.

Independent Norton Township was formed in the spring of 1818 and named after landowner Birdseye Norton.

Construction of the Ohio and Erie Canal, which began in 1827, allowed improved North-South boat travel options until its abandonment in 1913. Electric trolley lines were installed from Barberton to Wadsworth through Norton in 1905 and interconnected Norton Township to other lines throughout Northern Ohio.

Norton's population remained small until after 1900. In 1920 it increased to 2,935. By 1940, it had risen to 4,204. By 1950, the population had grown to 7,454. In 1980, the population peaked at over 12,000, but dropped slightly in 1990 to 11,452. The 2000 census estimated the population at 11,523.

Form of Government

The City of Norton is a home-rule municipal corporation created under the laws of the State of Ohio and operating under its own Charter. The current charter, which was adopted in 1962, provides for a Council/Mayor form of government. The current charter was amended in 1991 and 1994.

Legislative authority is vested in a seven member City Council. The seven members of Council are elected by wards (4) and three at-large. These members elect a President and Vice-President at the annual organizational meeting in January. Council has an important role as the legislative body of the City. Local legislation (resolutions and ordinances) are voted on by Council. The Mayor may approve the legislation or disapprove with a veto.

The City's chief executive officer is the Mayor. The Mayor appoints, subject to the approval of City Council, the City Administrator and all directors of the City's departments. The City Administrator serves as the Chief Administrative Officer and may appoint or remove subordinate officers or employees of the City under the direct supervision of the Mayor.

Day to day operations of the City are directed by the Administrative Officer, who is responsible to the Mayor. The Administrative Officer serves as the Director of Public Safety, Director of Public Service, and Personnel Director. The Finance Director and Director of Community Development and Planning are also responsible to the Mayor. Each of these offices are charter-authorized Mayoral appointments with Council confirmation.

The City Clerk is appointed by City Council. The City Treasurer's role is assumed by the Finance Director, who is appointed by the Mayor and confirmed by City Council.

City Services

Police

The Norton Police Department is a full-time department with an authorized strength of 22 sworn full-time positions. Current staffing includes the chief, lieutenant, 3 sergeants, 11 full-time patrol officers, 6 part-time patrol officers, 5 full-time dispatcher and a secretary.

The Department includes dispatching for both police and fire and is staffed by 5 full-time and 6 part-time dispatchers.

The Norton Police Department services the community in many different capacities. The Police are involved in the protection of life and property, law enforcement and community education.

The department has earned a reputation for its strict enforcement of DUI (Driving while Under the Influence) violations. One hundred thirty one (131) arrests for DUI were made in 2003. The efforts of the department have been recognized both locally and statewide. The Norton Police Department was named Law Enforcement Agency of the Year by MADD (Mothers Against Drunk Driving) in 1993, 1994, 1997 and 1999 and 2003. In addition, several Norton police officers have been honored as Law Enforcement Officer's of the Year by MADD. The Ohio Department of Public Safety has also recognized the Norton Police Department for their support and cooperation with the Habitual DUI Offender Tally Program (HOT).

Fire

The City maintains a paid on-call fire and emergency medical services operations. There are 5 full-time positions including the chief, three firefighters/EMS medics and a secretary. The other 34 Fire/EMS personnel are part-time.

The department provides Fire Suppression, Fire Prevention and Inspection and EMS services to the City of Norton and its residents. The equipment includes 2 ambulance units, 3 fire pumpers, 2 brush trucks, a pick-up truck and 2 sport utility vehicles, a tanker and a heavy rescue vehicle.

Parks and Recreation

The City of Norton owns two major parks: Columbia Woods Park is located on Columbia Woods Drive and features a pavilion, football field, basketball court and playground equipment. Oak Leak Park, located on Loyal Oak Road, features a pavilion, 2 soccer fields and 2 baseball fields. The City also has a community center within the municipal complex. Residents can rent the shelters and community room for various functions.

Streets

The Public Works Department maintains the 110 miles of streets in the City of Norton. The department's functions include repairs to City streets, storm sewers, drain systems, as well as snow removal. The Street Department maintains the City's two cemeteries.

Basis of Accounting

Except for that used for budgetary purposes, the basis of accounting utilized by the City is in conformity with generally accepted accounting principles (GAAP) applicable to governmental units and is consistent with GASB Codified Section 1600, "Basis of Accounting." All governmental funds are accounted for using current financial resources (current assets and current liabilities) measurement focus. The modified accrual basis of accounting is utilized for governmental funds. Revenues are recognized when they are susceptible to accrual, both measurable and available. Expenditures are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available). A reconciliation of the results of these two methods appears in Note 1. During 2003, all accounting policies were applied consistently with those of 2002. Accounting policies are further explained in Note 1.

Economic Outlook

The City's largest employer is B & C Communications with 902 employees and paid \$145,573 in taxes to the City during 2003.

The City of Norton has a J.E.D.Z. (Joint Economic Development Zone) agreement with the City of Barberton.

Wagner Machine, Inc. plans to begin operations in 2004, adding approximately 50 employees to City tax roles.

Trinity Broadcasting is to start construction of their new building, adding 20 new jobs.

Clark Ford (used car sales) plans to open their dealership in the summer of 2004, bringing 12 new jobs.

Unemployment Rates

According to the Ohio Bureau of Employment Services, the 2003 annual average unemployment rate for Summit County was 5.7 percent, which was consistent with the state and national unemployment rates of 5.7 percent and 5.8 percent respectively.

Employee Relations

The City has 58 full-time and 45 part-time employees. A statewide public employee collective bargaining law applies to public employee relations and collective bargaining. There are three bargaining units representing 46 full-time employees. The A.F.S.C.M.E. (American Federation of State, County and Municipal Employees) Local 265 Ohio represents 25 full-time employees. The O.P.B.A. (Ohio Patrolmen's Benevolent Association) represents 21 police officers and police dispatchers.

The City negotiated in 2002 with A.F.S.C.M.E. for a 3-year term ending on December 31, 2005. The contract with O.P.B.A. was negotiated in 2002 for a 3-year term ending December 31, 2005.

MAJOR CITY INITIATIVES

During 2003, the City continued focusing on improving the quality of life and employment opportunities for its residents and taxpayers.

In July of 2003, 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 thereto, from a point at the intersection of Johnson Road in the City and continuing northerly, a distance of approximately 1030 feet. The petition requested their lots and lands be assessed the cost of constructing the improvement in proportion to the benefits. The City sold a note for \$510,000 for the Meadows at Johnson senior living community project. The Meadows at Johnson, part of the Johnson United Methodist Church, is fully responsible for the payment of the note, interest and related costs. The planning of Meadows at Johnson senior living community will consist of 104 villas and 37 patio homes, with a projection of 25 units being built annually. The anticipated completion of this project is five years. Debt service for this project has been allocated at \$4,500 per unit.

The City has been awarded an OPWC Grant for the replacement of waterlines in the Gardner Phase I area of the City. Construction of waterlines is expected to begin June, 2004, with a completion date of September, 2004. The benefitted properties will be specially assessed for 50% of the cost.

Continuing and Future Projects

The City is currently working on an agreement with Summit County for sewers in the northern half of the City. The Cleveland-Massillon Road widening project is in the engineering phase and a completion date has not yet been determined.

FINANCIAL INFORMATION

Accounting Controls

The City's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and members of the finance office.

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.

Budgetary Controls

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The Mayor, with the assistance of the Finance Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds for the succeeding fiscal year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year. The Mayor, with the assistance of the Finance Director, is required by Charter to submit to Council, on or before December 15 of each fiscal year, an appropriation ordinance, based on the tax budget, for the next succeeding fiscal year. Council is required to adopt the appropriation ordinance (the budget) in its original form or with those revisions as it may find proper, within thirty days of the beginning of the fiscal year covered by such ordinance.

The City maintains budgetary control on a non-GAAP basis by fund and within each fund by department at major object levels, which include personal services, contractual services, supplies and materials, other expenditures, capital outlay, debt service and operating transfers. For management purposes, the major object level is further defined with budgeted amounts not to exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Finance Director for approval, preparation of a purchase order and certification, after approval by the appropriate Department Director. The purchase order is reviewed for the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances, which would exceed the available appropriation, are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year.

The City's accounting system provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance Director and other city officials to ascertain the status of each department's appropriations at any time during the year.

General Governmental Revenues

Revenues for general governmental functions (including all governmental fund types excluding transfers and bond proceeds) totaled \$6,122,008, representing a decrease of \$195,940 under 2002. The following schedule presents a summary of general governmental revenues for the years ended December 31, 2003 and 2002, the percentage of each revenue source to total revenues for 2003 and the amount and percentage of increase/(decrease) in relation to 2002 revenues. The \$262,740 increase in taxes is due to an overall increase in collections of income tax and property tax. The \$367,206 decrease in intergovernmental revenue is due to the change in the estate tax collected. The \$152,556 increase in charges for services attributed to sewer and water tap in fees for the Barber Road Sanitary Sewer completed in 2003. The \$262,206 decrease in other income is attributed to a land sale by the City in 2002.

Revenue Source	2003	Percent of Total	2002	Increase (Decrease) Over 2002	Percentage of Increase (Decrease)
Taxes	\$ 3,847,841	62.85%	\$ 3,585,101	\$ 262,740	7.32%
Intergovernmental	1,336,911	21.84%	1,704,117	(367,206)	(21.54%)
Special Assessments	12,756	0.23%	11,348	1,408	12.41%
Charges for Services	419,741	6.85%	267,185	152,556	57.09%
Fines, Licenses and Permits	326,291	5.32%	299,808	26,483	8.83%
Interest Income	18,544	0.30%	28,259	(9,715)	(34.38%)
All Other	159,924	2.61%	422,130	(262,206)	(62.11%)
Totals	\$ 6,122,008	100.00%	\$ 6,317,948	\$ (195,940)	

Revenue Narrative

The City's income tax continues to be its primary source of revenue. The tax applies to all wages, salaries, commissions and other compensation paid by employers and/or the net proceeds from the operation of a business, profession or other enterprise activity. The tax rate of 1.0 percent was established in 1968 by Ordinance #80-1968. The voters approved a tax rate increase of 1.50 percent on May 7, 1974 which went into effect July 1, 1974. The current allocation of income tax is as follows:

1. At least fifty percent of the net available income tax receipts received annually may be used to defray operating expenses of the City, to be placed in the General Fund and transfers are made when needed.
2. Up to forty-five percent of the net available income tax receipts received annually shall be set aside and used for capital improvements for the City, including, but not limited to, development and construction of storm sewers and street improvements, treatment of the surface of any street, alley, public road or place or parts thereof with dust-laying or preservative substances, and for equipment necessary for the Police and Fire Divisions, the Public Safety Department and other departments and divisions.
3. Up to five percent of the net available income tax receipts received annually may be used to defray the cost of lighting by electricity any public street, public road or place or part thereof, to be placed in the Street Lighting Fund.

Property taxes are levied and collected by the Summit County Treasurer and remitted periodically to the City by the County Auditor. The property tax rate for the City is 6.5 mills which represents \$65 per \$1,000 of taxable valuation. The tax rate is applied to the assessed value of the property located within the City. Assessed value is approximately 35 percent of appraised value. Increases in the property tax rate can only occur with the approval of the City voters. Revenues from property taxes are used for general fund, fire fund, emergency medical service fund, and police pension fund operations.

Total assessed values in the City over the past five years are shown below:

Levy Year	Collection Year	Value (in Thousands)
1999	2000	\$ 188,843
2000	2001	212,535
2001	2003	218,597
2002	2003	216,846
2003	2004	252,885

Intergovernmental revenues consist primarily of state levied shared taxes consisting of local government assistance provided by the State of Ohio through reimbursement for real and personal property tax reductions, gasoline tax, state-levied motor vehicle license tax, inheritance tax, permissive motor vehicle license tax and local government and revenue assistance allocations. These revenues are collected by the State or County and partially redistributed to the City or other political subdivisions. This revenue category also includes grant funds received from either County, State or Federal sources.

General Governmental Expenditures

Expenditures for general governmental purposes, excluding transfers, totaled \$6,808,441 in 2003 an increase of \$218,447 over 2002. Expenditures for the major functions of the City for the years ended December 31, 2003 and 2002, and the percentage of expenditures type to total expenditures for 2003 and the amount and percentage of increase/(decrease) in relation to 2002 expenditures are shown in the following table:

<u>Expenditures</u>	<u>2003</u>	<u>Percent of Total</u>	<u>2002</u>	<u>Increase (Decrease) Over 2002</u>	<u>Percentage of Increase (Decrease)</u>
Security of Persons and Property	\$ 2,639,560	38.68%	\$ 2,318,526	\$ 321,034	13.84%
Public Health Services	6,281	0.00%	40	6,241	15,602.50%
Leisure Time Activities	197,901	2.89%	123,360	74,541	60.42%
Community Environment	290,668	4.25%	228,436	62,232	27.24%
Transportation	902,554	13.19%	983,519	(80,965)	(8.23%)
General Government	1,435,178	20.97%	1,005,306	429,872	(42.76%)
Other	30,172	0.44%	142,538	(112,366)	(11.17%)
Capital Outlay	1,001,789	14.69%	1,648,845	(647,056)	(39.24%)
Debt Service	<u>304,338</u>	<u>4.89%</u>	<u>139,424</u>	<u>164,914</u>	<u>118.28%</u>
Total	<u>\$ 6,808,441</u>	<u>100.00%</u>	<u>\$ 6,589,994</u>	<u>\$ 218,447</u>	

Expenditure Narrative

Security of persons and property includes primarily the cost of operations of the Police and Fire Departments, including dispatching. The increase of \$321,034 in security of persons and property was primarily due to increased wages and equipment purchases in the Police Department and dispatching. The City had a increase of \$443,804 in general governmental expenses. This was mainly due to a fund balance adjustment in 2002 for a large medical claim liability in 2001 which was not recognized in 2001. The increase in Debt Service expenditures of \$195,865 was mainly due to the new bond issuance.

Debt Administration

The total bonded debt of the City of Norton at December 31, 2003, consisted of special assessments of \$85,000 and General Obligation Bonds of \$4,420,000. These are paid out of the debt service funds which accumulate resources for the payment of principal and interest on the City's long-term general obligation debt.

The City has an outstanding note liability of \$978,000 at December 31, 2003. During the year the City issued \$2,065,000 in notes and retired \$4,612,000 by converting most of these notes to bonds.

CASH MANAGEMENT

Cash management is an integral component of the City's overall financial plan. The City attempts to earn a market rate of return consistent with providing the liquidity needed to pay obligations on a timely basis. Cash flow forecasting and the use of short-term investments, such as repurchase agreements, allows the City to earn interest on funds.

The City's investments comply with Section 135.14 of the Ohio Revised Code. Most investments mature within the current fiscal year. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution, state statutes and local ordinances. As required by law, all deposits and repurchase agreements are covered by eligible collateral, while investment securities (treasuries and agency/instrumentality issues) are specifically permitted by the Ohio Revised Code and the City's investment policy.

Authorized investments are described in detail in Note 5 of the footnotes to the general-purpose financial statements included within the financial section of this comprehensive annual financial report.

The City's cash resources were invested as follows at December 31, 2003:

<u>Cash Resources</u>	<u>2003</u>	<u>%</u>
Cash	\$1,360,186	46.00%
Repurchase Agreement	<u>1,535,000</u>	<u>54.00%</u>
	<u>\$2,895,186</u>	<u>100.00%</u>

At December 31, 2003, the City had bank balances of \$1,454,836. Federal depository insurance covered \$300,000 of the bank balance and the rest of the deposits were classified as Category 3. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105 percent of the carrying value

of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

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 2003, the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Description</u>	<u>Deductible</u>
Ohio Casualty Ins. Co.	Bond-Public Employees	\$ 0
Columbia Casualty Co.	Public Officials Liability	\$ 15,000
Columbia Casualty Co.	Law Enforcement Liability	\$ 10,000
Transcontinental Ins. Co.	Commercial Property	\$ 2,500
Transcontinental Ins. Co.	Inland Marine	\$ 100
National Fire Ins. Co. of Hartford	Automobile Liability	\$ 250
National Fire Ins. Co. of Hartford	Automobile Collision	\$ 500
Transcontinental Ins. Co.	General Liability	\$ 1,000
	\$1,000,000 per occurrence	
	\$2,000,000 per aggregate	
United National Ins. Co.	Umbrella Liability	\$ 10,000
Ohio Casualty Ins. Co.	Bond-Finance Director	\$ 0
Ohio Casualty Ins. Co.	Bond-Mayor	\$ 0
Ohio Casualty Ins. Co.	Bond-Administrator	\$ 0
Ohio Casualty Ins. Co.	Bond-Clerk of Mayor's Court	\$ 0
Transcontinental Ins. Co.	Commercial Crime	\$ 0
Wichert Insurance	Ambulance and EMT Liability	\$ 0
	\$1,000,000 per occurrence	
	\$2,000,000 aggregate	
Wichert Insurance	Firemen's Errors and Omissions	\$ 0
	\$1,000,000 per occurrence	
	\$2,000,000 per occurrence	

The City decided to stop carrying commercial insurance for health insurance because of its prohibitive cost and began covering all claim settlements and judgements out of its general fund resources. The City currently reports all of its risk management activities in the general fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

At December 31, the amount of these liabilities was \$130,102. This liability is the City's best estimate based on available information.

OTHER INFORMATION

Independent Audit

Included in this report is the unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2003, by James G. Zupka, CPA, Inc. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governments who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this, our second annual Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA. The City received a Certificate of Achievement for its first Comprehensive Annual Financial Report for the prior year.

Public Disclosure

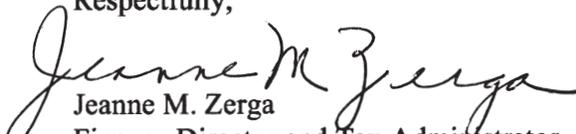
The publication of this report represents an important achievement in the ability of the City of Norton to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City Administration and investors. In addition to the citizens of Norton, the recipients of this report will include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City of Norton to improve its overall financial accounting, management and reporting capabilities.

Acknowledgments

The City of Norton is proud to be submitting this GAAP financial report utilizing the guidelines recommended by GFOA. This report is the result of continued cooperation, and combined services of the Mayor, City Council, administrative officials, City employees, the Summit County Auditor's Office and the Auditor's Division of the State of Ohio.

Sincere appreciation and acknowledgment is extended to James G. Zupka, CPA, Inc. for their guidance and assistance in the preparation of this report.

Respectfully,


Jeanne M. Zerga
Finance Director and Tax Administrator

**CITY OF NORTON, OHIO
PRINCIPAL OFFICIALS
DECEMBER 31, 2003**

ELECTED OFFICIALS

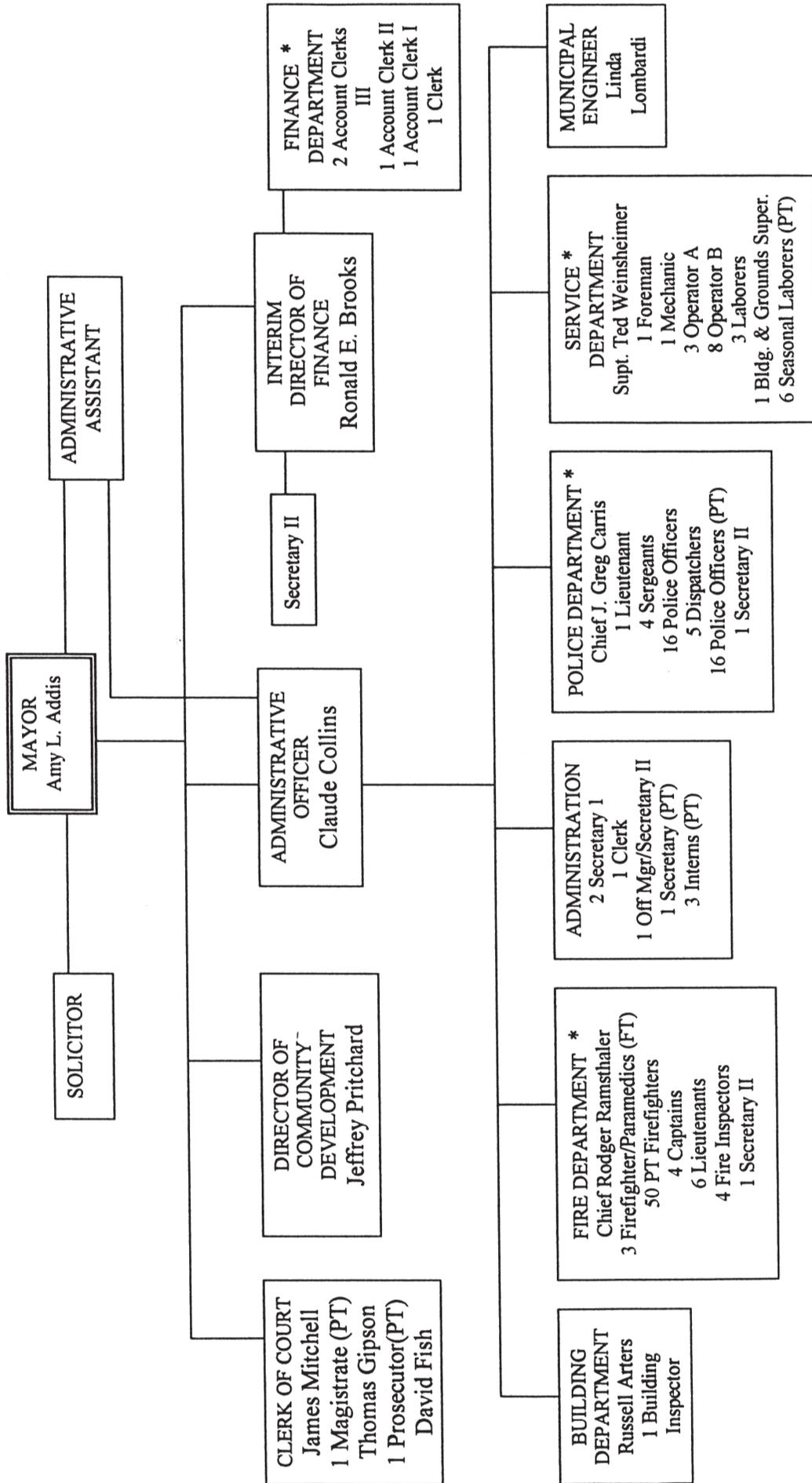
*Joseph M. Kernan	Mayor
*John Conklin	City Council, President At-Large
*Brenda Hlas	City Council, Vice-President
Dennis McGlone	City Council
William Mowery	City Council
James Price	City Council At-Large
*Scott Pelot	City Council At-Large
*Michael Zita	City Council At-Large

ADMINISTRATORS

Michael Lyons	Director of Law
Claude Collins	Administrative Officer
J. Greg Carris	Chief of Police
Rodger Ramsthaller	Chief of Fire
Jeanne M. Zerga	Director of Finance
Position is Vacant	City Engineer
Russ Arters	Superintendent of Buildings and Zoning Inspector
James Mitchell	Clerk of Mayor's Court
Thomas Gipson	Court Magistrate
Karla Richards	Clerk

*Officials elected in January 2004.

CITY OF NORTON



* AUTHORIZED STRENGTH

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, 2002

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.



A handwritten signature in cursive script, reading "Edward Haney".

President

A handwritten signature in cursive script, reading "Jeffrey R. Emer".

Executive Director

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FINANCIAL SECTION



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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 the State of Ohio

We have audited the accompanying general purpose financial statements of the City of Norton, Ohio, as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Norton, Ohio's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Norton, Ohio, as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2004, on our consideration of the City of Norton, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Norton, Ohio taken as a whole. The combining and individual fund and account group financial statement and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Norton, Ohio. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.


James G. Zupka
Certified Public Accountant
June 15, 2004

CITY OF NORTON, OHIO
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

	Governmental Fund Types				Fiduciary	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Agency	General Fixed Assets	General Long-Term Obligations	
Assets and Other Debits								
Equity in Pooled Cash and Cash								
Equivalents	\$ 46,307	\$ 807,731	\$ 10,768	\$ 1,991,536	\$ 78,933	\$ 0	\$ 0	\$ 2,935,275
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	23,761	0	0	23,761
Receivables:								
Taxes	1,145,612	779,138	0	0	0	0	0	1,924,750
Accounts	15,457	2,673	0	13,722	0	0	0	31,852
Intergovernmental	375,340	267,783	0	0	0	0	0	643,123
Special Assessment	0	0	74,996	2,940	0	0	0	77,936
Due from Other Funds	85,491	0	0	0	0	0	0	85,491
Inventory	1,577	20,722	0	0	0	0	0	22,299
Prepaid Items	38,139	6,275	0	1,049	0	0	0	45,463
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0	0	12,339,823	0	12,339,823
Other Debits:								
Amount Available in Debt Service Fund	0	0	0	0	0	0	10,768	10,768
Amount to be Provided for General Long-Term Obligations	0	0	0	0	0	0	5,199,490	5,199,490
Total Assets and Other Debits	\$ 1,707,923	\$ 1,884,322	\$ 85,764	\$ 2,009,247	\$ 102,694	\$ 12,339,823	\$ 5,210,258	\$ 23,340,031

See accompanying notes to the general purpose financial statements.

CITY OF NORTON, OHIO
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

	Governmental Fund Types				Fiduciary	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Agency	General Fixed Assets	General Long-Term Obligations	
Liabilities, Fund Equity and Other Credits								
Liabilities								
Accounts Payable	\$ 12,153	\$ 27,332	\$ 0	\$ 64,047	\$ 23,760	\$ 0	\$ 0	\$ 127,292
Contracts Payable	0	0	0	17,327	0	0	0	17,327
Claims Payable	130,102	0	0	0	0	0	0	130,102
Accrued Wages and Benefits	90,464	66,180	0	0	0	0	0	156,644
Funds Held on Deposit	0	0	0	0	78,934	0	0	78,934
Due to Other Funds	0	58,646	0	26,845	0	0	0	85,491
Deferred Revenue	781,828	989,454	74,996	2,940	0	0	0	1,849,218
General Obligation Notes Payable	0	0	0	978,000	0	0	0	978,000
General Obligation Bonds Payable	0	0	0	0	0	0	4,420,000	4,420,000
Special Assessment Commitment Bonds Payable	0	0	0	0	0	0	85,000	85,000
Compensated Absences Payable	0	0	0	0	0	0	590,737	590,737
Capital Lease	0	0	0	0	0	0	8,391	8,391
Ohio Police and Fire Pension Accrued Liability	0	0	0	0	0	0	106,130	106,130
Total Liabilities	1,014,547	1,141,612	74,996	1,089,159	102,694	0	5,210,258	8,633,266
Fund Equity and Other Credits								
Investment in General Fixed Assets	0	0	0	0	0	12,339,823	0	12,339,823
Fund Balances:								
Reserved for Inventory	1,577	20,722	0	0	0	0	0	22,299
Reserved for Prepaid Items	38,139	6,275	0	1,049	0	0	0	45,463
Reserved for Encumbrances	3,035	2,602	0	90,659	0	0	0	96,296
Reserved for Debt Service	0	0	10,962	0	0	0	0	10,962
Unreserved:								
Undesignated	650,625	713,111	(194)	828,380	0	0	0	2,191,922
Total Fund Equity and Other Credits	693,376	742,710	10,768	920,088	0	12,339,823	0	14,706,765
Total Liabilities, Fund Equity, and Other Credits	\$ 1,707,923	\$ 1,884,322	\$ 85,764	\$ 2,009,247	\$ 102,694	\$ 12,339,823	\$ 5,210,258	\$ 23,340,031

See accompanying notes to the general purpose financial statements.

CITY OF NORTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues					
Local Taxes - Income Tax	\$2,625,238	\$ 0	\$ 0	\$ 0	\$ 2,625,238
Local Taxes - Property Tax	358,607	690,437	0	0	1,049,044
Other Taxes	101,462	18,084	0	54,013	173,559
Intergovernmental Revenue	707,570	622,506	0	6,835	1,336,911
Special Assessments	0	0	12,756	0	12,756
Charges for Services	38,290	288,655	0	92,796	419,741
Fines, Licenses, and Permits	297,442	28,849	0	0	326,291
Interest Income	18,544	0	0	0	18,544
Miscellaneous	91,978	43,607	0	24,339	159,924
Total Revenues	4,239,131	1,692,138	12,756	177,983	6,122,008
Expenditures					
Current:					
Security of Persons and Property	1,709,163	930,397	0	0	2,639,560
Public Health Services	0	6,281	0	0	6,281
Leisure Time Activities	182,989	14,912	0	0	197,901
Community Development	290,381	287	0	0	290,668
Transportation	0	902,554	0	0	902,554
General Government	1,414,156	21,022	0	0	1,435,178
Other	30,172	0	0	0	30,172
Capital Outlay	0	0	0	1,001,789	1,001,789
Debt Service:					
Principal Retirement	0	0	5,000	0	5,000
Interest and Fiscal Charges	0	0	203,836	95,502	299,338
Total Expenditures	3,626,861	1,875,453	208,836	1,097,291	6,808,441
Excess (Deficiency) of Revenues Over (Under) Expenditures	612,270	(183,315)	(196,080)	(919,308)	(686,433)
Other Financing Sources (Uses)					
Proceeds from Sale of Notes	0	0	0	4,420,000	4,420,000
Transfers In	0	472,000	203,239	49,921	725,160
Transfers Out	(518,333)	(50,160)	(7,431)	(149,236)	(725,160)
Total Other Financing Sources (Uses)	(518,333)	421,840	195,808	4,320,685	4,420,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	93,937	238,525	(272)	3,401,377	3,733,567
Fund Balance (Deficit) - Beginning of Year	598,325	496,223	11,040	(2,481,289)	(1,375,701)
Increase in Reserve for Inventory	1,114	7,962	0	0	9,076
Fund Balance (Deficit) - End of Year	\$ 693,376	\$ 742,710	\$ 10,768	\$ 920,088	\$ 2,366,942

See accompanying notes to the general purpose financial statements.

CITY OF NORTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local Taxes - Income Tax	\$ 2,558,892	\$ 2,570,695	\$ 11,803
Local Taxes - Property Tax	355,422	358,607	3,185
Other Taxes	101,629	101,462	(167)
Intergovernmental Revenues	723,135	769,782	46,647
Special Assessments	0	0	0
Charges for Services	40,490	38,290	(2,200)
Fines, Licenses, and Permits	298,813	269,911	(28,902)
Interest Income	16,850	18,544	1,694
Miscellaneous	97,970	102,200	4,230
Total Revenues	<u>4,193,201</u>	<u>4,229,491</u>	<u>36,290</u>
Expenditures			
Current:			
Security of Persons and Property	1,741,808	1,706,117	35,691
Public Health Services	0	0	0
Leisure Time Activities	187,582	181,942	5,640
Community Development	309,107	302,118	6,989
Basic Utilities Services	0	0	0
Transportation	0	0	0
General Governments	1,441,876	1,407,017	34,859
Other	30,173	30,172	1
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>3,710,546</u>	<u>3,627,366</u>	<u>83,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>482,655</u>	<u>602,125</u>	<u>119,470</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of General Obligation Bonds	0	0	0
Sale of Fixed Assets	0	0	0
Transfers In	0	0	0
Transfers Out	(518,333)	(518,333)	0
Total Other Financing Sources (Uses)	<u>(518,333)</u>	<u>(518,333)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(35,678)</u>	<u>83,792</u>	<u>119,470</u>
Fund Balance - Beginning of Year	<u>39,282</u>	<u>39,282</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 3,604</u></u>	<u><u>\$ 123,074</u></u>	<u><u>\$ 119,470</u></u>

See accompanying notes to the general purpose financial statements.

CITY OF NORTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	SPECIAL REVENUE FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local Taxes - Income Tax	\$ 0	\$ 0	\$ 0
Local Taxes - Property Tax	694,306	690,437	(3,869)
Other Taxes	16,772	18,084	1,312
Intergovernmental Revenues	635,125	625,710	(9,415)
Special Assessments	0	0	0
Charges for Services	281,880	288,655	6,775
Fines, Licenses, and Permits	30,800	28,907	(1,893)
Interest Income	0	0	0
Miscellaneous	47,305	44,753	(2,552)
Total Revenues	<u>1,706,188</u>	<u>1,696,546</u>	<u>(9,642)</u>
Expenditures			
Current:			
Security of Persons and Property	995,123	945,416	49,707
Public Health Services	7,000	6,281	719
Leisure Time Activities	15,173	15,421	(248)
Community Development	60,287	287	60,000
Basic Utilities Services	0	0	0
Transportation	1,014,912	982,093	32,819
General Governments	20,738	20,620	118
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	35,000	35,000	0
Interest and Fiscal Charges	7,490	7,490	0
Total Expenditures	<u>2,155,723</u>	<u>2,012,608</u>	<u>143,115</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(449,535)</u>	<u>(316,062)</u>	<u>133,473</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of General Obligation Bonds	0	0	0
Sale of Fixed Assets	0	0	0
Transfers In	472,000	472,000	0
Transfers Out	(7,670)	(7,670)	0
Total Other Financing Sources (Uses)	<u>464,330</u>	<u>464,330</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	14,795	148,268	133,473
Fund Balance - Beginning of Year	<u>595,141</u>	<u>595,141</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 609,936</u>	<u>\$ 743,409</u>	<u>\$ 133,473</u>

See accompanying notes to the general purpose financial statements.

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	54,000	53,213	(787)
12,756	12,756	0	6,839	6,835	(4)
0	0	0	0	0	0
0	0	0	94,400	92,796	(1,604)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	24,355	24,339	(16)
<u>12,756</u>	<u>12,756</u>	<u>0</u>	<u>179,594</u>	<u>177,183</u>	<u>(2,411)</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	3,093,577	1,489,617	1,603,960
5,000	5,000	0	4,577,000	4,577,000	0
203,879	203,836	43	88,012	88,012	0
<u>208,879</u>	<u>208,836</u>	<u>43</u>	<u>7,758,589</u>	<u>6,154,629</u>	<u>1,603,960</u>
<u>(196,123)</u>	<u>(196,080)</u>	<u>43</u>	<u>(7,578,995)</u>	<u>(5,977,446)</u>	<u>1,601,549</u>
0	0	0	2,165,000	2,065,000	(100,000)
0	0	0	4,420,000	4,420,000	0
0	0	0	0	0	0
203,279	203,239	(40)	7,431	7,431	0
(7,431)	(7,431)	0	(149,236)	(149,236)	0
<u>195,848</u>	<u>195,808</u>	<u>(40)</u>	<u>6,443,195</u>	<u>6,343,195</u>	<u>(100,000)</u>
(275)	(272)	3	(1,135,800)	365,749	1,501,549
<u>11,040</u>	<u>11,040</u>	<u>0</u>	<u>1,426,909</u>	<u>1,426,909</u>	<u>0</u>
<u>\$ 10,765</u>	<u>\$ 10,768</u>	<u>\$ 3</u>	<u>\$ 291,109</u>	<u>\$ 1,792,658</u>	<u>\$ 1,501,549</u>

CITY OF NORTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>TOTALS (MEMORANDUM ONLY)</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Local Taxes - Income Tax	\$ 2,558,892	\$ 2,570,695	\$ 11,803
Local Taxes - Property Tax	1,049,728	1,049,044	(684)
Other Taxes	172,401	172,759	358
Intergovernmental Revenues	1,365,099	1,402,327	37,228
Special Assessments	12,756	12,756	0
Charges for Services	416,770	419,741	2,971
Fines, Licenses, and Permits	329,613	298,818	(30,795)
Interest Income	16,850	18,544	1,694
Miscellaneous	169,630	171,292	1,662
Total Revenues	<u>6,091,739</u>	<u>6,115,976</u>	<u>24,237</u>
Expenditures			
Current:			
Security of Persons and Property	2,736,931	2,651,533	85,398
Public Health Services	7,000	6,281	719
Leisure Time Activities	202,755	197,363	5,392
Community Development	369,394	302,405	66,989
Basic Utilities	0	0	0
Transportation	1,014,912	982,093	32,819
General Governments	1,462,614	1,427,637	34,977
Other	30,173	30,172	1
Capital Outlay	3,093,577	1,489,617	1,603,960
Debt Service:			
Principal Retirement	4,617,000	4,617,000	0
Interest and Fiscal Charges	299,381	299,338	43
Total Expenditures	<u>13,833,737</u>	<u>12,003,439</u>	<u>1,830,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,741,998)</u>	<u>(5,887,463)</u>	<u>1,854,535</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Notes	2,165,000	2,065,000	(100,000)
Proceeds from Sale of General Obligation Bonds	4,420,000	4,420,000	0
Transfers In	682,710	682,670	(40)
Transfers Out	(682,670)	(682,670)	0
Total Other Financing Sources (Uses)	<u>6,585,040</u>	<u>6,485,000</u>	<u>(100,040)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,156,958)</u>	<u>597,537</u>	<u>1,754,495</u>
Fund Balance - Beginning of Year	<u>2,072,372</u>	<u>2,072,372</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 915,414</u></u>	<u><u>\$ 2,669,909</u></u>	<u><u>\$ 1,754,495</u></u>

See accompanying notes to the general purpose financial statements.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Reporting Entity**

The City of Norton, Ohio is a charter municipal corporation operating under the charter and 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 appointed by the Mayor with Council approval.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups and the results of operations of the various fund types. The financial statements are presented as of December 31, 2003, and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification).

In evaluating how to define the governmental reporting entity, the City adopted the provision of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the City (primary government) is financial accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either **(1)** the City's ability to impose its will over the component unit, or **(2)** the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

On this basis, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards, and commissions that are part of the primary government, including police and fire protection, waste collection, parks and recreation, health, certain social services, and general administrative services.

B. **Basis of Presentation**

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Basis of Presentation (Continued)

The financial transactions of the City are recorded in individual funds and account groups. The various funds and account groups are reported by type in the general purpose financial statements. Amounts in the “Total - (Memorandum Only)” columns in the general purpose financial statements represent a summation of the combined groups and are presented only for analytical purposes. The summation includes fund types and account groups that use different bases of accounting, both restricted and unrestricted amounts, interfund transactions that have not been eliminated, and the caption “Amounts to be Provided”, which does not represent an asset. Consequently, amounts shown in the “Total - (Memorandum Only)” columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the City. The City uses the following fund categories, fund types, and account groups:

Governmental Funds

Governmental funds are accounted for on a spending measurement focus. Only current assets and current liabilities are generally included on their balance sheet. Their operating statements present sources (revenue and other financing sources) and uses (expenditures and other financing uses) of “available spendable resources” during a period.

General Fund - To account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose, provided it is expended or transferred in accordance with the Charter and legislation of the City of Norton and or the general laws of the State of Ohio.

Special Revenue Funds - To account for the revenues derived from specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - To account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal and interest.

Capital Projects Funds - To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Basis of Presentation** (Continued)

Fiduciary Funds

Agency Funds - To account for assets held by the City as an agency for others and payroll deductions withheld and awaiting payment. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt.

General Fixed Assets Account Group - To account for all fixed assets of the City.

General Long-Term Obligations Account Group - To account for all unmatured long-term obligations of the City.

C. **Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

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. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements including 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

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Basis of Accounting** (Continued)

provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because it is generally not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2003, but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described Note 3.

D. **Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents 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.

All funds other than the agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department of the City. Budgetary modifications may only be made by ordinance of the City Council.

The City's budgetary process is as follows:

1. **Tax Budget**

A tax budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except for Agency funds, are legally required to be budgeted.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Budgetary Process** (Continued)

2. **Estimated Resources**

The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2003 unencumbered fund balances. However, those fund balances are available for appropriation.

3. **Appropriations**

A temporary appropriation measure to control the level of expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year to the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. During the year 2003, several supplemental appropriations were necessary to budget the use of contingency funds and major capital improvements. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Government Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. **Encumbrances**

As part of formal budgetary control, contracts and other commitments for the expenditures of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriations and determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent expenditures for governmental funds.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Budgetary Process (Continued)

5. **Governmental Fund Budgets**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations, and encumbrances.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types, are presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis). Budgetary basis transfers differ from GAAP basis transfers due to payment of note from the Fire Fund (Special Revenue) and on a GAAP basis paid from the equipment fund (Capital Projects).
- c. Short-term note proceeds and note principal retirement for governmental funds are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The adjustments necessary to convert the results of operations for the year from the GAAP basis to the budget basis for the governmental funds are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$ 93,937	\$ 238,525	\$(272)	\$ 3,401,377
Increase (Decrease) due to:				
Revenue Accruals	(9,640)	(467,592)	0	(4,513,211)
Expenditure Accruals	525,725	(38,830)	(195,808)	(187,919)
Encumbrances	(7,897)	(5,675)	0	(108,183)
Transfers In	0	472,000	203,239	49,921
Transfers Out	(518,333)	(50,160)	(7,431)	(149,236)
Note/Bond Issuance	0	0	0	6,485,000
Note Retirement	0	0	0	(4,612,000)
Budget Basis	\$ 83,792	\$ 148,268	\$ (272)	\$ 365,749

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet.

The City complies with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at market value, except for interest-earnings investment contracts and external investment pools (see Note 5).

In applying GASB 31, the City utilized the following methods and assumptions as of December 31, 2003:

The portfolio was limited to a repurchase agreement in First Merit Bank;

Market value is based on quoted market prices as of the valuation date. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit and repurchase agreements are reported at cost;

Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the general fund to the extent its cash and investment balances exceeds the cumulative value of those investments subject to GASB 31.

The City's policy is to hold investments until maturity, or until fair values equal or exceed cost.

Interest revenue credited to the general fund during fiscal year 2003 amounted to \$18,544.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Investments** (Continued)

For purposes of the presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments within an initial maturity of more than three months are reported as investments.

F. **Cash and Cash Equivalents**

The City considers highly liquid investments with original maturities of three months or less to be cash equivalents.

G. **Fixed Assets**

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. General fixed assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental type funds and capitalized (recorded and accounted for) in the general fixed asset account group. Infrastructure fixed assets such as water lines and storm sewers are capitalized and are reported as part of the general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are recorded at fair market value at the date received.

H. **Compensated Absences**

In conformity with GASB Statement No. 16, the City accrues vacation and compensatory time benefits as earned by its employees if the leave is attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the City accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at December 31, 2003. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. **Compensated Absences** (Continued)

For governmental funds, the City provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The liability is reported in the general long-term obligations account group.

I. **Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Under Ohio law, a debt retirement fund must be created and used for the payment of all long-term debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects funds and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt retirement fund has been split among the appropriate funds and account groups. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

J. **Deferred Revenue**

Deferred revenue consists of property taxes. Although property taxes receivables are measurable, they are recorded and deferred until they become available because the revenue is not available soon enough in the subsequent year to finance current period obligations.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

K. Inventory

Inventory of governmental funds is stated at cost. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased. Reported materials and supplies are equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

L. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items. A portion of the relevant funds balances equal to the prepaid items has been reserved to indicate that is not available for appropriation.

M. Reserves of Fund Equity

Reserves of fund equity in governmental funds indicate that a portion of fund balance is not available for expenditures or is legally segregated for a specific use. Fund balances are reserved for encumbrances, supplies inventory, prepaids, and debt service.

N. Total Columns on Financial Statements

Total columns on the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **ACCOUNTABILITY AND COMPLIANCE**

A. Expenditure Exceeding Appropriation

Section 5705.41(B), Ohio Revised Code, states that no subdivision shall make any expenditure of money unless it has been appropriated. Section 5705.41(D), Ohio Revised Code, states in part that encumbrances should be charged against proper appropriations and actual disbursements plus outstanding encumbrances should not be greater than the total appropriations. The following funds had expenditures in excess of appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<u>Special Revenue Funds</u>			
Street Construction, Maintenance and Repair:			
Transportation	\$ 965,573	\$ 965,758	\$ (185)
Community Center:			
Leisure Time Activities	\$ 14,547	\$ 14,845	\$ (298)

B. Appropriation Exceeding Estimated Resources

The following City funds had appropriations in excess of estimated resources in violation of ORC Section 5705.39.

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Difference</u>
<u>Special Revenue</u>			
Street Construction, Maintenance and Repair	\$ 926,010	\$ 965,573	\$ (39,563)
Community Center Fund	10,685	14,547	(3,862)
Greenwich Road Fund	(1,635)	626	(2,261)
<u>Capital Projects</u>			
Storm Sewers Fund	269	39,000	(38,731)
Sanitary Sewers Fund	248,151	261,427	(13,276)
Waterlines Fund	382,019	505,407	(123,388)

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **ACCOUNTABILITY AND COMPLIANCE**

C. Fund Deficit

The fund deficit at December 31, 2003, of \$241,850 in the Waterlines fund, was created by the recognition of general obligation notes payable amounts in the individual fund balance sheets.

Fund deficits at December 31, 2003, of \$34,880 in the Street Construction Maintenance and Repair fund, \$5,380 in the Community Center fund, \$2,218 in the Greenwich Road fund, \$23,439 in the Storm Sewer fund and \$3,603 in the Sanitary Sewer fund were created from recognition of expenditures that have not yet been reimbursed. The fund deficit will be eliminated by transfer of funds from the general fund. The general fund provides operating transfers when cash is required, not when accruals occur.

D. Fund Budgetary Basis Deficits

Ohio Revised Code Section 5705.10 states that money that is paid into a fund must be used only for the purpose for which such fund has been established. On budgetary basis fund deficits at December 31, 2003, of \$52,035 in the street construction, maintenance and repair fund, \$4,590 in the community center fund, \$2,218 in the Greenwich Road Fund, \$38,005 in the Storm Sewer Fund, \$3,603 in the sanitary sewers fund and \$63,850 in the waterlines fund. These negative fund balances indicate that money from one fund was used to cover the expenses of another fund.

NOTE 3: **PROPERTY TAXES**

Real property taxes were levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last appraisal was completed for tax year 2003.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 3: **PROPERTY TAXES** (Continued)

The full tax rate applied to real property for the fiscal year ended December 31, 2003, was \$6.50 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$5.19 per \$1,000 of assessed valuation of real property classified as residential/agricultural and \$5.61 per \$1,000 of assessed evaluation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2003, was \$6.50 per \$1,000 of assessed valuation.

Real Estate - 2003 Valuation

Residential/Agricultural	\$ 187,106,717
Commercial/Industrial	38,323,063
Public Utilities	6,754,770
General Tangible Personal Property - 2003 Valuation	<u>20,700,235</u>
	<u>\$ 252,884,785</u>
	=====

The Summit County Treasurer collects property tax on behalf of all taxing districts within the County. The Summit County Auditor periodically remits to the taxing districts their portions of the taxes collected. Such collections are available only to pay current period liabilities.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 4: MUNICIPAL INCOME TAXES

The City levies a municipal income tax of 1.5% on all salaries, wages, commissions, and other compensation, and net profits earned within the City, as well as incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly. Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and file a final return annually.

Ohio law requires all municipal income tax rates above 1% to be voted by the residents of the municipality.

NOTE 5: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The City maintains a separate cash and investment pool that is available for use by all funds and accounts. Each fund type's portion of this pool is displayed on the combined balance sheet as Cash and Cash Equivalents.

Legal Requirements - Statutes require the classifications of monies held by the City into three categories:

Category 1 - consists of "active" monies, those monies required to be kept in a "cash" or a "near-cash" status for immediate use by the City. Such monies must be maintained either as cash in the City's treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 - consists of "inactive" monies, those monies not required for use within the current five year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 - consists of "interim" monies, those monies which are not needed for immediate use but which will be needed before the end of the current period of depositories.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 5: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Legislation permits interim monies to be invested or deposited 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 or 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 directly issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Interim deposits in eligible institutions applying for interim funds;
5. Bonds or other obligations of the State of Ohio;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreement secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasury Asset Reserve of Ohio (STAROhio).

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 5: **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**
(Continued)

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, *Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, collateral held in single financial collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

Deposits

The Governmental Accounting Standards Board has established risk categories for deposits as follows:

Category 1 - Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging institution or its trust department or agent but not in the City's name.

All deposits are carried at cost. At year end, the carrying amount of the City's cash and deposits was \$1,360,186 and the bank balance was \$1,454,836. Of the bank balance, \$300,000 was insured by the FDIC and \$1,154,836 was classified as Risk Category 3.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 5: **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**
(Continued)

Investments

The Governmental Accounting Standards Board has established risk categories for investments as follows:

Category 1 - Investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

The City's categorized investments at December 31, 2003 were as follows:

	<u>Financial Institution</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreement (Risk Category 3)	First Merit	\$ 1,535,000	\$ 1,535,000
Total Investments		\$ 1,535,000	\$ 1,535,000
		=====	=====

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3. The captions on the combined balance sheet related to cash and cash equivalents as follows:

	<u>Cash/Cash Equivalents*</u>	<u>Investments</u>
GASB Statement No. 9	\$ 2,959,036	\$ 0
Cash Overdraft (Accounts Payable)	(63,850)	0
Investments:		
Repurchase Agreements	(1,535,000)	1,535,000
GASB Statement No. 3	\$ 1,360,186	\$ 1,535,000
	=====	=====

* - Includes Cash with Fiscal agent.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 6: **RECEIVABLES**

The receivables at December 31, 2003 consist of taxes, intergovernmental receivables arising from grants, entitlements, or shared revenues. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

<u>Fund Type/Fund</u>	<u>Amounts</u>
<u>General Fund</u>	
Liquor Permits	\$ 12,304
Estate Tax	395
Local Government Support	330,691
Homestead and Rollback	22,632
Law Enforcement Grant	<u>9,318</u>
Total General Fund	<u>375,340</u>
<u>Special Revenue Funds</u>	
Street Construction, Maintenance, and Repair	
Gasoline Tax	<u>208,519</u>
Total Street Construction, Maintenance and Repair	<u>208,519</u>
State Highway Improvement	
Gasoline Tax	<u>16,907</u>
Total State Highway Improvement	<u>16,907</u>
Special Permissive License Plate Tax	
Permissive Tax	<u>2,052</u>
Total Special Permissive License Plate Tax	<u>2,052</u>
Fire	
Homestead and Rollback	<u>20,062</u>
Total Fire	<u>20,062</u>
Emergency Medical Service	
Homestead and Rollback	<u>15,999</u>
Total Emergency Medical Service	<u>15,999</u>
PFDPF	
Homestead and Rollback	<u>4,244</u>
Total PFDPF	<u>4,244</u>
Total Special Revenue Funds	<u>267,783</u>
Total All Funds	<u>\$ 643,123</u>

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 7: FIXED ASSETS

The general fixed assets in 2003 were as follows:

<u>Description</u>	<u>January 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2003</u>
Land and Land Improvements	\$ 330,122	\$ 0	\$ 0	\$ 330,122
Buildings and Building Improvements	1,549,803	0	0	1,549,803
Machinery, Equipment, Furniture and Fixtures	2,342,227	113,635	0	2,455,862
Infrastructure	3,354,263	2,382,220	0	5,736,483
Vehicles	2,150,297	145,004	(44,068)	2,251,233
Construction in Progress	<u>2,382,220</u>	<u>16,320</u>	<u>(2,382,220)</u>	<u>16,320</u>
Total	<u>\$ 12,108,932</u>	<u>\$ 2,657,179</u>	<u>\$(2,426,288)</u>	<u>\$ 12,339,823</u>

NOTE 8: PENSION PLAN

A. Ohio Public Employees Retirement System

All City full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;
- The Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

CITY OF NORTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 8: **PENSION PLAN** (Continued)

A. Ohio Public Employees Retirement System (Continued)

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of both the Traditional and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town St., Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. 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 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 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 plans for the year ended December 31, 2003, 2002, and 2001 were \$135,659, \$130,794, and \$118,150 respectively; 77 percent has been contributed for 2003 and 100 percent for 2002 and 2001. There were no contributions to the member-directed plan for 2003.

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. The 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. The 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.

CITY OF NORTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 8: **PENSION PLAN** (Continued)

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$172,637 and \$48,857 for the year ended December 31, 2003, \$172,434 and \$42,501 for the year ended December 31, 2002, and \$158,025 and \$37,307 for the year ended December 31, 2001. The full amount has been contributed for 2002 and 2001. 75 percent and 80 percent, respectively, have been contributed for 2003.

NOTE 9: **POST-EMPLOYMENT BENEFITS**

A. **Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2003 employer contribution rate was 13.55 percent of covered payroll, 5 percent was the portion that was used to fund health care for 2003.

Benefits are advance-funded using the entry age normal actuarial cost method of valuation. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase 4 percent annually.

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.

CITY OF NORTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 9 : **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

At December 31, 2003, the number of active contributing participants was 364,881. The City's annual contributions for 2003 used to fund postemployment benefits were \$79,333. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2002 (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 to 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

B. **Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who received 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 two-thirds basis.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 9: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Ohio Police and Fire Pension Fund** (Continued)

The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care costs paid from the OP&F fund shall be included in the employer's contribution rate. Health care funding and accounting are on a pay-as-you-go basis. The total police employer contribution 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 2003 and 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's annual contributions for 2003 that were used to fund postemployment benefits were \$68,689 for police and \$15,777 for fire. OP&F's total health care expenses for the year ended December 31, 2002 (the latest information available) were \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002 was 13,527 for police and 10,396 for firefighters.

NOTE 10: **COMPENSATED ABSENCES**

In accordance with Government Accounting Standards Board (GASB) Statement 16, the City of Norton, Ohio has accrued a liability for compensated absences (vacation and sick leave) at December 31, 2003, along with any salary-related payments associated with the payment of compensated absences.

Sick leave for City employees is accrued at rates of 4.6 for every 80 hours. Employees who retire or terminate service after 10 years may convert 25 percent of accumulated sick leave days into a lump-sum payment within certain limitations. For governmental funds, the City recognized the current portion of this liability at December 31, 2003, that is expected to be liquidated with expendable available financial resources.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 10: **COMPENSATED ABSENCES** (Continued)

City employees generally earn vacation leave ranging from 5 to 25 days per year based on length of service. No more than the amount of vacation accrued in the previous twelve-month period can be carried forward into the next calendar year without written consent of the City Mayor. For governmental fund types, accumulated vacation leave is recorded as a liability within the respective fund types since it has to be used in the following year or be forfeited.

The following is a summary of compensated absences payable by the General-Long Term Debt Account group:

	<u>General Long-Term Account Group</u>
Retirement Payout	\$ 21,375
Sick Leave	426,131
Holiday	7,845
Vacation Leave	114,968
Comp	<u>20,418</u>
Totals	<u>\$ 590,737</u> =====

NOTE 11: **SHORT-TERM DEBT**

Short-term debt outstanding at December 31, 2003 consisted of the following:

<u>Description</u>	<u>Notes Payable at 12/31/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Notes Payable at 12/31/03</u>
Bond Anticipation Notes -				
- Meadows Johnson	\$ 0	\$ 510,000	\$ 0	\$ 510,000
- Ballfields	0	250,000	250,000	0
- Multi Purpose Equipment	325,000	450,000	635,000	140,000
- Wooster Road Sanitary Sewer				
- 1999 Streets	300,000	0	300,000	0
- 2000/2001 Streets Program	300,000	650,000	800,000	150,000
- Barber Road Sanitary Sewer	2,250,000	0	2,250,000	0
- Gardner	0	205,000	205,000	0
- Waterlines	<u>350,000</u>	<u>0</u>	<u>172,000</u>	<u>178,000</u>
Total	<u>\$ 3,525,000</u>	<u>\$ 2,065,000</u>	<u>\$ 4,612,000</u>	<u>\$ 978,000</u> =====

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 12: LONG-TERM OBLIGATIONS

Changes in Bonds and other Long-Term Obligations of the City during 2003 were as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Principal Outstanding at 01/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Principal Outstanding at 12/31/03</u>
General Obligation					
Bonds:					
Street Improvement	2.00%	\$ 0	\$ 570,000	\$ 0	\$ 570,000
2 Police Cruisers	2.00%	0	55,000	0	55,000
Police Radio System	2.00%	0	415,000	0	415,000
2003 Road Program	2.00%	0	520,000	0	520,000
Ballfields	2.00%	0	260,000	0	260,000
Barber Road Sanitary Sewer	2.00%	0	2,385,000	0	2,385,000
Gardner Engineering - Issue II	2.00%	0	215,000	0	215,000
Total General Obligation Bonds		<u>0</u>	<u>4,420,000</u>	<u>0</u>	<u>4,420,000</u>
Special Assessment Bonds		<u>90,000</u>	<u>0</u>	<u>(5,000)</u>	<u>85,000</u>
Total Bond Indebtedness		<u>90,000</u>	<u>4,420,000</u>	<u>(5,000)</u>	<u>4,505,000</u>
Other Long-Term Obligations:					
Accrued Compensated Absences		617,352	0	(26,615)	590,737
Accrued Pension Liability		107,011	0	(881)	106,130
Capital Lease		<u>0</u>	<u>9,942</u>	<u>(1,551)</u>	<u>8,391</u>
Total Other Long-Term Obligations		<u>724,363</u>	<u>9,942</u>	<u>(29,047)</u>	<u>705,258</u>
Total Long-Term Obligation		<u>\$ 814,363</u>	<u>\$ 4,429,942</u>	<u>\$ (34,047)</u>	<u>\$ 5,210,258</u>

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 12: LONG-TERM OBLIGATIONS (CONTINUED)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003 are:

	<u>Capital Lease</u>		<u>Special Assessment Bonds</u>		<u>General Obligations Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 3,262	\$ 470	\$ 5,000	\$ 5,610	\$ 205,000	\$ 133,120
2005	3,402	330	5,000	5,280	215,000	129,020
2006	1,727	139	5,000	4,950	215,000	124,720
2007	0	0	5,000	4,620	220,000	120,420
2008	0	0	5,000	4,290	225,000	116,020
2009-2013	0	0	30,000	16,500	1,135,000	500,773
2014-2018	0	0	30,000	3,960	1,315,000	318,517
2019-2023	0	0	0	0	890,000	110,200
Totals	<u>\$ 8,391</u>	<u>\$ 939</u>	<u>\$ 85,000</u>	<u>\$ 45,210</u>	<u>\$ 4,420,000</u>	<u>\$ 1,552,790</u>

During 2003, the City issued \$4,420,000 in General Obligation Bonds to pay off Short-Term Notes and finance several new projects such as city street improvements, police cruisers, ballfields, Gardner and Barber Road Sanitary Sewer Improvements. A portion of the bonds will be paid for by the Barber Road Special Assessments with the remainder being paid from General Fund Revenues.

Special Assessments

The principal amount of the City's special assessment debt outstanding at December 31, 2003, \$85,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefitted property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$10,767 in the Special Assessment Bond Retirement Fund at December 31, 2003, is reserved for the retirement of outstanding special assessment bonds.

NOTE 13: CAPITALIZED LEASE

The City leases an airlift jack under a capital lease. The cost of the equipment obtained under the capital lease for the airlift jack is included in the General Fixed Assets Account Group and the related liability included in the General Long-Term Obligations Account Group.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 13: **CAPITALIZED LEASE** (Continued)

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2003:

<u>Year Ending December 31,</u>	<u>General Long-Term Obligations Account Group</u>
2004	\$ 3,732
2005	3,732
2006	<u>1,866</u>
Minimum Lease Payments	9,330
Less Amount Representing	
Interest at the City's Incremental	
Borrowing Rate of Interest	<u>(939)</u>
Present Value of Minimum Lease Payments	<u>\$ 8,391</u>

NOTE 14: **CLAIMS AND JUDGMENTS**

There are a few lawsuits pending in which the City is involved. City management estimates that the potential claims against the City not covered by insurance resulting from litigation would not materially affect the financial statements of the City.

The City has received federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon our experience, the City's management believes such disallowances, if any, will be immaterial.

NOTE 15: **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 2003, the City contracted with several companies for various types of insurance as follows:

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 15: **RISK MANAGEMENT** (Continued)

<u>Company</u>	<u>Description</u>	<u>Deductible</u>
Ohio Casualty Ins. Co.	Bond-Public Employees	\$ 0
Columbia Casualty Co.	Public Officials Liability	\$ 15,000
Columbia Casualty Co.	Law Enforcement Liability	\$ 10,000
Transcontinental Ins. Co.	Commercial Property	\$ 2,500
Transcontinental Ins. Co.	Inland Marine	\$ 100
National Fire Ins. Co. of Hartford	Automobile Liability	\$ 250
National Fire Ins. Co. of Hartford	Automobile Collision	\$ 500
Transcontinental Ins. Co.	General Liability \$1,000,000 per occurrence \$2,000,000 aggregate	\$ 1,000
United National Ins. Co.	Umbrella Liability	\$ 10,000
Ohio Casualty Ins. Co.	Bond-Finance Director	\$ 0
Ohio Casualty Ins. Co.	Bond - Mayor	\$ 0
Ohio Casualty Ins. Co.	Bond - Administrator	\$ 0
Ohio Casualty Ins. Co.	Bond - Clerk of Mayor's Court	\$ 0
Transcontinental Ins. Co.	Commercial Crime	\$ 0
Wichert Insurance	Ambulance and EMT Liability \$1,000,000 per occurrence \$2,000,000 aggregate	\$ 0
Wichert Insurance	Firemen's Errors and Omissions \$1,000,000 per occurrence \$2,000,000 aggregate	\$ 0

The City decided to stop carrying commercial insurance for health insurance because of its prohibitive cost and began covering all claim settlements and judgments out of its general fund resources. The City currently reports all of its risk management activities in the general fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 15: **RISK MANAGEMENT** (Continued)

At December 31, the amount of these liabilities was \$130,102. This liability is the City's best estimate based on available information. Changes in the reported liability since December 31, 2003 resulted from the following:

	Beginning of Fiscal Year <u>Liability</u>	Current- Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2002	\$ 467,645	\$ 833,640	\$1,217,985	\$ 83,300
2003	\$ 83,300	\$ 456,100	\$ 409,298	\$ 130,102

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.

There has been no significant reduction in insurance coverage as compared to the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 16: **OPERATING TRANSFERS**

Following is a summary of operating transfers in and out for all funds for 2003.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund</u>	<u>\$ 0</u>	<u>\$ 518,333</u>
<u>Special Revenue Funds</u>		
Street Construction, Maintenance, and Repair	472,000	0
Issue II Fund	0	2,392
Special Permissive License Plate Tax	0	
Federal Emergency Management Assistance	0	278
Emergency Medical Service	0	5,000
Fire Fund	<u>0</u>	<u>42,490</u>
Total Special Revenue Funds	<u>472,000</u>	<u>50,160</u>

CITY OF NORTON, OHIO
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 16: **OPERATING TRANSFERS** (Continued)

<u>Capital Projects Funds</u>		
Waterlines	\$ 7,431	\$ 0
Equipment	42,490	36,691
State Highways	0	24,515
Sanitary Sewers	<u>0</u>	<u>88,030</u>
 Total Capital Projects Funds	 <u>49,921</u>	 <u>149,236</u>
 <u>Debt Service Funds</u>		
General Debt Serve	172,044	7,431
Barber Road	<u>31,195</u>	<u>0</u>
 Total Debt Service	 <u>203,239</u>	 <u>7,431</u>
 Total All Funds	 <u>\$ 725,160</u>	 <u>\$ 725,160</u>

NOTE 17: **CONTINGENCIES**

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.

The City has received several federal and state grants for specific purposes which are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

NOTE 18: **CONSTRUCTION COMMITMENTS**

At December 31, 2003, the City had the following commitments with respect to capital projects.

<u>Capital Projects</u>	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
Cleveland-Massillon Road Widening	\$ 450,730	Not determined
Gardner Phase II	143,503	September 2004

COMBINING, INDIVIDUAL FUND,
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES

CITY OF NORTON, OHIO

SUPPLEMENTAL DATA
GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local Taxes - Income Tax	\$2,558,892	\$2,570,695	\$ 11,803
Local Taxes - Property Tax	355,422	358,607	3,185
Other Taxes	101,629	101,462	(167)
Intergovernmental Revenues	723,135	769,782	46,647
Charges for Services	40,490	38,290	(2,200)
Fines, Licenses, and Permits	298,813	269,911	(28,902)
Interest Income	16,850	18,544	1,694
Miscellaneous	97,970	101,700	3,730
Total Revenues	<u>4,193,201</u>	<u>4,228,991</u>	<u>35,790</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Personnel Services	1,570,550	1,548,499	22,051
Travel and Transportation	1,800	1,741	59
Contractual Services	116,858	111,275	5,583
Supplies and Materials	52,600	44,602	7,998
Total Police	<u>1,741,808</u>	<u>1,706,117</u>	<u>35,691</u>
Total Security of Persons and Property	<u>1,741,808</u>	<u>1,706,117</u>	<u>35,691</u>
Leisure Time Activities:			
Parks:			
Personnel Services	152,250	152,248	2
Travel and Transportation	22	22	0
Contractual Services	23,610	21,190	2,420
Supplies and Materials	11,700	8,482	3,218
Total Parks	<u>187,582</u>	<u>181,942</u>	<u>5,640</u>
Total Leisure Time Activities	<u>187,582</u>	<u>181,942</u>	<u>5,640</u>
Community Environment:			
Community Development:			
Personnel Services	64,150	63,171	979
Travel and Transportation	700	609	91
Contractual Services	39,924	39,719	205
Supplies and Materials	1,200	815	385
JEDZ	33,600	33,476	124
Total Community Development	<u>139,574</u>	<u>137,790</u>	<u>1,784</u>

(Continued)

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Building:			
Personnel Services	129,950	125,626	4,324
Travel and Transportation	350	348	2
Contractual Services	35,784	35,421	363
Supplies and Materials	3,449	2,933	516
Total Building	<u>169,533</u>	<u>164,328</u>	<u>5,205</u>
Total Community Environment	<u>309,107</u>	<u>302,118</u>	<u>6,989</u>
General Government:			
Council:			
Personnel Services	104,800	102,571	2,229
Travel and Transportation	1,300	1,224	76
Contractual Services	10,723	8,955	1,768
Supplies and Materials	8,800	8,449	351
Total Council	<u>125,623</u>	<u>121,199</u>	<u>4,424</u>
Mayor:			
Personnel Services	24,400	22,562	1,838
Travel and Transportation	500	459	41
Contractual Services	8,948	8,405	543
Supplies and Materials	890	820	70
Total Mayor	<u>34,738</u>	<u>32,246</u>	<u>2,492</u>
Administrative Officer:			
Personnel Services	163,131	160,905	2,226
Travel and Transportation	171	137	34
Contractual Services	44,665	43,437	1,228
Supplies and Materials	8,265	7,919	346
Total Administrative Officer	<u>216,232</u>	<u>212,398</u>	<u>3,834</u>
Finance:			
Personnel Services	305,594	302,192	3,402
Travel and Transportation	2,100	1,948	152
Contractual Services	180,658	180,286	372
Supplies and Materials	17,654	16,611	1,043
Statutory Contractual Services	112,632	111,996	636
Total Finance	<u>618,638</u>	<u>613,033</u>	<u>5,605</u>
Law:			
Personnel Services	56,000	54,931	1,069
Contractual Services	7,700	7,690	10
Total Law	<u>63,700</u>	<u>62,621</u>	<u>1,079</u>

(Continued)

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Public Service:			
Personnel Services	40,150	40,053	97
Contractual Services	121,600	113,431	8,169
Supplies and Materials	14,700	12,741	1,959
Total Public Service	<u>176,450</u>	<u>166,225</u>	<u>10,225</u>
Engineering:			
Personnel Services	16,300	16,110	190
Travel and Transportation	25	0	25
Contractual Services	68,757	68,726	31
Supplies and Materials	668	623	45
Total Engineering	<u>85,750</u>	<u>85,459</u>	<u>291</u>
Parks and Recreation Board:			
Personnel Services	8,570	8,372	198
Contractual Services	100	99	1
Supplies and Materials	62	54	8
Total Parks and Recreation Board	<u>8,732</u>	<u>8,525</u>	<u>207</u>
Building and Zoning Board:			
Personnel Services	4,820	4,002	818
Travel and Transportation	125	81	44
Contractual Services	570	550	20
Supplies and Materials	204	203	1
Total Building and Zoning Board	<u>5,719</u>	<u>4,836</u>	<u>883</u>
Cemetery Board:			
Personnel Services	8,030	7,589	441
Contractual Services	150	49	101
Supplies and Materials	37	37	0
Total Cemetery Board	<u>8,217</u>	<u>7,675</u>	<u>542</u>
Health Advisory Board:			
Personnel Services	380	224	156
Total Health Advisory Board	<u>380</u>	<u>224</u>	<u>156</u>
Planning Commission:			
Personnel Services	12,520	10,392	2,128
Contractual Services	811	594	217
Supplies and Materials	100	89	11
Total Planning Commission	<u>13,431</u>	<u>11,075</u>	<u>2,356</u>

(Continued)

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Civil Service Commission:			
Personnel Services	3,700	3,365	335
Contractual Services	1,600	1,550	50
Supplies and Materials	168	133	35
Total Civil Service Commission	<u>5,468</u>	<u>5,048</u>	<u>420</u>
Mayor's Court:			
Personnel Services	74,402	72,448	1,954
Travel and Transportation	112	112	0
Contractual Services	3,696	3,428	268
Supplies and Materials	588	465	123
Total Mayor's Court	<u>78,798</u>	<u>76,453</u>	<u>2,345</u>
Total General Government	<u>1,441,876</u>	<u>1,407,017</u>	<u>34,859</u>
Other Expenses	<u>30,173</u>	<u>30,172</u>	<u>1</u>
Total Expenditures	<u>3,710,546</u>	<u>3,627,366</u>	<u>83,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>482,655</u>	<u>601,625</u>	<u>118,970</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(518,333)</u>	<u>(518,333)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(518,333)</u>	<u>(518,333)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(35,678)	83,292	118,970
Fund Balance - Beginning of Year	<u>39,282</u>	<u>39,282</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u>\$ 3,604</u>	<u>\$ 122,574</u>	<u>\$ 118,970</u>

See accompanying notes to the general purpose financial statements.

CITY OF NORTON, OHIO
SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Street Construction, Maintenance, and Repair Fund - to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated streets.

State Highway Improvement Fund - to account for that portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

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.

Street Lighting Fund - the City assesses a rate on all real property to provide city wide public street lights. These funds are collected in the same manner as other assessments by the County Treasurer.

Issue II Fund - to account for funds received from State Issue II grant funds used for the improvement of various roads within the City.

Fire Fund - to account for revenues received from real and personal property taxes. Expenditures may only be used for fire department operations and fire pension.

Emergency Medical Service Fund - to account for revenues received from real and personal property taxes and EMS billings. Expenditures may be used for EMS operations and EMS pension.

D.A.R.E. Program Fund - to account for revenues received from D.A.R.E. activities. Expenditures may only be used for D.A.R.E. activities.

Drug Law Enforcement Fund - to account for proceeds 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.

CITY OF NORTON, OHIO
SPECIAL REVENUE FUNDS

Beautification Fund - to receive funds to be used by the Parks Board for plants, flowers, and shrubs.

Environmental and Natural Resources Fund - to provide monies to be used for legal services to prevent the disposal of hazardous wastes.

Community Development Block Grant Fund (CDBG) - to account for the revenue from the federal government and expenditures as prescribed under the Community Development Block Grant and the Comprehensive Housing Improvement Program.

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 and investment of funds received from the sale of cemetery lots and the disbursement of said funds or interest thereon for the perpetual care of the cemetery.

Special Event Fund - to account for revenue provided by donations from local persons/businesses to be used to pay the cost of presenting band concerts during the summer months at a City-owned pavilion.

Federal Emergency Management Assistance Fund (F.E.M.A.) - to account for funds provided by grants to pay for damage survey reports 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.

Policemen/Firemen Disability and Pension Fund (PFDPF) - to accumulate property taxes levied for the partial payment of the current and accrued liability for police and firemen's disability and pension. Amounts collected for the police and firemen's disability and pension are periodically remitted to the state operated Police and Firemen's Disability and Pension Fund.

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 provide funds to construct, replace, rehabilitate or otherwise improve water lines.

Sanitary Sewer Fund - to provide funds to construct, replace, rehabilitate or otherwise improve sewer lines.

**CITY OF NORTON, OHIO
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2003**

	<u>Street</u>	<u>Special</u>	<u>Street</u>	<u>Issue II</u>	<u>Fire</u>
	<u>Construction,</u>	<u>Permissive</u>	<u>Lighting</u>		
	<u>Maintenance,</u>	<u>License</u>			
	<u>and Repair</u>	<u>State Highway</u>			
		<u>Improvement</u>	<u>Plate Tax</u>		
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 2,268	\$ 103,012	\$ 0	\$ 17,337
Receivables:					
Taxes	0	0	0	0	393,000
Accounts	383	0	0	0	0
Intergovernmental	208,519	16,907	2,052	0	20,062
Inventory	20,722	0	0	0	0
Prepaid Items	<u>3,596</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>1,125</u>
Total Assets	<u>\$ 233,220</u>	<u>\$ 19,179</u>	<u>\$ 105,064</u>	<u>\$ 0</u>	<u>\$ 431,524</u>
<u>Liabilities</u>					
Accounts Payable	\$ 14,559	\$ 0	\$ 0	\$ 0	\$ 3,611
Accrued Wages and Benefits	43,646	0	0	0	5,825
Due to Other Funds	51,838	0	0	0	0
Deferred Revenue	<u>158,057</u>	<u>11,954</u>	<u>0</u>	<u>0</u>	<u>413,062</u>
Total Liabilities	<u>268,100</u>	<u>11,954</u>	<u>0</u>	<u>0</u>	<u>422,498</u>
<u>Fund Equity</u>					
Fund Balances:					
Reserved for Encumbrances	15	0	0	0	639
Reserved for Inventory	20,722	0	0	0	0
Reserved for Prepaids	3,596	4	0	0	1,125
Unreserved:					
Undesignated	<u>(59,213)</u>	<u>7,221</u>	<u>105,064</u>	<u>0</u>	<u>7,262</u>
Total Fund Equity					
(Deficit)	<u>(34,880)</u>	<u>7,225</u>	<u>105,064</u>	<u>0</u>	<u>9,026</u>
Total Liabilities and					
Fund Equity	<u>\$ 233,220</u>	<u>\$ 19,179</u>	<u>\$ 105,064</u>	<u>\$ 0</u>	<u>\$ 431,524</u>

CITY OF NORTON, OHIO
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (Continued)
DECEMBER 31, 2003

	Emergency Medical Service	D.A.R.E. Program	Drug Law Enforcement	Law Enforcement	DWI Enforcement and Education	Beautification
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 223,965	\$ 1,018	\$ 1,334	\$ 6,746	\$ 26,642	\$ 0
Receivables:						
Taxes	311,172	0	0	0	0	0
Accounts	0	0	0	0	0	0
Intergovernmental	15,999	0	0	0	0	0
Inventory	0	0	0	0	0	0
Prepaid Items	<u>1,550</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 552,686</u>	<u>\$ 1,018</u>	<u>\$ 1,334</u>	<u>\$ 6,746</u>	<u>\$ 26,642</u>	<u>\$ 0</u>
Liabilities						
Accounts Payable	\$ 8,372	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	16,709	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0
Deferred Revenue	<u>327,171</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>352,252</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity						
Fund Balances:						
Reserved for Encumbrances	1,948	0	0	0	0	0
Reserved for Inventory	0	0	0	0	0	0
Reserved for Prepays	1,550	0	0	0	0	0
Unreserved:						
Undesignated	<u>196,936</u>	<u>1,018</u>	<u>1,334</u>	<u>6,746</u>	<u>26,642</u>	<u>0</u>
Total Fund Equity (Deficit)	<u>200,434</u>	<u>1,018</u>	<u>1,334</u>	<u>6,746</u>	<u>26,642</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$ 552,686</u>	<u>\$ 1,018</u>	<u>\$ 1,334</u>	<u>\$ 6,746</u>	<u>\$ 26,642</u>	<u>\$ 0</u>

Environmental and Natural Resources	CDBG	Community Center	Greenwich Road	Cemetery	Special Event	F.E.M.A.	Recycling
\$ 304,045	\$ 0	\$ 0	\$ 0	\$ 16,685	\$ 0	\$ 0	\$ 1,361
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 304,045</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,685</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,361</u>
\$ 0	\$ 0	\$ 790	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0
0	0	4,590	2,218	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>5,380</u>	<u>2,218</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>304,045</u>	<u>0</u>	<u>(5,380)</u>	<u>(2,218)</u>	<u>16,685</u>	<u>0</u>	<u>0</u>	<u>1,361</u>
<u>304,045</u>	<u>0</u>	<u>(5,380)</u>	<u>(2,218)</u>	<u>16,685</u>	<u>0</u>	<u>0</u>	<u>1,361</u>
<u>\$ 304,045</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,685</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,361</u>

(Continued)

**CITY OF NORTON, OHIO
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (Continued)
DECEMBER 31, 2003**

	<u>Scrap Tire</u>	<u>PFDPF</u>	<u>Mayor's Court</u>	<u>Water System</u>	<u>Sanitary Sewer</u>	<u>Total</u>
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,811	\$ 25,547	\$ 20,275	\$ 18,000	\$ 37,685	\$ 807,731
Receivables:						
Taxes	0	74,966	0	0	0	779,138
Accounts	0	0	2,290	0	0	2,673
Intergovernmental	0	4,244	0	0	0	267,783
Inventory	0	0	0	0	0	20,722
Prepaid Items	0	0	0	0	0	6,275
Total Assets	<u>\$ 1,811</u>	<u>\$ 104,757</u>	<u>\$ 22,565</u>	<u>\$ 18,000</u>	<u>\$ 37,685</u>	<u>\$ 1,884,322</u>
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,332
Accrued Wages and Benefits	0	0	0	0	0	66,180
Due to Other Funds	0	0	0	0	0	58,646
Deferred Revenue	0	79,210	0	0	0	989,454
Total Liabilities	<u>0</u>	<u>79,210</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,141,612</u>
<u>Fund Equity</u>						
Fund Balances:						
Reserved for Encumbrances	0	0	0	0	0	2,602
Reserved for Inventory	0	0	0	0	0	20,722
Reserved for Prepays	0	0	0	0	0	6,275
Unreserved:						
Undesignated	1,811	25,547	22,565	18,000	37,685	713,111
Total Fund Equity (Deficit)	<u>1,811</u>	<u>25,547</u>	<u>22,565</u>	<u>18,000</u>	<u>37,685</u>	<u>742,710</u>
Total Liabilities and Fund Equity	<u>\$ 1,811</u>	<u>\$ 104,757</u>	<u>\$ 22,565</u>	<u>\$ 18,000</u>	<u>\$ 37,685</u>	<u>\$ 1,884,322</u>

CITY OF NORTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2003

	Street Construction, Maintenance, and Repair	State Highway Improvement	Special Permissive License Plate Tax	Street Lighting	Issue II	Fire
Revenues						
Local Taxes - Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Local Taxes - Property Tax	0	0	0	0	0	348,521
Other Taxes	0	0	0	0	0	9,583
Intergovernmental	416,100	33,738	90,378	0	0	39,401
Charges for Services	0	0	0	0	0	0
Fines, Licenses, and Permits	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0
Miscellaneous	19,311	0	0	0	0	12
Total Revenues	<u>435,411</u>	<u>33,738</u>	<u>90,378</u>	<u>0</u>	<u>0</u>	<u>397,517</u>
Expenditures						
Security of Persons and Property	0	0	0	15,596	0	352,588
Public Health Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Transportation	887,381	15,173	0	0	0	0
General Government	0	0	0	0	0	0
Principle Retirement	0	0	0	0	0	0
Total Expenditures	<u>887,381</u>	<u>15,173</u>	<u>0</u>	<u>15,596</u>	<u>0</u>	<u>352,588</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(451,970)</u>	<u>18,565</u>	<u>90,378</u>	<u>(15,596)</u>	<u>0</u>	<u>44,929</u>
Other Financing Sources (Uses)						
Transfers In	472,000	0	0	0	0	0
Transfers Out	0	0	0	0	(2,392)	(42,490)
Total Other Financing Sources (Uses)	<u>472,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,392)</u>	<u>(42,490)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	20,030	18,565	90,378	(15,596)	(2,392)	2,439
Fund Balance - Beginning of Year	(62,872)	(11,340)	14,686	15,596	2,392	6,587
Increase (Decrease) in Reserve for Inventory	<u>7,962</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u><u>\$ (34,880)</u></u>	<u><u>\$ 7,225</u></u>	<u><u>\$ 105,064</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 9,026</u></u>

CITY OF NORTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS (Continued)
DECEMBER 31, 2003

	Emergency Medical Service	D.A.R.E. Program	Drug Law Enforcement	Law Enforcement	DWI Enforcement and Education	Beautification
Revenues						
Local Taxes - Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Local Taxes - Property Tax	275,770	0	0	0	0	0
Other Taxes	7,378	0	0	0	0	0
Intergovernmental	34,525	0	0	0	0	0
Charges for Services	226,005	0	0	0	0	0
Fines, Licenses, and Permits	0	0	0	1,020	5,390	0
Interest Income	0	0	0	0	0	0
Miscellaneous	2,635	0	0	0	75	0
Total Revenues	<u>546,313</u>	<u>0</u>	<u>0</u>	<u>1,020</u>	<u>5,465</u>	<u>0</u>
Expenditures						
Security of Persons and Property	460,736	368	465	1,990	3,654	0
Public Health Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	287
Transportation	0	0	0	0	0	0
General Government	0	0	0	0	0	0
Principle Retirement	0	0	0	0	0	0
Total Expenditures	<u>460,736</u>	<u>368</u>	<u>465</u>	<u>1,990</u>	<u>3,654</u>	<u>287</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>85,577</u>	<u>(368)</u>	<u>(465)</u>	<u>(970)</u>	<u>1,811</u>	<u>(287)</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	0	0
Transfers Out	(5,000)	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	80,577	(368)	(465)	(970)	1,811	(287)
Fund Balance - Beginning of Year	119,857	1,386	1,799	7,716	24,831	287
Increase (Decrease) in Reserve for Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u><u>\$ 200,434</u></u>	<u><u>\$ 1,018</u></u>	<u><u>\$ 1,334</u></u>	<u><u>\$ 6,746</u></u>	<u><u>\$ 26,642</u></u>	<u><u>\$ 0</u></u>

Environmental and Natural Resources	CDBG	Community Center	Greenwich Road	Cemetery	Special Event	F.E.M.A.	Recycling
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	6,965	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	10,870	3	0	8,411	0	0
<u>0</u>	<u>0</u>	<u>10,870</u>	<u>3</u>	<u>6,965</u>	<u>8,411</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0	0
0	0	0	0	5,849	0	0	0
0	0	14,336	576	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	25	0	0	0	8,413	0	882
0	0	0	0	0	0	0	0
<u>0</u>	<u>25</u>	<u>14,336</u>	<u>576</u>	<u>5,849</u>	<u>8,413</u>	<u>0</u>	<u>882</u>
<u>0</u>	<u>(25)</u>	<u>(3,466)</u>	<u>(573)</u>	<u>1,116</u>	<u>(2)</u>	<u>0</u>	<u>(882)</u>
0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(278)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(278)</u>	<u>0</u>
0	(25)	(3,466)	(573)	1,116	(2)	(278)	(882)
304,045	25	(1,914)	(1,645)	15,569	2	278	2,243
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 304,045</u>	<u>\$ 0</u>	<u>\$ (5,380)</u>	<u>\$ (2,218)</u>	<u>\$ 16,685</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,361</u>

(Continued)

CITY OF NORTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS (Continued)
DECEMBER 31, 2003

	Scrap Tire	PFDPF	Mayor's Court	Water System	Sanitary Sewer	Total
Revenues						
Local Taxes - Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Local Taxes - Property Tax	0	66,146	0	0	0	690,437
Other Taxes	0	1,123	0	0	0	18,084
Intergovernmental	0	8,364	0	0	0	622,506
Charges for Services	0	0	0	18,000	37,685	288,655
Fines, Licenses, and Permits	0	0	22,439	0	0	28,849
Interest Income	0	0	0	0	0	0
Miscellaneous	0	0	2,290	0	0	43,607
Total Revenues	<u>0</u>	<u>75,633</u>	<u>24,729</u>	<u>18,000</u>	<u>37,685</u>	<u>1,692,138</u>
Expenditures						
Security of Persons and Property	0	95,000	0	0	0	930,397
Public Health Services	432	0	0	0	0	6,281
Leisure Time Activities	0	0	0	0	0	14,912
Community Environment	0	0	0	0	0	287
Transportation	0	0	0	0	0	902,554
General Government	0	0	11,702	0	0	21,022
Principle Retirement	0	0	0	0	0	0
Total Expenditures	<u>432</u>	<u>95,000</u>	<u>11,702</u>	<u>0</u>	<u>0</u>	<u>1,875,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(432)</u>	<u>(19,367)</u>	<u>13,027</u>	<u>18,000</u>	<u>37,685</u>	<u>(183,315)</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	0	472,000
Transfers Out	0	0	0	0	0	(50,160)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>421,840</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(432)</u>	<u>(19,367)</u>	<u>13,027</u>	<u>18,000</u>	<u>37,685</u>	<u>238,525</u>
Fund Balance - Beginning of Year	2,243	44,914	9,538	0	0	496,223
Increase (Decrease) in Reserve for Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,962</u>
Fund Balance (Deficit) - End of Year	<u>\$ 1,811</u>	<u>\$ 25,547</u>	<u>\$ 22,565</u>	<u>\$ 18,000</u>	<u>\$ 37,685</u>	<u>\$ 742,710</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
STREET CONSTRUCTION, MAINTENANCE, AND REPAIR SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental Revenues	\$ 428,500	\$ 417,037	\$ (11,463)
Miscellaneous	<u>23,511</u>	<u>22,687</u>	<u>(824)</u>
Total Revenues	<u>452,011</u>	<u>439,724</u>	<u>(12,287)</u>
<u>Expenditures</u>			
Transportation	<u>965,573</u>	<u>965,758</u>	<u>(185)</u>
Total Expenditures	<u>965,573</u>	<u>965,758</u>	<u>(185)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(513,562)</u>	<u>(526,034)</u>	<u>(12,472)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	<u>472,000</u>	<u>472,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>472,000</u>	<u>472,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(41,562)	(54,034)	(12,472)
Fund Balance - Beginning of Year	<u>1,999</u>	<u>1,999</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ (39,563)</u>	<u>\$ (52,035)</u>	<u>\$ (12,472)</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
STATE HIGHWAY IMPROVEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$ 33,550	\$ 33,814	\$ 264
Total Revenues	<u>33,550</u>	<u>33,814</u>	<u>264</u>
<u>Expenditures</u>			
Transportation	<u>16,339</u>	<u>16,335</u>	<u>4</u>
Total Expenditures	<u>16,339</u>	<u>16,335</u>	<u>4</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,211	17,479	268
Fund Balance - Beginning of Year	<u>(15,211)</u>	<u>(15,211)</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u>\$ 2,000</u>	<u>\$ 2,268</u>	<u>\$ 268</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SPECIAL PERMISSIVE LICENSE PLATE TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental Revenues	\$ 90,540	\$ 92,569	\$ 2,029
Total Revenues	<u>90,540</u>	<u>92,569</u>	<u>2,029</u>
<u>Expenditures</u>			
Transportation	<u>33,000</u>	<u>0</u>	<u>33,000</u>
Total Expenditures	<u>33,000</u>	<u>0</u>	<u>33,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	57,540	92,569	35,029
Fund Balance - Beginning of Year	<u>10,443</u>	<u>10,443</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 67,983</u></u>	<u><u>\$ 103,012</u></u>	<u><u>\$ 35,029</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
STREET LIGHTING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>			
Security of Persons and Property	<u>15,596</u>	<u>15,596</u>	<u>0</u>
Total Expenditures	<u>15,596</u>	<u>15,596</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,596)	(15,596)	0
Fund Balance - Beginning of Year	<u>15,596</u>	<u>15,596</u>	<u>0</u>
Fund Balance - End of Year	\$ 0 =====	\$ 0 =====	\$ 0 =====

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ISSUE II SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	<u>(2,392)</u>	<u>(2,392)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(2,392)</u>	<u>(2,392)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,392)</u>	<u>(2,392)</u>	<u>0</u>
Fund Balance - Beginning of Year	<u>2,392</u>	<u>2,392</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FIRE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Local Taxes - Property Tax	\$ 350,371	\$ 348,521	\$ (1,850)
Other Taxes	9,407	9,583	176
Intergovernmental Revenues	39,535	39,401	(134)
Miscellaneous	<u>100</u>	<u>12</u>	<u>(88)</u>
Total Revenues	<u>399,413</u>	<u>397,517</u>	<u>(1,896)</u>
<u>Expenditures</u>			
Security of Persons and Property	381,033	364,090	16,943
Debt Service:			
Principal Retirement	35,000	35,000	0
Interest and Fiscal Changes	<u>7,490</u>	<u>7,490</u>	<u>0</u>
Total Expenditures	<u>423,523</u>	<u>406,580</u>	<u>16,943</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,110)	(9,063)	15,047
Fund Balance - Beginning of Year	<u>24,720</u>	<u>24,720</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 610</u>	<u>\$ 15,657</u>	<u>\$ 15,047</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EMERGENCY MEDICAL SERVICE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>			
Local Taxes - Property Tax	\$ 277,294	\$ 275,770	\$ (1,524)
Other Taxes	7,365	7,378	13
Intergovernmental Revenues	34,638	34,525	(113)
Charges for Services	230,000	226,005	(3,995)
Miscellaneous	<u>2,615</u>	<u>2,635</u>	<u>20</u>
Total Revenues	<u>551,912</u>	<u>546,313</u>	<u>(5,599)</u>
<u>Expenditures</u>			
Security of Persons and Property	<u>493,855</u>	<u>464,253</u>	<u>29,602</u>
Total Expenditures	<u>493,855</u>	<u>464,253</u>	<u>29,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>58,057</u>	<u>82,060</u>	<u>24,003</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	53,057	77,060	24,003
Fund Balance - Beginning of Year	<u>143,106</u>	<u>143,106</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 196,163</u>	<u>\$ 220,166</u>	<u>\$ 24,003</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
D.A.R.E. PROGRAM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Security of Persons and Property	<u>639</u>	<u>368</u>	<u>271</u>
Total Expenditures	<u>639</u>	<u>368</u>	<u>271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(639)	(368)	271
Fund Balance - Beginning of Year	<u>1,386</u>	<u>1,386</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 747</u></u>	<u><u>\$ 1,018</u></u>	<u><u>\$ 271</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DRUG LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Fines, Licenses, and Permits	\$ 500	\$ 0	\$ 500
Total Revenues	<u>500</u>	<u>0</u>	<u>500</u>
<u>Expenditures</u>			
Security of Persons and Property	<u>1,000</u>	<u>465</u>	<u>535</u>
Total Expenditures	<u>1,000</u>	<u>465</u>	<u>535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	(465)	35
Fund Balance - Beginning of Year	<u>1,799</u>	<u>1,799</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 1,299</u>	<u>\$ 1,334</u>	<u>\$ 35</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Fines, Licenses, and Permits	\$ 1,500	\$ 1,078	\$ (422)
Total Revenues	<u>1,500</u>	<u>1,078</u>	<u>(422)</u>
<u>Expenditures</u>			
Security of Persons and Property	<u>3,000</u>	<u>1,990</u>	<u>1,010</u>
Total Expenditures	<u>3,000</u>	<u>1,990</u>	<u>1,010</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(912)	588
Fund Balance - Beginning of Year	<u>7,658</u>	<u>7,658</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 6,158</u>	<u>\$ 6,746</u>	<u>\$ 588</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DWI ENFORCEMENT AND EDUCATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Fines, Licenses, and Permits	\$ 5,000	\$ 5,390	\$ 390
Miscellaneous	<u>135</u>	<u>135</u>	<u>0</u>
Total Revenues	<u>5,135</u>	<u>5,525</u>	<u>390</u>
<u>Expenditures</u>			
Security of Persons and Property	<u>5,000</u>	<u>3,654</u>	<u>1,346</u>
Total Expenditures	<u>5,000</u>	<u>3,654</u>	<u>1,346</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	135	1,871	1736
Fund Balance - Beginning of Year	<u>24,771</u>	<u>24,771</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 24,906</u>	<u>\$ 26,642</u>	<u>\$ 1,736</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
BEAUTIFICATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable) <u></u>
<u>Revenues</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Expenditures</u>			
Community Development	<u>287</u>	<u>287</u>	<u>0</u>
Total Expenditures	<u>287</u>	<u>287</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(287)	(287)	0
Fund Balance - Beginning of Year	<u>287</u>	<u>287</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ENVIRONMENTAL AND NATURAL RESOURCES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous	\$ 100	\$ 0	\$ (100)
Total Revenues	<u>100</u>	<u>0</u>	<u>(100)</u>
<u>Expenditures</u>			
Community Development	<u>60,000</u>	<u>0</u>	<u>60,000</u>
Total Expenditures	<u>60,000</u>	<u>0</u>	<u>60,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,900)	0	59,900
Fund Balance - Beginning of Year	<u>304,045</u>	<u>304,045</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 244,145</u></u>	<u><u>\$ 304,045</u></u>	<u><u>\$ 59,900</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Capital Outlay	<u>25</u>	<u>25</u>	<u>0</u>
Total Expenditures	<u>25</u>	<u>25</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25)	(25)	0
Fund Balance - Beginning of Year	<u>25</u>	<u>25</u>	<u>0</u>
Fund Balance - End of Year	<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 SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous	\$ 11,300	\$ 10,870	\$ (430)
Total Revenues	<u>\$ 11,300</u>	<u>\$ 10,870</u>	<u>\$ (430)</u>
<u>Expenditures</u>			
Leisure Time Activities	<u>14,547</u>	<u>14,845</u>	<u>(298)</u>
Total Expenditures	<u>14,547</u>	<u>14,845</u>	<u>(298)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,247)</u>	<u>(3,975)</u>	<u>(728)</u>
Fund Balance - Beginning of Year	<u>(615)</u>	<u>(615)</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u><u>\$ (3,862)</u></u>	<u><u>\$ (4,590)</u></u>	<u><u>\$ (728)</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
GREENWICH ROAD SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous	\$ 10	\$ 3	\$ (7)
Total Revenues	<u>10</u>	<u>3</u>	<u>(7)</u>
<u>Expenditures</u>			
Leisure Time Activities	<u>626</u>	<u>576</u>	<u>50</u>
Total Expenditures	<u>626</u>	<u>576</u>	<u>50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(616)	(573)	43
Fund Balance - Beginning of Year	<u>(1,645)</u>	<u>(1,645)</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u><u>\$ (2,261)</u></u>	<u><u>\$ (2,218)</u></u>	<u><u>\$ 43</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
CEMETERY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 5,880	\$ 6,965	\$ 1,085
Total Revenues	<u>5,880</u>	<u>6,965</u>	<u>1,085</u>
<u>Expenditures</u>			
Public Health Services	<u>6,000</u>	<u>5,849</u>	<u>151</u>
Total Expenditures	<u>6,000</u>	<u>5,849</u>	<u>151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(120)	1,116	1,236
Fund Balance - Beginning of Year	<u>15,569</u>	<u>15,569</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 15,449</u></u>	<u><u>\$ 16,685</u></u>	<u><u>\$ 1,236</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SPECIAL EVENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous	\$ 8,411	\$ 8,411	\$ 0
Total Revenues	<u>8,411</u>	<u>8,411</u>	<u>0</u>
<u>Expenditures</u>			
General Governments	<u>8,413</u>	<u>8,413</u>	<u>0</u>
Total Expenditures	<u>8,413</u>	<u>8,413</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2)	(2)	0
Fund Balance - Beginning of Year	<u>2</u>	<u>2</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
F.E.M.A. SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	<u>(278)</u>	<u>(278)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(278)</u>	<u>(278)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(278)</u>	<u>(278)</u>	<u>0</u>
Fund Balance - Beginning of Year	<u>278</u>	<u>278</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
RECYCLING SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
General Governments	<u>1,000</u>	<u>882</u>	<u>118</u>
Total Expenditures	<u>1,000</u>	<u>882</u>	<u>118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(882)	118
Fund Balance - Beginning of Year	<u>2,243</u>	<u>2,243</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 1,243</u>	<u>\$ 1,361</u>	<u>\$ 118</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SCRAP TIRE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Public Health	<u>1,000</u>	<u>432</u>	<u>568</u>
Total Expenditures	<u>1,000</u>	<u>432</u>	<u>568</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(432)	568
Fund Balance - Beginning of Year	<u>2,243</u>	<u>2,243</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 1,243</u>	<u>\$ 1,811</u>	<u>\$ 568</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
POLICEMEN/FIREMEN DISABILITY AND PENSION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Local Taxes - Property Tax	\$ 66,641	\$ 66,146	\$ (495)
Other Taxes	0	1,123	1,123
Intergovernmental Revenues	8,362	8,364	2
Miscellaneous	<u>1,123</u>	<u>0</u>	<u>(1,123)</u>
Total Revenues	<u>76,126</u>	<u>75,633</u>	<u>(493)</u>
<u>Expenditures</u>			
Security of Persons and Property	<u>95,000</u>	<u>95,000</u>	<u>0</u>
Total Expenditures	<u>95,000</u>	<u>95,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,874)	(19,367)	(493)
Fund Balance - Beginning of Year	<u>44,914</u>	<u>44,914</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 26,040</u>	<u>\$ 25,547</u>	<u>\$ (493)</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
MAYOR'S COURT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Fines, Licenses, and Permits	\$ 23,800	\$ 22,439	\$ (1,361)
Total Revenues	<u>23,800</u>	<u>22,439</u>	<u>(1,361)</u>
<u>Expenditures</u>			
General Governments	<u>11,300</u>	<u>11,300</u>	<u>0</u>
Total Expenditures	<u>11,300</u>	<u>11,300</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,500	11,139	(1,361)
Fund Balance - Beginning of Year	<u>9,136</u>	<u>9,136</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 21,636</u></u>	<u><u>\$ 20,275</u></u>	<u><u>\$ (1,361)</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
WATER SYSTEM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 11,000	\$ 18,000	\$ 7,000
Total Revenues	<u>11,000</u>	<u>18,000</u>	<u>7,000</u>
<u>Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,000	18,000	7,000
Fund Balance - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 11,000</u>	<u>\$ 18,000</u>	<u>\$ 7,000</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SANITARY SEWER SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 35,000	\$ 37,685	\$ 2,685
Total Revenues	<u>35,000</u>	<u>37,685</u>	<u>2,685</u>
<u>Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,000	37,685	2,685
Fund Balance - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 35,000</u>	<u>\$ 37,685</u>	<u>\$ 2,685</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local Taxes - Income Tax	\$ 0	\$ 0	\$ 0
Local Taxes - Property Tax	694,306	690,437	(3,869)
Other Taxes	16,772	18,084	1,312
Intergovernmental Revenues	635,125	625,710	(9,415)
Charges for Services	281,880	288,655	6,775
Fines, Licenses, and Permits	30,800	28,907	(1,893)
Interest Income	0	0	0
Miscellaneous	47,305	44,753	(2,552)
Total Revenues	<u>1,706,188</u>	<u>1,696,546</u>	<u>(9,642)</u>
Expenditures			
Security of Persons and Property	995,123	945,416	49,707
Public Health Services	7,000	6,281	719
Leisure Time Activities	15,173	15,421	(248)
Community Development	60,287	287	60,000
Transportation	1,014,912	982,093	32,819
General Governments	20,738	20,620	118
Debt Service:			
Principal Retirement	42,490	42,490	0
Total Expenditures	<u>2,155,723</u>	<u>2,012,608</u>	<u>143,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(449,535)</u>	<u>(316,062)</u>	<u>133,473</u>
Other Financing Sources (Uses):			
Transfers In	472,000	472,000	0
Transfers Out	(7,670)	(7,670)	0
Total Other Financing Sources (Uses)	<u>464,330</u>	<u>464,330</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>14,795</u>	<u>148,268</u>	<u>133,473</u>
Fund Balance - Beginning of Year	<u>595,141</u>	<u>595,141</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 609,936</u></u>	<u><u>\$ 743,409</u></u>	<u><u>\$ 133,473</u></u>

CITY OF NORTON, OHIO

DEBT SERVICE FUND

Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Debt Service Fund - to accumulate monies for the payment of interest and principal on General Obligation bonds.

Special Assessment Debt Service Fund - to accumulate special revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of special assessment bonds and coupons. These bonds and coupons were sold to finance construction of various projects that were deemed to benefit only those residents in the immediate area of the project and are paid for by those residents through assessments against their property.

Barber Road Debt Service Fund - to accumulate special revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of special assessment bonds and coupons. These bonds and coupons were sold to finance construction of various projects that were deemed to benefit only those residents in the immediate area of the project and are paid for by those residents through assessments against their property.

**CITY OF NORTON, OHIO
 COMBINING BALANCE SHEET
 ALL DEBT SERVICE FUNDS
 DECEMBER 31, 2003**

	<u>General Debt Service</u>	<u>Special Assessment Debt Service</u>	<u>Barber Road Special Assessment Debt Service</u>	<u>Total</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1	\$ 10,767	\$ 0	\$ 10,768
Special Assessment Receivable	<u>0</u>	<u>12,756</u>	<u>62,240</u>	<u>74,996</u>
Total Assets	<u>\$ 1</u>	<u>\$ 23,523</u>	<u>\$ 62,240</u>	<u>\$ 85,764</u>
<u>Liabilities</u>				
Deferred Revenue	<u>\$ 0</u>	<u>\$ 12,756</u>	<u>\$ 62,240</u>	<u>\$ 74,996</u>
Total Liabilities	<u>0</u>	<u>12,756</u>	<u>62,240</u>	<u>74,996</u>
<u>Fund Equity</u>				
Fund Balance:				
Reserved for Debt Service	<u>\$ 1</u>	<u>\$ 10,767</u>	<u>\$ 0</u>	<u>\$ 10,768</u>
Total Fund Equity	<u>1</u>	<u>10,767</u>	<u>0</u>	<u>10,768</u>
Total Liabilities and Fund Equity	<u>\$ 1</u>	<u>\$ 23,523</u>	<u>\$ 62,240</u>	<u>\$ 85,764</u>

CITY OF NORTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
ALL DEBT SERVICE FUNDS
DECEMBER 31, 2003

	General Debt Service	Special Assessment Debt Service	Barber Road Special Assessment Debt Service	Total
<u>Revenues</u>				
Special Assessments	\$ 0	\$ 12,756	\$ 0	\$ 12,756
Total Revenues	<u>0</u>	<u>12,756</u>	<u>0</u>	<u>12,756</u>
<u>Expenditures</u>				
Debt Service:				
Principal Retirement	0	5,000	0	5,000
Interest and Fiscal Charges	<u>166,701</u>	<u>5,940</u>	<u>31,195</u>	<u>203,836</u>
Total Expenditures	<u>166,701</u>	<u>10,940</u>	<u>31,195</u>	<u>208,836</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(166,701)</u>	<u>1,816</u>	<u>(31,195)</u>	<u>(196,080)</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds - Sale of Bonds	0	0	0	0
Transfers In	172,044	0	31,195	203,239
Transfers Out	<u>(7,431)</u>	<u>0</u>	<u>0</u>	<u>(7,431)</u>
Total Other Financing Sources (Uses)	<u>164,613</u>	<u>0</u>	<u>31,195</u>	<u>195,808</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,088)	1,816	0	(272)
Fund Balance - Beginning of Year	<u>2,089</u>	<u>8,951</u>	<u>0</u>	<u>11,040</u>
Fund Balance - End of Year	<u>\$ 1</u>	<u>\$ 10,767</u>	<u>\$ 0</u>	<u>\$ 10,768</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
GENERAL DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Debt Service:			
Interest and Fiscal Charges	<u>166,744</u>	<u>166,701</u>	<u>43</u>
Total Expenditures	<u>166,744</u>	<u>166,701</u>	<u>43</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(166,744)</u>	<u>(166,704)</u>	<u>43</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	172,084	172,044	(40)
Transfers Out	<u>(7,431)</u>	<u>(7,431)</u>	<u>0</u>
Total Other Financing Sources Uses	<u>164,653</u>	<u>164,613</u>	<u>(40)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,091)	(2,088)	3
Fund Balance - Beginning of Year	<u>2,089</u>	<u>2,089</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ (2)</u>	<u>\$ 1</u>	<u>\$ 3</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SPECIAL ASSESSMENT DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Special Assessment	\$ 12,756	\$ 12,756	\$ 0
Total Revenues	<u>12,756</u>	<u>12,756</u>	<u>0</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	5,000	5,000	0
Interest and Fiscal Charges	<u>5,940</u>	<u>5,940</u>	<u>0</u>
Total Expenditures	<u>10,940</u>	<u>10,940</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,816	1,816	0
Fund Balance - Beginning of Year	<u>8,951</u>	<u>8,951</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 10,767</u></u>	<u><u>\$ 10,767</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 -
SA BARBER ROAD DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Debt Service:			
Interest and Fiscal Charges	<u>31,195</u>	<u>31,195</u>	<u>0</u>
Total Expenditures	<u>31,195</u>	<u>31,195</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(31,195)</u>	<u>(31,195)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Transfer In	<u>31,195</u>	<u>31,195</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>31,195</u>	<u>31,195</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Use	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Special Assessment	\$ 12,756	\$ 12,756	\$ 0
Total Revenues	<u>12,756</u>	<u>12,756</u>	<u>0</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	5,000	5,000	0
Interest and Fiscal Charges	<u>203,879</u>	<u>203,836</u>	<u>43</u>
Total Expenditures	<u>208,879</u>	<u>208,836</u>	<u>43</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(196,123)</u>	<u>(196,080)</u>	<u>43</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	203,279	203,239	(40)
Transfers Out	<u>(7,431)</u>	<u>(7,431)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>195,848</u>	<u>195,808</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(275)	(272)	3
Fund Balance - Beginning of Year	<u>11,040</u>	<u>11,040</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 10,765</u>	<u>\$ 10,768</u>	<u>\$ 3</u>

CITY OF NORTON

CAPITAL PROJECTS FUNDS

The Capital Projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

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 - 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.

Waterlines Fund - to account for 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.

The Meadows at Johnson Fund - to account for note proceeds and expenditures to construct road improvements.

Gardner Issue II Fund - to account for note proceeds, OPWC grant and expenses for water line construction.

**CITY OF NORTON, OHIO
COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2003**

	Land and Land Improvements	Buildings	Equipment	Streets Highways & Bridges	Storm Sewers	Waterlines	Sanitary Sewers	Meadows Johnson Fund	Gardner Issue II Fund	Totals
Assets										
Equity in Pooled Cash & Cash Equivalents	\$ 299,513	\$ 54,560	\$ 351,739	\$ 612,567	\$ 0	\$ 0	\$ 0	\$ 510,000	\$ 163,157	\$ 1,991,536
Receivables:										
Accounts	13,722	0	0	0	0	0	0	0	0	13,722
Special Assessments	0	0	0	0	0	0	2,940	0	0	2,940
Prepaid Items	0	0	0	1,049	0	0	0	0	0	1,049
Total Assets	<u>\$ 313,235</u>	<u>\$ 54,560</u>	<u>\$ 351,739</u>	<u>\$ 613,616</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,940</u>	<u>\$ 510,000</u>	<u>\$ 163,157</u>	<u>\$ 2,009,247</u>
Liabilities										
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 197	\$ 63,850	\$ 0	\$ 0	\$ 0	\$ 64,047
Contracts Payable	0	0	0	17,327	0	0	0	0	0	17,327
Deferred Revenue	0	0	0	0	0	0	2,940	0	0	2,940
Due to Other Funds	0	0	0	0	23,242	0	3,603	0	0	26,845
General Obligation Notes Payable	0	0	140,000	150,000	0	178,000	0	510,000	0	978,000
Total Liabilities	<u>0</u>	<u>0</u>	<u>140,000</u>	<u>167,327</u>	<u>23,439</u>	<u>241,850</u>	<u>6,543</u>	<u>510,000</u>	<u>0</u>	<u>1,089,159</u>
Fund Equity										
Fund Balances:										
Reserved for:										
Encumbrances	25,000	0	9,000	34,879	14,566	0	0	0	7,214	90,659
Prepaid Items	0	0	0	1,049	0	0	0	0	0	1,049
Unreserved:										
Undesignated	288,235	54,560	202,739	410,361	(38,005)	(241,850)	(3,603)	0	155,943	828,380
Total Fund Equity (Deficit)	<u>313,235</u>	<u>54,560</u>	<u>211,739</u>	<u>446,289</u>	<u>(23,439)</u>	<u>(241,850)</u>	<u>(3,603)</u>	<u>0</u>	<u>163,157</u>	<u>920,088</u>
Total Liabilities and Fund Equity	<u>\$ 313,235</u>	<u>\$ 54,560</u>	<u>\$ 351,739</u>	<u>\$ 613,616</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,940</u>	<u>\$ 510,000</u>	<u>\$ 163,157</u>	<u>\$ 2,009,247</u>

CITY OF NORTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Land and Land Improvements	Buildings	Equipment	Streets Highways & Bridges	Storm Sewers	Waterlines	Sanitary Sewers	Meadows Johnson Fund	Gardner Issue II	Total
Revenues										
Local Taxes-										
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Taxes	54,013	0	0	0	0	0	0	0	0	54,013
Intergovernmental	0	0	6,835	0	0	0	0	0	0	6,835
Charges for Services	5,300	0	0	0	0	16,732	70,764	0	0	92,796
Miscellaneous	16,884	0	7,405	0	0	0	0	0	50	24,339
Total Revenues	76,197	0	14,240	0	0	16,732	70,764	0	50	177,983
Expenditures										
Security of Persons and Property	0	0	0	0	0	0	0	0	0	0
Basic Utilities Services	0	0	0	0	0	0	0	0	0	0
General Government	0	0	0	0	0	0	0	0	0	0
Capital Outlay	15,572	6,800	141,426	489,473	23,708	178,234	104,683	0	41,893	1,001,789
Transportation	0	0	0	0	0	0	0	0	0	0
Debt Service:										
Interest and Fiscal Charges	7,469	0	10,959	18,052	0	10,781	48,241	0	0	95,502
Total Expenditures	23,041	6,800	152,385	507,525	23,708	189,015	152,924	0	41,893	1,097,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,156	(6,800)	(138,145)	(507,525)	(23,708)	(172,283)	(82,160)	0	(41,843)	(919,308)
Other Financing Sources (Uses)										
Proceeds Sale of Bonds	250,000	0	600,000	1,100,000	0	15,000	2,250,000	0	205,000	4,420,000
Transfers In	0	0	42,490	0	0	7,431	0	0	0	49,921
Transfers Out	0	0	(36,691)	(24,515)	0	0	(88,030)	0	0	(149,236)
Total Other Financing Sources (Uses)	250,000	0	605,799	1,075,485	0	22,431	2,161,970	0	205,000	4,320,685
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	303,156	(6,800)	467,654	567,960	(23,708)	(149,852)	2,079,810	0	163,157	3,401,377
Fund Balance (Deficit) - Beginning of Year	10,079	61,360	(255,915)	(121,671)	269	(91,998)	(2,083,413)	0	0	(2,481,289)
Fund Balance (Deficit) - End of Year	\$ 313,235	\$ 54,560	\$ 211,739	\$ 446,289	\$ (23,439)	\$ (241,850)	\$ (3,603)	\$ 0	\$ 163,157	\$ 920,088

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
LAND AND LAND IMPROVEMENTS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Other Taxes	\$ 54,000	\$ 53,213	\$ (787)
Charges for Services	5,300	5,300	0
Miscellaneous	<u>16,900</u>	<u>16,884</u>	<u>(16)</u>
Total Revenues	<u>76,200</u>	<u>75,397</u>	<u>(803)</u>
<u>Expenditures</u>			
Capital Outlay	311,029	40,572	270,457
Debt Service:			
Principal Retirement	250,000	250,000	0
Interest and Fiscal Charges	<u>7,469</u>	<u>7,469</u>	<u>0</u>
Total Expenditures	<u>568,498</u>	<u>298,041</u>	<u>270,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(492,298)</u>	<u>(222,644)</u>	<u>269,654</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds of Sale of Notes	250,000	250,000	0
Proceeds of Sale of General Obligation Bonds	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	7,702	277,356	269,654
Fund Balance - Beginning of Year	<u>(2,843)</u>	<u>(2,843)</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u>\$ 4,859</u>	<u>\$ 274,513</u>	<u>\$ 269,654</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
BUILDINGS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Capital Outlay	<u>19,825</u>	<u>18,194</u>	<u>1,631</u>
Total Expenditures	<u>19,825</u>	<u>18,194</u>	<u>1,631</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,825)	(18,194)	1,631
Fund Balance - Beginning of Year	<u>72,754</u>	<u>72,754</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 52,929</u></u>	<u><u>\$ 54,560</u></u>	<u><u>\$ 1,631</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EQUIPMENT CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$ 6,839	\$ 6,835	\$ (4)
Miscellaneous	<u>7,405</u>	<u>7,405</u>	<u>0</u>
Total Revenues	<u>14,244</u>	<u>14,240</u>	<u>(4)</u>
<u>Expenditures</u>			
Capital Outlay	498,229	155,855	342,374
Debt Service:			
Principal Retirement	600,000	600,000	0
Interest and Fiscal Charges	<u>3,469</u>	<u>3,469</u>	<u>0</u>
Total Expenditures	<u>1,101,698</u>	<u>759,324</u>	<u>342,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,087,454)</u>	<u>(745,084)</u>	<u>342,370</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Notes	450,000	450,000	0
Proceeds from Sale of General Obligation Bonds	600,000	600,000	0
Transfers Out	<u>(36,691)</u>	<u>(36,691)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,013,309</u>	<u>1,013,309</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(74,145)	268,225	342,370
Fund Balance - Beginning of Year	<u>74,514</u>	<u>74,514</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 369</u>	<u>\$ 342,739</u>	<u>\$ 342,370</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
STREETS, HIGHWAYS AND BRIDGES CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Expenditures</u>			
Capital Outlay	945,282	788,217	157,065
Debt Service:			
Principal Retirement	1,100,000	1,100,000	0
Interest and Fiscal Charges	<u>18,052</u>	<u>18,052</u>	<u>0</u>
Total Expenditures	<u>2,063,334</u>	<u>1,906,269</u>	<u>157,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,063,334)</u>	<u>(1,906,269)</u>	<u>157,065</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Notes	650,000	650,000	0
Proceeds from Sale of General Obligation Bonds	1,100,000	1,100,000	0
Transfers Out	<u>(24,515)</u>	<u>(24,515)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,725,485</u>	<u>1,725,485</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(337,849)</u>	<u>(180,784)</u>	<u>157,065</u>
Fund Balance - Beginning of Year	<u>741,145</u>	<u>741,145</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 403,296</u>	<u>\$ 560,361</u>	<u>\$ 157,065</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
STORM SEWERS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Capital Outlay	<u>39,000</u>	<u>38,274</u>	<u>726</u>
Total Expenditures	<u>39,000</u>	<u>38,274</u>	<u>726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,000)	(38,274)	726
Fund Balance - Beginning of Year	<u>269</u>	<u>269</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ (38,731)</u></u>	<u><u>\$ (38,005)</u></u>	<u><u>\$ 726</u></u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
WATERLINES CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 17,000	\$ 16,732	\$ (268)
Total Revenues	<u>17,000</u>	<u>16,732</u>	<u>(268)</u>
<u>Expenditures</u>			
Capital Outlay	345,057	285,251	59,806
Debt Service:			
Principal Retirement	172,000	172,000	0
Interest and Fiscal Charges	<u>10,781</u>	<u>10,781</u>	<u>0</u>
Total Expenditures	<u>527,838</u>	<u>468,032</u>	<u>59,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(510,838)</u>	<u>(451,300)</u>	<u>59,538</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of General Obligation Bonds	15,000	15,000	0
Transfers In	<u>7,431</u>	<u>7,431</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>22,431</u>	<u>22,431</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(488,407)	(428,869)	59,538
Fund Balance - Beginning of Year	<u>365,019</u>	<u>365,019</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ (123,388)</u>	<u>\$ (63,850)</u>	<u>\$ 59,538</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SANITARY SEWERS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous	\$ 72,100	\$ 70,764	\$ (1,336)
Total Revenues	<u>72,100</u>	<u>70,764</u>	<u>(1,336)</u>
<u>Expenditures</u>			
Capital Outlay	125,155	114,147	11,008
Debt Service:			
Principal Retirement	2,250,000	2,250,000	0
Interest and Fiscal Charges	<u>48,241</u>	<u>48,241</u>	<u>0</u>
Total Expenditures	<u>2,423,396</u>	<u>2,412,388</u>	<u>11,008</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,351,296)</u>	<u>(2,341,624)</u>	<u>9,672</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds of Sale of General Obligations Bonds	2,250,000	2,250,000	0
Transfers Out	<u>(88,030)</u>	<u>(88,030)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>2,161,970</u>	<u>2,161,970</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(189,326)	(179,654)	9,672
Fund Balance - Beginning of Year	<u>176,051</u>	<u>176,051</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u>\$ (13,275)</u>	<u>\$ (3,603)</u>	<u>\$ 9,672</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
THE MEADOWS AT JOHNSON CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
Total Revenues	0	0	0
<u>Expenditures</u>			
Capital Outlay	510,000	0	510,000
Total Expenditures	510,000	0	510,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(510,000)	0	(510,000)
<u>Other Financing Sources (Uses):</u>			
Proceeds of Sale of Notes	510,000	510,000	0
Total Other Financing Sources (Uses)	510,000	510,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	510,000	510,000
Fund Balance - Beginning of Year	0	0	0
Fund Balance (Deficit) - End of Year	\$ 0	\$ 510,000	\$ 510,000

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
GARDNER ISSUE II CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous	\$ 50	\$ 50	\$ 0
Total Revenues	<u>50</u>	<u>50</u>	<u>0</u>
<u>Expenditures</u>			
Capital Outlay	300,000	49,107	250,893
Debt Service:			
Principal Retirement	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Total Expenditures	<u>505,000</u>	<u>254,107</u>	<u>250,893</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(504,950)</u>	<u>(254,057)</u>	<u>250,893</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds of Sale of Notes	305,000	205,000	(100,000)
Proceeds from Sale of General Obligation Bonds	<u>205,000</u>	<u>205,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>510,000</u>	<u>410,000</u>	<u>(100,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,050	155,943	150,893
Fund Balance - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) - End of Year	<u>\$ 5,050</u>	<u>\$ 155,943</u>	<u>\$ 150,893</u>

CITY OF NORTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Other Taxes	\$ 54,000	\$ 53,213	\$ (787)
Intergovernmental Revenues	6,839	6,835	(4)
Charges for Services	94,400	92,796	(1,604)
Miscellaneous	<u>24,355</u>	<u>24,339</u>	<u>(16)</u>
Total Revenues	<u>179,594</u>	<u>177,183</u>	<u>(2,411)</u>
<u>Expenditures</u>			
Capital Outlay	3,093,577	1,489,617	1,603,960
Debt Service:			
Principal Retirement	4,577,000	4,577,000	0
Interest and Fiscal Charges	<u>88,012</u>	<u>88,012</u>	<u>0</u>
Total Expenditures	<u>7,758,589</u>	<u>6,154,629</u>	<u>1,603,960</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,578,995)</u>	<u>(5,977,446)</u>	<u>1,601,549</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Notes	2,165,000	2,065,000	(100,000)
Proceeds from Sale of General Obligations Bonds	4,420,000	4,420,000	0
Transfers In	7,431	7,431	0
Transfers Out	<u>(149,236)</u>	<u>(149,236)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>6,443,195</u>	<u>6,343,195</u>	<u>(100,000)</u>
Excess (Deficiency) of Revenues and Other Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,135,800)</u>	365,749	1,501,549
Fund Balance - Beginning of Year	<u>1,426,909</u>	<u>1,426,909</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 291,109</u>	<u>\$ 1,792,658</u>	<u>\$ 1,501,549</u>

CITY OF NORTON, OHIO

AGENCY FUNDS

Agency funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.

General Agency Fund - to hold in trust those funds held by the City and 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 BALANCE SHEET
 ALL AGENCY FUNDS
 DECEMBER 31, 2003**

	<u>General Agency</u>	<u>Building Standards</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 77,776	\$ 1,157	\$ 78,933
Cash and Cash Equivalents in Segregated Accounts	<u>23,761</u>	<u>0</u>	<u>23,761</u>
Total Assets	<u>\$ 101,537</u>	<u>\$ 1,157</u>	<u>\$ 102,694</u>
<u>Liabilities</u>			
Accounts Payable	\$ 23,760	\$ 0	\$ 23,760
Funds Held on Deposit	<u>77,777</u>	<u>1,157</u>	<u>78,934</u>
Total Liabilities	<u>\$ 101,537</u>	<u>\$ 1,157</u>	<u>\$ 102,694</u>

CITY OF NORTON, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
DECEMBER 31, 2003

	<u>Balance at</u> <u>12/31/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/03</u>
<u>General Agency Fund</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 85,428	\$ 50,788	\$ (58,440)	\$ 77,776
Cash and Cash Equivalents in Segregated Accounts	<u>7,449</u>	<u>16,312</u>	<u>0</u>	<u>23,761</u>
Total Assets	<u>\$ 92,877</u>	<u>\$ 67,100</u>	<u>\$ (58,440)</u>	<u>\$ 101,537</u>
<u>Liabilities</u>				
Accounts Payable	\$ 7,448	\$ 16,312	\$ 0	\$ 23,760
Funds Held on Deposit	<u>85,429</u>	<u>50,788</u>	<u>(58,440)</u>	<u>77,777</u>
Total Liabilities	<u>\$ 92,877</u>	<u>\$ 67,100</u>	<u>\$ (58,440)</u>	<u>\$ 101,537</u>
<u>Building Standards Fund</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,172	\$ 1,035	\$ (1,050)	\$ 1,157
Total Assets	<u>\$ 1,172</u>	<u>\$ 1,035</u>	<u>\$ (1,050)</u>	<u>\$ 1,157</u>
<u>Liabilities</u>				
Accounts Payable	\$ 90	\$ 0	\$ (90)	\$ 0
Funds Held on Deposit	<u>1,082</u>	<u>1,035</u>	<u>(960)</u>	<u>1,157</u>
Total Liabilities	<u>\$ 1,172</u>	<u>\$ 1,035</u>	<u>\$ (1,050)</u>	<u>\$ 1,157</u>
<u>Totals - All Agency Funds</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 86,600	\$ 51,823	\$ (59,490)	\$ 78,933
Cash and Cash Equivalents in Segregated Accounts	<u>7,449</u>	<u>16,312</u>	<u>0</u>	<u>23,761</u>
Total Assets	<u>\$ 94,049</u>	<u>\$ 68,135</u>	<u>\$ (59,490)</u>	<u>\$ 102,694</u>
<u>Liabilities</u>				
Accounts Payable	\$ 7,538	\$ 16,312	\$ (90)	\$ 23,760
Funds Held on Deposit	<u>86,511</u>	<u>51,823</u>	<u>(59,400)</u>	<u>78,934</u>
Total Liabilities	<u>\$ 94,049</u>	<u>\$ 68,135</u>	<u>\$ (59,490)</u>	<u>\$ 102,694</u>

CITY OF NORTON, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Asset Account Group is a self-balancing group designed to account for the fixed assets owned by the City.

CITY OF NORTON, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
FOR THE YEAR ENDED DECEMBER 31, 2003

Land and Land Improvements	\$ 330,122
Buildings and Building Improvements	1,549,803
Machinery, Equipment, Furniture and Fixtures	2,455,862
Vehicles	2,251,233
Infrastructure	5,736,483
Construction in Progress	<u>16,320</u>
 Total General Fixed Assets	 <u>\$12,339,823</u>
 <u>Investment in General Fixed Assets From:</u>	
General Fund	\$ 2,749,761
Special Revenue Fund	1,957,334
Capital Projects Fund	<u>7,632,728</u>
 Total Investment in General Fixed Assets	 <u>\$12,339,823</u>

CITY OF NORTON, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Function and Activity</u>	<u>Land and Land</u>	<u>Buildings</u>	<u>Machinery,</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Construction</u>	<u>Total</u>
	<u>Improvements</u>	<u>and Building</u>	<u>Equipment,</u>			<u>in Progress</u>	
		<u>Improvements</u>	<u>Furniture</u>				
			<u>and</u>				
			<u>Fixtures</u>				
<u>Security of Persons and Property</u>							
Police	\$ 0	\$ 0	\$ 444,620	\$ 0	\$ 184,008	\$ 0	\$ 628,628
Fire	0	0	872,285	0	1,513,614	0	2,385,899
Total Security of Persons and Property	<u>0</u>	<u>0</u>	<u>1,316,905</u>	<u>0</u>	<u>1,697,622</u>	<u>0</u>	<u>3,014,527</u>
<u>Leisure Time Activities</u>							
Community Center	0	0	25,825	0	0	0	25,825
Total Leisure Time Activities	<u>0</u>	<u>0</u>	<u>25,825</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,825</u>
<u>Basic Utilities Services</u>							
Storm Sewers	0	0	0	5,736,483	0	16,320	5,752,803
Total Basic Utilities Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,736,483</u>	<u>0</u>	<u>16,320</u>	<u>5,752,803</u>
<u>Transportation</u>							
Streets and Parks	0	0	695,220	0	553,611	0	1,248,831
Total Transportation	<u>0</u>	<u>0</u>	<u>695,220</u>	<u>0</u>	<u>553,611</u>	<u>0</u>	<u>1,248,831</u>
<u>General Government</u>							
Mayor	0	0	14,142	0	0	0	14,142
Finance	0	0	152,296	0	0	0	152,296
Administration	0	0	227,865	0	0	0	227,865
Clerk of Courts	0	0	23,609	0	0	0	23,609
Public Land and Buildings	330,122	1,549,803	0	0	0	0	1,879,925
Total General Government	<u>330,122</u>	<u>1,549,803</u>	<u>417,912</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,297,837</u>
Total General Fixed Assets	<u>\$ 330,122</u>	<u>\$ 1,549,803</u>	<u>\$ 2,455,862</u>	<u>\$ 5,736,483</u>	<u>\$ 2,251,233</u>	<u>\$ 16,320</u>	<u>\$12,339,823</u>

CITY OF NORTON, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Function and Activity</u>	<u>December 31,</u> <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2003</u>
<u>Security of Persons and Property</u>				
Police	\$ 573,530	\$ 99,166	\$ 44,068	\$ 628,628
Fire	<u>2,242,595</u>	<u>143,304</u>	<u>0</u>	<u>2,385,899</u>
Total Security of Persons and Property	<u>2,816,125</u>	<u>242,470</u>	<u>44,068</u>	<u>3,014,527</u>
<u>Leisure Time Activities</u>				
Community Center	<u>25,825</u>	<u>0</u>	<u>0</u>	<u>25,825</u>
Total Leisure Time Activities	<u>25,825</u>	<u>0</u>	<u>0</u>	<u>25,825</u>
<u>Basic Utilities Services</u>				
Storm Sewers	<u>5,736,483</u>	<u>16,320</u>	<u>0</u>	<u>5,752,803</u>
Total Basic Utilities Services	<u>5,736,483</u>	<u>16,320</u>	<u>0</u>	<u>5,752,803</u>
<u>Transportation</u>				
Streets and Parks	<u>1,238,889</u>	<u>9,942</u>	<u>0</u>	<u>1,248,831</u>
Total Transportation	<u>1,238,889</u>	<u>9,942</u>	<u>0</u>	<u>1,248,831</u>
<u>General Government</u>				
Mayor	13,587	555	0	14,142
Finance	149,160	3,136	0	152,296
Administration	225,329	2,536	0	227,865
Clerk of Courts	23,609	0	0	23,609
Public Land and Buildings	<u>1,879,925</u>	<u>0</u>	<u>0</u>	<u>1,879,925</u>
Total General Government	<u>2,291,610</u>	<u>6,227</u>	<u>0</u>	<u>2,297,837</u>
Total General Fixed Assets	<u>\$ 12,108,932</u>	<u>\$ 274,959</u>	<u>\$ 44,068</u>	<u>\$12,339,823</u>

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STATISTICAL SECTION



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CITY OF NORTON, OHIO
GENERAL GOVERNMENT EXPENSES BY FUNCTION (1)
LAST TEN YEARS

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>Basic Utilities Services</u>	<u>Transportation</u>	<u>General Government</u>	<u>Other</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1994 A(1)	1,449,898	211,908	126,742	153,684	91,826	924,488	783,486	38,470	0	0	3,780,502
1995 A(1)	1,481,519	226,060	85,074	179,944	0	707,117	747,530	160,890	68,461	696,621	4,353,216
1996 A(1)	1,539,434	243,382	82,120	100,229	120	680,329	887,310	310,770	51,422	644,681	4,539,797
1997 A(1)	1,571,480	246,791	70,628	85,063	623	583,356	962,459	210,789	80,894	15,052	3,827,135
1998 B(1)	1,662,531	328,758	81,587	93,951	2,564	551,879	1,005,294	385,039	72,719	12,590	4,196,912
1999 B(1)	2,045,851	4,543	77,157	72,224	250	679,892	980,266	366,373	3,950	12,260	4,242,766
2000 B(1)	2,133,845	2,075	112,545	123,429	0	743,479	1,167,659	0	2,278	11,930	4,297,240
2001 B(1)	2,297,744	601	106,894	196,305	0	741,285	1,255,564	11,141	5,460	11,600	4,626,594
2002 B(2)	2,318,526	40	123,360	228,436	0	983,519	992,074	142,538	1,648,845	139,424	6,589,994
2003 B(2)	2,639,560	6,281	197,901	290,668	0	902,554	1,435,178	30,172	1,001,789	304,338	6,808,441

(1) 2001 and before includes General Fund, Special Revenue Funds, and Debt Service Funds

(2) 2002 and 2003 includes General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds excluding transfers and bond proceeds

A - Cash Basis Financial Data

B - GAAP Basis Financial Data

CITY OF NORTON, OHIO
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN YEARS

<u>Year</u>	<u>Taxes</u>	<u>Inter-Governmental</u>	<u>Special Assessments</u>	<u>Charges for Services</u>	<u>Fines, Licenses and Permits</u>	<u>Interest Income</u>	<u>All Other</u>	<u>Total</u>
1993	A(1)\$ 2,323,017	\$ 1,175,052	\$ 0	\$ 7,788	\$ 251,944	\$ 0	\$ 88,448	\$ 3,846,249
1994	A(1) 2,490,493	1,013,962	0	69,317	274,541	0	92,159	3,940,472
1995	A(1) 2,594,408	1,174,443	0	32,258	281,159	0	110,354	4,192,622
1996	A(1) 2,685,955	1,290,799	0	16,398	277,787	0	92,298	4,363,237
1997	A(1) 2,888,319	1,392,703	11,650	19,261	275,624	86,216	25,428	4,699,201
1998	B(1) 3,183,956	1,571,116	11,416	21,253	322,594	94,897	22,178	5,227,410
1999	B(1) 3,374,871	1,404,086	13,590	8,428	305,699	114,503	76,799	5,297,976
2000	B(1) 3,417,327	1,660,197	12,342	5,771	325,314	169,579	159,938	5,750,468
2001	B(1) 3,503,951	1,583,826	8,107	116,729	287,468	87,903	272,973	5,860,957
2002	B(2) 3,585,101	1,704,117	11,348	267,185	299,808	28,259	422,130(3)	6,317,948
2003	B(2) 3,847,841	1,336,911	12,756	419,741	326,291	18,544	159,924	6,122,008

(1) 2001 and before includes General Fund, Special Revenue Funds, and Debt Service Funds.

(2) 2002 and 2003 includes General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds excluding transfers and bond proceeds.

(3) Includes miscellaneous income and sale of fixed assets.

A - Cash Basis Financial Data

B - GAAP Basis Financial Data

CITY OF NORTON, OHIO
REAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</u>
1994	\$ 810,745	\$746,659	\$ 26,089	\$ 772,748	\$ 95.31%	\$ 37,997	\$ 4.69%
1995	815,181	758,048	19,164	777,212	95.34%	37,969	4.66%
1996	817,228	765,456	17,182	782,638	95.77%	34,588	4.23%
1997	904,223	831,664	19,850	851,514	94.17%	52,709	5.83%
1998	927,552	848,718	24,159	872,877	94.11%	54,674	5.89%
1999	941,164	860,522	30,789	891,311	94.70%	49,853	5.30%
2000	991,364	908,580	30,713	939,293	94.75%	52,651	5.31%
2001	1,019,359	930,385	26,814	957,199	93.90%	62,160	6.10%
2002	1,022,167	929,322	38,641	967,963	94.70%	54,205	5.30%
2003	1,034,972	989,267	33,414	1,022,681	98.81%	52,891	5.11%

Source: Summit County Auditor

**CITY OF NORTON, OHIO
TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1994	\$ 100,654
1995	105,540
1996	119,960
1997	128,831
1998	148,968
1999	141,185
2000	140,738
2001	155,427
2002	142,418
2003	147,973

Source: Summit County Auditor

CITY OF NORTON, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY
LAST TEN YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$ 125,266,030	\$ 357,902,943	\$ 10,774,500	\$ 10,774,500	\$ 14,907,452	\$ 59,629,808	\$ 150,947,982	\$ 428,307,251	35.24%
1995	127,264,020	363,611,486	10,960,070	10,960,070	16,059,816	64,239,264	154,283,906	438,810,820	35.16%
1996	128,627,820	367,508,057	10,431,780	10,431,780	17,966,893	71,867,572	157,026,493	449,807,409	34.91%
1997	151,376,420	432,504,057	10,137,420	10,137,420	19,752,706	79,010,824	181,266,546	521,652,301	35.75%
1998	153,605,370	438,872,486	10,181,020	10,181,020	21,891,389	87,565,556	185,677,779	536,619,062	34.60%
1999	156,948,340	448,423,829	10,490,480	10,490,480	21,404,032	85,616,128	188,842,852	544,530,437	34.68%
2000	179,842,960	513,837,029	10,855,910	10,855,910	21,836,416	87,345,664	212,535,286	612,038,603	34.73%
2001	185,343,710	529,553,457	10,111,350	10,111,350	23,142,207	92,568,828	218,597,267	632,233,635	34.58%
2002	188,635,800	538,959,429	6,621,500	7,524,432	21,588,797	86,355,188	216,846,097	632,839,049	34.27%
2003	225,429,780	644,085,086	6,754,770	7,675,875	20,700,235	82,800,940	252,884,785	734,561,901	34.43%

Source: Summit County Auditor

CITY OF NORTON, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS

<u>Collection Year</u>	<u>City of Norton</u>					<u>Norton City School District</u>	<u>Akron/ Summit Library</u>	<u>Summit County</u>	<u>Total</u>
	<u>General Fund</u>	<u>Fire Fund</u>	<u>E.M.S. Fund</u>	<u>Police Pension</u>	<u>Total City</u>				
1994	1.60	2.60	2.00	0.30	6.50	47.38	0.89	12.31	67.08
1995	1.60	2.60	2.00	0.30	6.50	47.10	0.89	14.16	68.65
1996	1.60	2.60	2.00	0.30	6.50	55.00	0.89	13.99	76.38
1997	1.60	2.60	2.00	0.30	6.50	55.00	0.89	11.39	73.78
1998	1.60	2.60	2.00	0.30	6.50	55.00	1.87	11.65	75.02
1999	1.60	2.60	2.00	0.30	6.50	55.00	1.79	12.27	75.56
2000	1.60	2.60	2.00	0.30	6.50	55.00	1.39	12.27	75.16
2001	1.60	2.60	2.00	0.30	6.50	55.00	1.39	13.07	75.96
2002	1.60	2.60	2.00	0.30	6.50	55.00	1.35	13.07	75.92
2003	1.60	2.60	2.00	0.30	6.50	55.00	1.59	13.07	76.16

Source: Summit County Auditor

**CITY OF NORTON, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1994	4	4	100.00%
1995	0	0	0.00%
1996	0	0	0.00%
1997	12,305	11,650	94.68%
1998	13,638	11,212	82.22%
1999	11,086	10,811	97.52%
2000	16,359	10,760	65.77%
2001	12,633	10,848	85.87%
2002	12,067	11,675	96.75%
2003	12,104	11,059	91.36%

Source: Summit County Auditor/City of Norton Finance Department

**CITY OF NORTON, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2003**

	<u>Total Debt</u>
Total Assessed Valuation	\$ 252,884,785
Legal Debt Limitation (%)	10.5%
Legal Debt Limitation (\$)	26,552,902
Applicable City Debt Outstanding	4,505,000
Amount Available for Repayment of Special Assessments	10,768
Net Indebtedness Subject to Limitation	<u>4,494,232</u>
Legal Debt Margin	<u><u>\$ 22,058,670</u></u>

(1) Direct Debt Limitation is based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes special assessments and General Obligation Bonds.

CITY OF NORTON, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross General Obligation Bonded Debt (3)</u>	<u>Debt Service Funds Available</u>	<u>Net General Obligation Bonded Debt (3)</u>	<u>Ratio to Net General Obligation Bonded Debt To Assessed Valuation</u>	<u>Net General Obligation Bonded Debt Per Capita</u>
1994	11,477	150,947,982	N/A	N/A	N/A	N/A	N/A
1995	11,477	154,283,906	N/A	N/A	N/A	N/A	N/A
1996	11,523	157,026,493	\$ 122,000	\$ 2,792	\$ 119,208	0.08%	10.35
1997	11,523	181,266,546	115,000	15,052	99,948	0.06%	8.67
1998	11,523	185,677,779	110,000	12,590	97,410	0.06%	8.45
1999	11,523	188,842,852	105,000	12,260	92,740	0.05%	8.05
2000	11,523	212,535,286	100,000	11,930	88,070	0.05%	7.64
2001	11,523	218,597,267	95,000	11,600	83,400	0.04%	7.24
2002	11,523	216,846,097	90,000	11,270	78,730	0.04%	6.83
2003	11,726	252,884,785	4,505,000	10,768	4,494,232	1.78%	383.27

(1) Source: Akron-Summit Country Library Census statistics

(2) Source: Summit County Auditor

(3) Includes general obligation bonded debt

CITY OF NORTON, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
OBLIGATION BONDED DEBT TO TOTAL GENERAL
GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Government Expenditures</u>
1993	N/A	N/A	N/A	\$3,886,537	N/A
1994	N/A	N/A	N/A	3,780,502	N/A
1995	N/A	N/A	N/A	4,353,216	N/A
1996	N/A	N/A	N/A	4,539,797	N/A
1997	\$ 7,000	\$ 8,052	\$ 15,052	3,827,135	0.39%
1998	5,000	7,590	12,590	4,196,912	0.30%
1999	5,000	7,260	12,260	4,242,766	0.28%
2000	5,000	6,930	11,930	4,297,240	0.27%
2001	5,000	6,600	11,600	4,626,594	0.25%
2002	5,000	6,270	11,270	4,805,972	0.23%
2003	5,000	203,836	208,836	6,808,441	3.06%

**CITY OF NORTON, OHIO
 COMPUTATION OF ALL DIRECT AND INDIRECT
 AND OVERLAPPING GOVERNMENTAL DEBT
 DECEMBER 31, 2003**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Norton</u>	<u>Amount Applicable to City of Norton</u>
<u>Direct</u>			
City of Norton	\$5,518,000	100.00%	\$5,518,000
<u>Overlapping Subsidies</u>			
Akron Summit Library	64,089,269	3.05%	1,955,002
Metro Transit	1,250,000	2.13%	26,616
Barberton City School District	26,959,962	2.21%	596,119
Summit County	78,200,000	2.13%	1,665,115
Subtotal			<u>4,242,852</u>
Total			<u><u>\$9,760,852</u></u>

Source: Summit County Auditor

**CITY OF NORTON, OHIO
DEMOGRAPHIC STATISTICS
DECEMBER 31, 2003**

<u>Year</u>	<u>City of Norton 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 School Enrollment(2)</u>
1994	11,477	529,847	5.10%	22,384	2,465
1995	11,477	532,335	4.50%	23,697	2,428
1996	11,523	535,160	4.60%	24,624	2,402
1997	11,523	536,838	4.40%	25,794	2,453
1998	11,523	537,730	4.00%	25,794	2,553
1999	11,523	537,730	4.00%	25,794	2,506
2000	11,523	532,700	4.00%	25,794	2,553
2001	11,523	542,899	4.30%	25,794	2,592
2002	11,523	542,899	4.30%	25,794	2,597
2003	11,726	546,773	5.70%	22,842	2,558

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

**CITY OF NORTON, OHIO
DEMOGRAPHIC STATISTICS
DECEMBER 31, 2003**

Housing

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

Source: Summit County website

CITY OF NORTON, OHIO
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN YEARS

<u>Year</u>	<u>Residential (1)</u>			<u>Commercial (1)</u>		
	<u>Number of Permits</u>	<u>Housing Units</u>	<u>Residential Valuation</u>	<u>Number of Permits</u>	<u>Commercial Valuation</u>	<u>Bank Deposits(2) (in Thousands)</u>
1992	166	28	3,322,778	23	2,275,170	5,148,586
1993	178	39	4,433,171	21	1,010,350	5,066,670
1994	201	31	4,378,354	30	3,075,177	6,696,606
1995	178	18	2,673,133	19	956,175	6,958,969
1996	180	21	4,000,437	36	5,641,015	6,960,566
1997	205	36	6,368,439	30	1,789,031	3,344,418
1998	231	47	8,185,102	62	10,047,403	5,049,282
1999	280	49	7,750,645	38	3,465,679	7,071,487
2000	310	48	9,053,060	33	3,142,958	7,850,115
2001	294	38	9,828,152	58	2,917,039	7,870,201
2002	419	58	11,399,030	45	5,906,900	8,097,304
2003	366	40	8,706,135	36	5,217,815	7,911,859

(1) Source: City of Norton Building Department

(2) Source: Federal Reserve Bank of Cleveland - Amounts are for Summit County

**CITY OF NORTON, OHIO
PRINCIPAL TAXPAYERS
PUBLIC UTILITY AND PERSONAL PROPERTY TAX
DECEMBER 31, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	2003 Assessed Valuation <u>(Tax Duplicate)</u>	Percentage of Total Assessed Valuation
Ohio Edison Co.	Public Utility - Electric	\$ 3,169,980	11.55%
Fred Martin Motor Co.	Auto Sales	3,029,870	11.04%
B & C Corporation	Communications	2,487,970	9.06%
Ohio Bell Telephone	Telephone Services	1,133,390	4.13%
Fomo Products Inc.	Machine Shop	1,100,790	4.01%
S.A. Comunale Co. Inc.	Construction	976,780	3.56%
Albert's Screenprint Inc.	Screenprinting	976,260	3.56%
East Ohio Gas	Public Utility Gas	955,720	3.48%
Adjusta Post MFG, Inc.	Basement Posts	838,730	3.04%
Ganley Ford Inc.	Auto Sales	<u>744,340</u>	<u>2.71%</u>
Subtotal		15,431,830	56.14%
All Others		<u>12,041,175</u>	<u>43.86%</u>
Total		<u>\$27,455,005</u>	<u>100.00%</u>

Based on Valuation of Property Taxes Levied in 2003.
Source: Summit County Auditor

**CITY OF NORTON, OHIO
PRINCIPAL TAXPAYERS
REAL PROPERTY TAX
DECEMBER 31, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	2003 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
Columbia Woods Apts.	Apartment Rental	\$ 3,458,640	1.53%
B & C Corporation	Communication	2,197,210	0.97%
Albrecht, Inc.	Grocery Store	2,176,420	0.96%
Mack Seal W.	Development	1,998,730	0.89%
Pittsburgh Plate Glass	Glass	1,098,010	0.49%
Falkenstein, Albert J.	Screen Printing	973,800	0.43%
Newpark Drive Ltd. Ptr.	Development	846,270	0.38%
Brookside Land Company	Golf Course	760,550	0.34%
Strachan Wyman et al	Golf Course	723,890	0.32%
Norton Energy Storage	PPG Mines	648,300	0.28%
Subtotal		<u>14,881,820</u>	<u>6.60%</u>
All Others		210,547,960	93.40%
Total		<u><u>\$ 225,429,780</u></u>	<u><u>100.00%</u></u>

Based on Valuation of Property Taxes Levied in 2003
Source: Summit County Auditor - Land and Buildings

**CITY OF NORTON, OHIO
PRINCIPAL TAXPAYERS - INCOME TAX
DECEMBER 31, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Amount of Tax Paid in 2003</u>	<u>Percentage of Total</u>
Norton City School District	Education	\$ 157,995	6.00%
B & C Corporation	Communications	145,573	5.53%
S.A. Comunale Co.	Construction	105,163	3.99%
Fred Martin Motor Co.	Automobile Sales	98,406	3.74%
Albert Screenprint, Inc.	Screen Printing	75,338	2.86%
PPG Industries	Glass Manufacturing	71,701	2.72%
Ganley Ford, Inc.	Automobile Sales	62,369	2.37%
Perkinelmer Life Sciences, Inc.	Lab Equipment Manufacturing	42,378	1.61%
Fomo Products, Inc.	Insulation	41,897	1.59%
Fred W. Albrecht Grocery Inc.	Grocery Store	<u>37,911</u>	<u>1.44%</u>
Subtotal		838,731	31.85%
All Others		<u>1,795,056</u>	<u>68.15%</u>
Total		<u>\$ 2,633,787</u>	<u>100.00%</u>

Source: City of Norton Finance Department

**CITY OF NORTON, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2003**

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
B & C Communications	Communications	902
Norton City School District	Education	442
Fred Martin Co.	Automobile Sales	296
S.A.Comuanle Co.	Construction	227
Fred W. Albrecht Grocery, Inc.	Grocery Store	200
Albert Screenprint, Inc.	Screen Printing	165
Lenic, Inc.	Fast Food	136
Ganley Ford	Automobile Sales	130
PPG Industries	Glass Manufacturing	80
Perkinelmer Wallace, Inc.	Laboratory Equipment	70

Source: City of Norton Tax Records

**CITY OF NORTON, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2003**

Date of Incorporation	1961
Form of Government	Charter
Area (Square Miles)	23
Land Usage - Percent by Area:	
Residential	26%
Commercial/Industrial	4%
Governmental (including parks) and other tax exempt	8%
Agricultural and Undeveloped	62%
Building Permits issued in 2003	396

Police Services

Number of Stations	1
Number of Police Personnel and Officers	32
Number of Patrol Units	9
Marked Cruisers	7
Unmarked Cruisers	3
Number of Law Violations	
Juvenile Citations	137
Criminal Juvenile Arrests	254
Total Number of Criminal Arrests (Adult)	432
Traffic Citations Issued (Adult)	3,316
Parking Tickets Written	30

Fire/Emergency Medical Services

Number of Stations	2
Number of Fire Officers	7
Number of Fire Personnel	31
Number of Calls Answered	
Fire	214
EMS	967
Squad Units	3
Number of Inspections	638

Education

	<u>Students</u>	<u>Teachers</u>
Public Elementary Schools - K-2		
Grill K-5	217	11
Norton 21	88	4
Norton Primary	374	18
Intermediate - Grades K-5	215	12
Middle School - Grades 6-8	829	42
High School - Grades 9-12	835	59
Number of Cemeteries		2
Number of Libraries		1

Source: Various City Departments



**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
JULY 22, 2004**