

Norton City School District

Norton, Ohio



Comprehensive Annual Financial Report
For the Year Ended June 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Norton City School District

We have reviewed the Independent Auditor's Report of the Norton City School District, Summit County, prepared by Lennon & Company for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 24, 2002

Norton City School District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2001

Prepared by:
Catherine M. Bulgrin and
Treasurer's Office Staff

Norton City School District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2001

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INTRODUCTORY SECTION

NORTON CITY SCHOOLS

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ADMINISTRATION

330-825-0863 FAX 330-825-0929
NORMA CONNER, SUPERINTENDENT
CATHERINE M. BULGRIN, TREASURER
DR. WALTER CALINGER, DIR OF CURRICULUM
LYNN MOOMAW DIR. TECH./PERSONNEL
KAREN WILSON, DIR SPEC. ED.

BOARD OF EDUCATION

LINDA KLOETZER, PRES.
CINDY WEBEL, V.P.
MARY ANN ISAK
EDWARD MORRISON
DONALD NUTTER

SCHOOLS

HIGH SCHOOL (Mr. Larson) 825-7300
MIDDLE SCHOOL (Ms. Berry) 825-5607
INTERMED. SCHOOL (Mr. Bammerlin) 825-8828
PRIMARY SCHOOL (Mrs. Millrt) 825-5133
GRILL SCHOOL (Ms. Farkas) 825-2677
NORTON 21 (Mr. Gerstenmeier) 825-6429

December 21, 2001

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

The Norton City School District's (the "School District") Comprehensive Annual Financial Report (CAFR) compiled for the fiscal year July 1, 2000, through June 30, 2001 is respectfully submitted. Prepared by the Treasurer's office for the purpose of informing the Norton City School District's taxpayers, this comprehensive report's design provides complete and accurate disclosure of the School District's material financial operations for the fiscal year ended June 30, 2001.

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

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

The arrangement of the CAFR is divided into four sections: The Introductory Section, Financial Section, Statistical Section, and Compliance Section. The first section, the Introductory Section, includes this transmittal letter, a list of elected officials and administrators, the School District's organizational chart, and the School District's 2000 Certificate of Achievement for Excellence in Financial Reporting. The next section, the Financial Section, contains the Independent Auditor's Report, the general purpose financial statements, notes to the general purpose financial statements, and detailed combining and individual fund and account group statements and schedules. The third section, the Statistical Section, consists of a ten year compilation of miscellaneous demographic statistics and pertinent financial information, representative of five years reported on the cash-basis method of accounting and fiscal years 1997, 1998, 1999, 2000 and 2001 reported in accordance with GAAP. The final section, the Compliance Section, includes the auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations.



In Pursuit of Excellence

This section also includes all the reports and schedules required under the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations receiving federal awards.

HISTORY OF THE NORTON COMMUNITY AND SCHOOLS

The City of Norton, located in southwestern Summit County, covers approximately nineteen square miles of land and has a current population of approximately 11,500. The area was originally part of Wolf Creek Township and, when first settled, was part of the Western Reserve. Named for Connecticut Proprietor, Birdseye Norton, it was organized as a separate township in April, 1818. The township consisted of several semi-villages: Norton Center, Loyal Oak, Western Star, Hametown, Sherman, Johnson's Corners and New Portage. Norton Township was established as one of the leading agricultural townships with some industry in coal mining.

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

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

For fiscal year 2000-01 the student head count totaled 2,552 with a projection of 2,540 for the 2001-02 school year. Community students enroll in six schools: Norton High School (grades 9-12), Norton Middle School (grades 6-8), Norton Intermediate (grades 3-5), Norton Primary (grades K-2), Grill School (grades K-5), and Norton 21 (grades 1-5). Other facilities operated by the School District include the Central Administration Office, Bus Garage, Football Stadium, and other athletic fields.

The Norton City School District is a member of the Four Cities Educational Compact that provides various vocational educational programs to high school students attending the Norton, Barberton, Copley and Wadsworth City Schools. Available within the Four Cities Compact Schools are: industry-certified occupational programs, cluster-based work force development programs, career readiness programs, Family and Consumer Science programs and supplemental vocational program services. Norton schools added an A+ Certification and Masonry Program (industry-certified) in fiscal year 2000 dropping, due to lack of enrollment, Auto Collision Repair and Auto Technology Programs. Also, offered are Occupational Work Adjustment (OWA), Occupational Work Experience (OWE) (career readiness); Life Planning, Parenting, Family Relations, Personal Development (Family and Consumer Science); Administrative Assistants (Junior and Senior), Cooperative Business Education (CBE), and Diversified Cooperative Trade (DCT) (supplemental vocational programs).



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

The City of Norton's increased growth potential materializes, again, with the expansion of new residential apartment-type units and single-family housing developments; and, with the City's plans for the availability of water and sewer. The Mount Vernon Estates allotment began construction of single family units in 1993 and recently expanded acquiring access through the Norton Acres allotment. The housing development, The Brookforest Estates, began construction in 1997. In addition, property zoned for the building of Hudson Run Estates and construction of a sixteen-acre apartment complex situated adjacent to Norton's Shopping Center and City Park began construction of single-family units in 1999.

SCHOOL DISTRICT ORGANIZATION

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

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

The Superintendent functions as the Chief Executive Officer of the School District with responsibility for the education and support operations of the School District in accordance with Section 3319.01 of the Ohio Revised Code and is directly responsible to the Board of Education. Dr. Walter Calinger was appointed Superintendent. His contract will expire on July 31, 2003.

The Treasurer is the Chief Financial Officer of the School District with statutory obligations set forth in sections 3313.22 through 3313.32 of the Ohio Revised Code and is directly responsible to the Board of Education. Ms. Catherine M. Bulgrin was appointed Treasurer. Her contract will expire at the organizational meeting January, 2002.

REPORTING ENTITY

The School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." Evaluation of how to define the School District for financial reporting purposes, management has considered all boards, funds, agencies, departments and organizations making up the Norton City School District (the primary government).



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

ECONOMIC CONDITION AND FUTURE OUTLOOK

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

Norton City Schools
Albert Screenprint
Isolab nka E.G.G./Wallac
Adjusta Post
Louisiana Pacific

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

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

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



In Pursuit of Excellence

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Continuous Improvement

A Continuous Improvement Plan (CIP) is in place and used as the District's strategic plan guiding decision-making and actions of the School District toward continual improvements in student academic achievement. The goal is to improve the processes and results as they relate to teaching and learning. The first steps, data collection and analysis, were completed and a Plan was drafted and Board approved. CIP meetings between faculty and administrators are held periodically providing ongoing evaluation and enhancement of the Plan.

Technology

All buildings are wired, and computers have been purchased. Throughout the campus computers are networked and have Internet access. Discourse Reading technology equipment was purchased for the Intermediate and Middle Schools. The School District has received for the fourth year SchoolNet grant money to purchase technology equipment for the elementary grade levels.

Financial Information

During fiscal year 2001 the District established four (4) additional funds: 010, 451, 460, and 588. Fund 010 Classroom Facilities Fund was added for equipping classroom facilities. Fund 451 was added to account for OneNet Data Communications Fund. Fund 460 Summer Intervention Services Fund established to record summer intervention services receipts and disbursements. Fund 588 Telecommunications Act Grant Fund was established to account for telecommunications receipts and disbursements.

Fiscally Sound

Despite growing costs of doing business, the controversy over state funding and increasing numbers of unfunded state and federal mandates, Norton City Schools remains in sound financial condition. This is noteworthy because the School District has not had to return to the taxpayers for additional operating revenues since 1995. In fact, Norton has had only three additional tax increases for operations in the past 25 years.

FINANCIAL INFORMATION

The organization of the School District's accounting system is operated on a "fund" basis. Each fund and account group is a distinct, self-balancing accounting entity. Reports for general governmental operations and expendable trust funds are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. "Measurable" indicates that the amount of the transaction can be determined. "Available" signifies that it is collectable within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the School District considers to be sixty days after year-end. Reports of the School District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.



In Pursuit of Excellence

Internal Controls

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

Budgetary Controls

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

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

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

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

Single Audit Act

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

General Governmental Functions

The School District's general government fund types include the General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust funds.



The following schedule illustrates the Summary of Revenues of the School District's general government for the fiscal year ended June 30, 2001, and the amount and percentage of increase or decrease compared to the 2000 fiscal year.

The total of Governmental Fund Revenues for fiscal year 2001 totaled \$17,182,840. Notably, the School District receives 42.88 percent of the total governmental fund receipts from general property taxes and 51.14 percent from state and federal support.

Summary of Revenues

<i>Revenue by Source</i>	<i>Fiscal Year 2001 Amount</i>	<i>Fiscal Year 2000 Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease)</i>	<i>Increase (Decrease)</i>
Taxes	\$ 7,368,737	\$ 6,931,423	42.88%	437,314	6.31%
Intergovernmental	8,787,464	8,556,448	51.14%	231,016	2.70%
Interest Earnings	320,425	321,810	1.86%	(1,385)	-0.43%
Tuition and Fees	355,139	146,249	2.07%	208,890	142.83%
Rent	9,073	3,458	0.05%	5,615	162.38%
Extracurricular	193,290	180,012	1.12%	13,278	7.38%
Gifts and Donations	71,967	13,305	0.42%	58,662	440.90%
Miscellaneous	76,745	96,059	0.45%	(19,314)	-20.11%
Total	\$ 17,182,840	\$ 16,248,764	100.00%	934,076	5.75%

Tax revenues increased slightly due to new property valuation. The School District realized a 12.5 percent increase in total valuation. This is the result of a triennial update and an increase in new construction.

Intergovernmental revenues increased due to new legislation increasing state funding. The School District realized a 2.7 percent increase in Intergovernmental revenues or a dollar figure of \$231,016 between fiscal year 2000 and 2001.

Tuition receipts reflect monies attained for the education of other School District's special education and non-handicapped students educated by our School District. Tuition revenues reflect an increase in the number of non-handicapped students Norton Schools educated over the prior fiscal year. Tuition revenues for special education students are not expected to be received during the current available period, therefore, reflect an increase over fiscal year 2000.

Revenues from rent increased during the year due to utilization of the Multi-purpose Room by a local business.

Miscellaneous receipts identify dollars received from other sources for various reasons (e.g. refunds of prior year expenditures). Miscellaneous revenues decreased \$19,314 due to reclassification of rentals, contributions and donations.

The following schedule illustrates the Summary of Expenditures of the School District's general government for the fiscal year ended June 30, 2001, and the amount and percentage of increase or decrease compared to fiscal year ended June 30, 2000. Interpretations pertaining to general government expenditure activity follow the schedule.



Summary of Expenditures

<i>Expenditure by Function</i>	<i>Fiscal Year 2001 Amount</i>	<i>Fiscal Year 2000 Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease)</i>	<i>Percent of Increase (Decrease)</i>
Instruction	\$ 10,265,490	\$ 8,989,515	58.84%	\$ 1,275,975	14.19%
Pupil Support	710,539	634,511	4.07%	76,028	11.98%
Instructional Staff	632,444	730,814	3.62%	(98,370)	-13.46%
Board of Education	15,006	24,176	0.09%	(9,170)	-37.93%
Administration	1,312,524	1,178,060	7.52%	134,464	11.41%
Fiscal	430,129	470,814	2.47%	(40,685)	-8.64%
Business	411,480	258,196	2.36%	153,284	59.37%
Plant Operations	1,674,486	1,636,887	9.60%	37,599	2.30%
Pupil Transportation	875,637	899,240	5.02%	(23,603)	-2.62%
Central	49,219	7,195	0.28%	42,024	584.07%
Other	13,484	11,570	0.08%	1,914	16.54%
Extracurricular	424,299	386,554	2.43%	37,745	9.76%
Capital Outlay	538,950	1,003,816	3.09%	(464,866)	-46.31%
Debt Service	93,911	60,565	0.54%	33,346	(55.06)%
Total	\$ 17,447,598	\$ 16,291,913	100.00%	\$ 1,155,685	7.09%

The area of Instruction is specific to the education of regular, special and vocational students. The Instruction component represents 58.84 percent of the School District's total expenditures, or \$.59 of every dollar the School District spends. Salaries of teachers, classroom aides and counselors as well as classroom materials and textbooks are examples of expenditures in this section.

Support services provided to the School District's students are captured in the Pupil Support and Instructional Staff areas. These areas represent 4.07 and 3.62 percent, respectively, of total School District expenditures. These expenditures are inclusive of activities associated with the assessment, design, and improvement of students' well being, and instructional staff assistance with the process and content of providing pupil learning experiences. The total decrease in expenditures in the Instructional Staff and the increase in the Pupil Support area are due to changes in staffing and corresponding job descriptions resulting in a re-classification of expenditures.

The Administrative function represents 7.52 percent of total governmental expenditures, and the Board function represents .09 percent. These areas encompass activities associated with the establishment and administration of policy concerned with School District operations as well as the administrative responsibility for the entire School District. Examples of expenditures in this category include the Board members, Directors and Superintendent's salaries and necessary supplies and materials. The Administrative expenditures increased due to the creation of a new position and costs incurred for additional personnel transitioning to replace current year retirements and disability of administrative staff. The Board of Education expenditures reflect a decrease due to a reduction of participation in memberships, in purchasing service awards for district employees, and the reclassification of legal service expenses.



The Fiscal and Business operations comprise 4.83 percent of total governmental expenditures. These functions include activities concerned with the financial operations of the School District and activities concerned with the purchase and maintenance of goods and services for the School District and internal service areas. Fiscal operations decreased due to the changes in accrued wages, pensions and accounts payable. The \$153,103 increase in Business operations is largely due to the inception and accounting treatment of new copier leases accounted for in fiscal year 2001.

Expenditures in the Plant Operations reflect 9.60 percent of the total governmental expenditures. Expenses within this area involve providing open, safe and effective working conditions. Also included are expenses for the maintenance and safety of buildings and grounds situated within the school vicinity. Increases in plant operations are related to remodeling, repairing and construction of buildings, custodial and maintenance salaries and fringe benefits, and the rising cost of utilities.

In Pupil Transportation, the School District expenditures totaled 5.02 percent of the governmental costs. The transportation expenditures reflect the salary and fringe benefit costs for bus drivers, mechanics and a supervisor, as well as costs related to fuel, materials, maintenance, and repairs of school buses and vans driven for transporting Norton students. The School District replaced two buses in FY 2000 and none in fiscal year 2001. However, expenditures in fuel and equipment increased in fiscal year 2001 resulting in a net decrease of 2.62 percent.

The Capital Outlay function represents activities concerned with buying, acquiring, constructing, and improving buildings. The expenditures in Capital Outlay reflect 3.09 percent of the total governmental expenditures. In fiscal year 2000 the School District constructed an addition of a Multipurpose Room to the Primary Building with no additions constructed in fiscal year 2001.

Significant activity in the various funds that comprise general governmental funds is noted below.

General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund. The School District ended the 2001 fiscal year with a General Fund cash balance of \$3,698,764 a decrease of \$121,930 from the June 30, 2000 balance of \$3,820,694.

Special Revenue Funds

The Special Revenue Funds account for proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds consist primarily of state and/or federal entitlements, grants and the School District Managed Student Activity (Athletic) Fund.

Capital Projects Funds

The Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities. The Capital Projects Funds in the School District are comprised of Permanent Improvement Fund, Classroom Facilities Fund, Power Up Technologies Grant Fund, and the SchoolNet Fund.



Significant activity of other miscellaneous funds is noted below.

Enterprise Funds

The Enterprise Funds consist of the Food Services Fund, the Uniform School Supplies (Workbook) Fund, the Customer Service Rotary Fund - Special Services and the Adult Education Fund. The Food Service operation in the School District primarily funds itself. For the fiscal year 2001, the Food Service operation generated \$527,827 in operating revenues and ended the year with a cash balance of \$116,367.

Internal Service Fund

The School District's Internal Service Fund relates to the School District employees' health insurance and IRC Section 125 benefit plan provided to employees through contractual agreement. The receipts and expenditures relative to health and dental benefit claims and IRC Section 125 are handled as an internal service fund. The School District is self-insured for employee's health care benefits and retains a third party claims administrator.

Fiduciary Funds

The Fiduciary Funds utilized by the School District are the Expendable Trust Fund and the Student Managed Activities Fund. The Student Activities Fund is provided to account for student activity programs that meet the following criteria: have student participation in the activity; and, have students involved in the management of the program. The School District operated 39 activity programs at the High School level and two activity programs at the Middle School level.

General Fixed Assets

The General Fixed Assets of the School District are utilized to execute the educational and support functions of the School District and are not financial resources available for expenditure. The School District contracted with an appraisal firm for an update of all fixed assets generating the foundation for future capitalization. The total General Fixed Assets at June 30, 2001 was \$12,526,506. These assets are accounted for at historical cost. Depreciation is not recognized on General Fixed Assets.

DEBT ADMINISTRATION

The School District's outstanding debt at the end of June 30, 2001 was \$217,000. Debt is comprised of a bond series issued to pay costs of installations, modifications and remodeling of school buildings to conserve energy. This was also known as the House Bill 264 Energy Conservation project available under authority of and pursuant to the laws of the State of Ohio, Section 133.06 (G) of the Ohio Revised Code, the approval of the State Department of Education, and Board adopted resolution #8639-95 of May 1, 1995. The original debt issued was for \$434,000 in 1995 with debt retirement scheduled for July 2005.



In Pursuit of Excellence

CASH MANAGEMENT

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

Protection of the School District's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 110% of the total deposits, to secure the repayment of all public moneys deposited in a financial institution. A detailed description of the School District's investment function is described in Note 4 to the financial statements.

RISK MANAGEMENT

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

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

The health benefits liability is limited by reinsurance that caps the individual specific liability at \$55,000 for the School District's plan year from June 1, 2000 through May 31, 2001. Control of the plan rests solely with the School District.

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

All employees of the School District are covered by worker's compensation. The School District is a member of the Ohio School Boards Association Group Rating Program. Effective January 1, 1993, the School District joined a group-rating program through the Ohio School Board Association in an effort to control costs. Over 423 Ohio school districts are participating members. The School District receives a group premium discount rate for participation in this pooling program. The program has resulted in group savings over ten million dollars during the 2001 calendar year. The School District has realized, on an individual basis, savings of \$7,983 or a 39.7 percent premium reduction based on School District cost without pooling, during the 2001 fiscal year.



PENSION PLANS

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

School District contributions for 2001 were \$1,114,768 as the employer portion to STRS and \$425,881 in employer contributions to SERS. Included in the SERS remittance is an annual employer surcharge. Starting in 1988-89 an additional employer charge (surcharge) was levied on salaries of lower-paid SERS members. Minimum annual compensation is determined annually by the System's actuaries and was \$12,400 for fiscal 2001. Surcharge is calculated at fourteen percent of the difference between the member's annual compensation and the minimum compensation level. For the 2000-01 fiscal year, a surcharge of \$39,745 was incurred.

OTHER INFORMATION

Independent Audit

Provisions of State statute require the School District's financial statements be subjected to an annual examination by an independent auditor. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirements of the Federal Office of Management and Budget Circular A-133. The 2001 audit was performed by Lennon & Company, Certified Public Accountant for the period ended June 30, 2001. Those provisions have been satisfied and the opinion of the Independent Auditors is included in the financial section of this CAFR.

GFOA Certificate of Achievement

The Governmental Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Norton City School District for its CAFR for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR 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 our current report continues to conform to the high standards required by the Certificate of Achievement program.



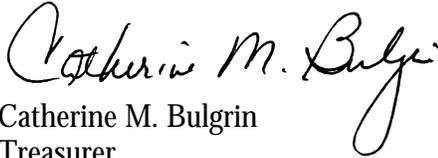
In Pursuit of Excellence

Acknowledgments

The preparation and publication of the 2001 Comprehensive Annual Financial Report of the Norton City School District was facilitated through the assistance of many people. My sincere appreciation is extended to the staff of the Treasurer's office for their dedication, support, and encouragement throughout this process. In addition, sincere thanks are also extended to various administrators and employees of the School District, the Summit County Auditor's office staff and other outside agencies whose efforts contributed to the fair presentation of the statistical data.

Finally, sincere appreciation is expressed to the Norton Board of Education for their support and commitment to continuing efforts made in improvements of financial management and reporting as we strive in our *Pursuit of Excellence*.

Respectfully submitted,



Catherine M. Bulgrin
Treasurer



In Pursuit of Excellence

Norton City School District
Principal Officials Roster
Year Ended June 30, 2001

Board of Education

Mrs. Linda Kloetzer	President
Mrs. Cynthia Webel	Vice President
Mrs. Mary Ann Isak	Member
Mr. Donald Nutter	Member
Mr. Ed Morrison	Member

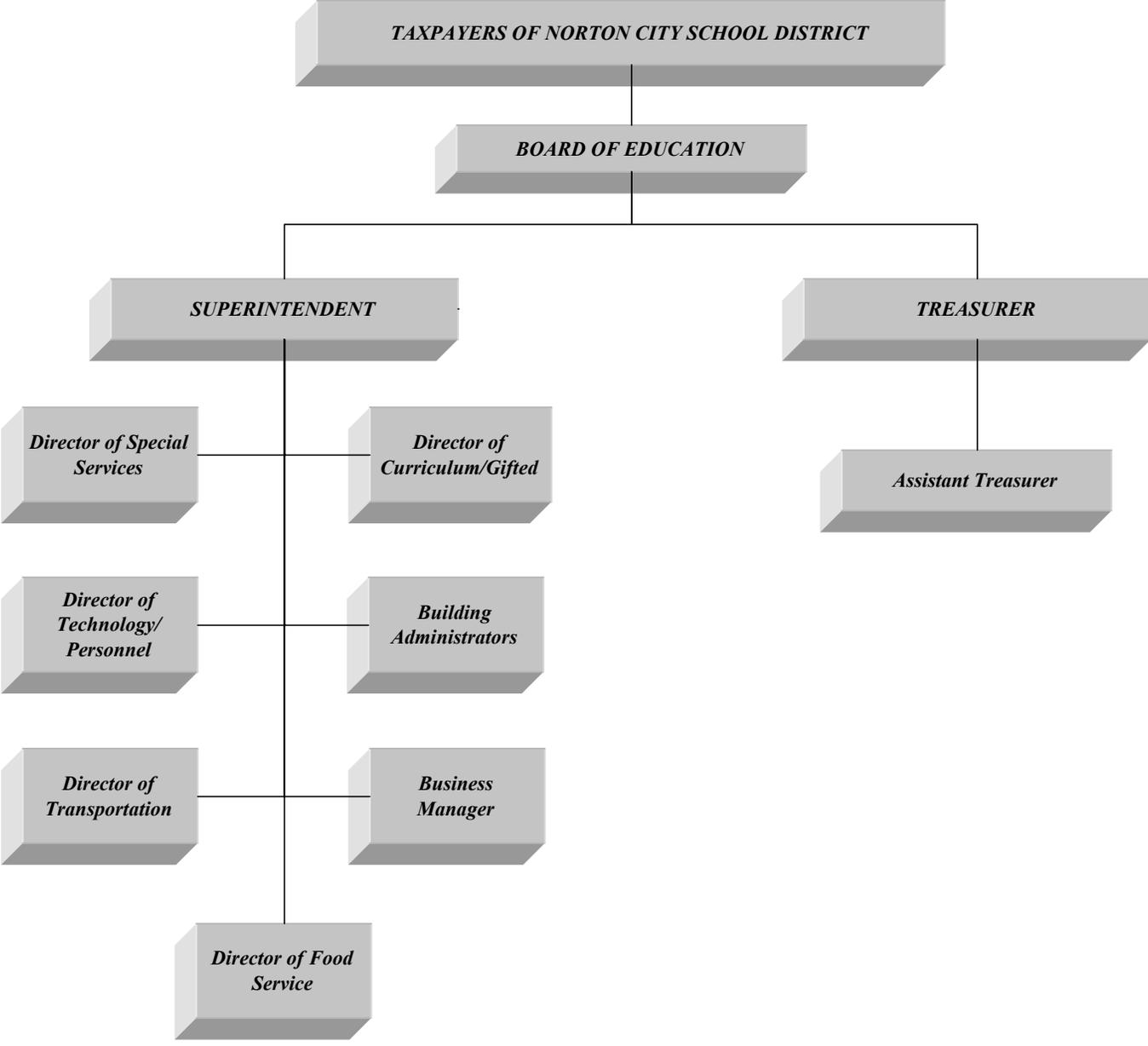
Treasurer/Chief Fiscal Officer

Mrs. Catherine M. Bulgrin

Administration

Dr. Walter Calinger	Superintendent
Mr. Ken Caldwell	Business Manager
Mrs. Karen Wilson	Director of Curriculum/Gifted
Mrs. Theresa Frederick	Director of Food Services
Mr. Rolland Gerstenmaier	Director of Technology
Mr. Paul Stoneking	Director of Transportation
Mr. Terry Wallace	Director of Special Services

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



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Norton City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

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.



Imelda Aruete
President

Jeffrey L. Essler
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Norton City School District
Norton, Ohio 44203-5697

We have audited the accompanying general purpose financial statements of Norton City School District, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of Norton City School District'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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Norton City School District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 20, the General Fixed Asset Account Group has a beginning balance that has been restated as of July 1, 2000.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2001 on our consideration of Norton City School District'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 taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Norton City School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of Norton City School District. Such 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 in relation to the general purpose financial statements taken as a whole.

The statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Norton City School District. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and therefore we express no opinion thereon.



LENNON & COMPANY
Certified Public Accountant
December 21, 2001

General Purpose Financial Statements

Norton City School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 3,320,839	\$ 161,300	\$ 4,703	\$ 703,854
Cash and cash equivalents with fiscal agents				
In segregated accounts	-	-	-	-
With fiscal agents	-	-	390	-
Receivables:				
Taxes	7,395,109	-	55,661	640,614
Accounts	1,860	931	-	-
Intergovernmental	289,952	6,282	-	-
Interfund receivable	6,282	-	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Equity in pooled cash and cash equivalents (restricted)	377,925	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
<u>Other debits:</u>				
Amount available in debt service fund for retirement of general obligation bonds	-	-	-	-
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	<u>\$ 11,391,967</u>	<u>\$ 168,513</u>	<u>\$ 60,754</u>	<u>\$ 1,344,468</u>
<u>Liabilities, fund equity and other credits:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 111,038	\$ 17,092	\$ -	\$ 79,807
Accrued wages	946,914	17,656	-	-
Compensated absences payable	91,865	-	-	-
Interfund payable	-	6,282	-	-
Intergovernmental payable	335,929	331	-	-
Deferred revenue	7,395,952	6,282	55,661	616,661
Due to students	-	-	-	-
Matured interest payable	-	-	390	-
Claims payable	-	-	-	-
Claimant liability	-	-	-	-
Capital leases payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Total liabilities	<u>8,881,698</u>	<u>47,643</u>	<u>56,051</u>	<u>696,468</u>
<u>Fund equity and other credits:</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	326,899	15,245	-	47,108
Reserved for debt service	-	-	4,703	-
Reserved for budget stabilization	121,948	-	-	-
Reserved for bus purchases	36,617	-	-	-
Unreserved:				
Designated for budget stabilization	219,360	-	-	-
Undesignated	1,805,445	105,625	-	600,892
Total fund equity and other credits	<u>2,510,269</u>	<u>120,870</u>	<u>4,703</u>	<u>648,000</u>
Total liabilities, fund equity and other credits	<u>\$ 11,391,967</u>	<u>\$ 168,513</u>	<u>\$ 60,754</u>	<u>\$ 1,344,468</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 205,145	\$ -	\$ 62,424	\$ -	\$ -	\$ 4,458,265
-	898,288	35,767	-	-	934,055
-	-	-	-	-	390
-	-	-	-	-	8,091,384
-	-	-	-	-	2,791
-	-	-	-	-	296,234
-	-	-	-	-	6,282
4,174	-	-	-	-	4,174
659	-	-	-	-	659
-	-	-	-	-	377,925
140,660	-	-	12,526,506	-	12,667,166
-	-	-	-	4,703	4,703
-	-	-	-	1,110,156	1,110,156
<u>\$ 350,638</u>	<u>\$ 898,288</u>	<u>\$ 98,191</u>	<u>\$ 12,526,506</u>	<u>\$ 1,114,859</u>	<u>\$ 27,954,184</u>
\$ 2,755	\$ -	\$ 60	\$ -	\$ -	\$ 210,752
2,994	-	-	-	-	967,564
25,532	-	-	-	641,318	758,715
-	-	-	-	-	6,282
8,918	-	-	-	162,755	507,933
2,691	-	-	-	-	8,077,247
-	-	52,661	-	-	52,661
-	-	-	-	-	390
-	479,155	-	-	-	479,155
-	-	9,203	-	-	9,203
-	-	-	-	93,786	93,786
-	-	-	-	217,000	217,000
<u>42,890</u>	<u>479,155</u>	<u>61,924</u>	<u>-</u>	<u>1,114,859</u>	<u>11,380,688</u>
-	-	-	12,526,506	-	12,526,506
30,186	-	-	-	-	30,186
277,562	419,133	-	-	-	696,695
-	-	-	-	-	389,252
-	-	-	-	-	4,703
-	-	-	-	-	121,948
-	-	-	-	-	36,617
-	-	-	-	-	219,360
-	-	36,267	-	-	2,548,229
<u>307,748</u>	<u>419,133</u>	<u>36,267</u>	<u>12,526,506</u>	<u>-</u>	<u>16,573,496</u>
<u>\$ 350,638</u>	<u>\$ 898,288</u>	<u>\$ 98,191</u>	<u>\$ 12,526,506</u>	<u>\$ 1,114,859</u>	<u>\$ 27,954,184</u>

Norton City School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Property and other local taxes	\$ 6,725,289	\$ -	\$ 58,113	\$ 585,335
Intergovernmental	8,236,246	434,111	-	117,107
Interest	319,255	-	-	-
Tuition and fees	354,208	931	-	-
Extracurricular activities	-	193,290	-	-
Gifts and donations	2,376	19,494	-	-
Rent	9,073	-	-	-
Miscellaneous	65,952	10,793	-	-
Total revenues	<u>15,712,399</u>	<u>658,619</u>	<u>58,113</u>	<u>702,442</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,759,528	258,369	-	225,778
Special	1,168,594	145,398	-	-
Vocational	636,666	3,936	-	-
Adult/continuing	7,007	10,182	-	-
Other	34,532	-	-	-
Support services:				
Pupils	674,934	35,605	-	-
Instructional staff	578,926	53,518	-	-
Board of education	15,006	-	-	-
Administration	1,252,772	59,752	-	-
Fiscal	421,713	-	-	8,416
Business	388,122	-	-	-
Operation and maintenance of plant	1,640,454	-	-	34,032
Pupil transportation	875,216	421	-	-
Central	39,308	9,911	-	-
Operation of non-instructional services	12,247	1,237	-	-
Extracurricular activities	307,987	116,312	-	-
Capital outlay	57,947	4,353	-	476,650
Debt service:				
Principal retirement	26,049	-	43,400	-
Interest and fiscal charges	9,749	-	14,713	-
Total expenditures	<u>15,906,757</u>	<u>698,994</u>	<u>58,113</u>	<u>744,876</u>
Excess of revenues over (under) expenditures	<u>(194,358)</u>	<u>(40,375)</u>	<u>-</u>	<u>(42,434)</u>
<u>Other financing sources (uses):</u>				
Inception of capital lease	119,835	-	-	-
Operating transfers in	-	-	-	18,562
Operating transfers out	-	-	-	(18,562)
Total other financing sources (uses)	<u>119,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(74,523)</u>	<u>(40,375)</u>	<u>-</u>	<u>(42,434)</u>
Fund balances at beginning of year	2,584,792	161,245	4,703	690,434
Fund balances at end of year	<u>\$ 2,510,269</u>	<u>\$ 120,870</u>	<u>\$ 4,703</u>	<u>\$ 648,000</u>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$ -	\$ 7,368,737
-	8,787,464
1,170	320,425
-	355,139
-	193,290
50,097	71,967
-	9,073
-	76,745
51,267	17,182,840
15,500	8,259,175
-	1,313,992
-	640,602
-	17,189
-	34,532
-	710,539
-	632,444
-	15,006
-	1,312,524
-	430,129
-	388,122
-	1,674,486
-	875,637
-	49,219
-	13,484
-	424,299
-	538,950
-	69,449
-	24,462
15,500	17,424,240
35,767	(241,400)
-	119,835
-	18,562
-	(18,562)
-	119,835
35,767	(121,565)
500	3,441,674
\$ 36,267	\$ 3,320,109

Norton City School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types		
	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 6,594,797	\$ 6,594,797	\$ -
Intergovernmental	8,179,432	8,179,947	515
Interest	319,255	319,255	-
Tuition and fees	338,568	360,693	22,125
Rent	9,073	9,073	-
Extracurricular activities	-	-	-
Gifts and donations	3,000	2,376	(624)
Miscellaneous	63,694	63,591	(103)
Total revenues	15,507,819	15,529,732	21,913
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	7,867,437	7,799,388	68,049
Special	1,272,847	1,257,465	15,382
Vocational	639,865	627,270	12,595
Adult/continuing	7,100	7,029	71
Other	33,400	32,906	494
Support services:			
Pupils	691,317	681,720	9,597
Instructional staff	638,818	608,886	29,932
Board of education	21,366	15,677	5,689
Administration	1,314,046	1,299,746	14,300
Fiscal	464,799	457,645	7,154
Business	338,757	322,167	16,590
Operation and maintenance of plant	1,748,712	1,707,865	40,847
Pupil transportation	969,876	923,607	46,269
Central	37,177	36,704	473
Operation of non-instructional services	12,247	12,247	-
Extracurricular activities	308,217	307,166	1,051
Capital outlay	95,386	88,189	7,197
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	16,461,367	16,185,677	275,690
Excess of revenues over (under) expenditures	(953,548)	(655,945)	297,603
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	64,550	64,550	-
Refund of prior year receipts	(1,700)	(1,626)	74
Advances in	2,075	2,075	-
Advances out	(6,300)	(6,282)	18
Operating transfers in	-	-	-
Operating transfers out	(874)	-	874
Total other financing sources (uses)	57,751	58,717	966
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(895,797)	(597,228)	298,569
Fund balances at beginning of year	3,215,787	3,215,787	-
Prior year encumbrances appropriated	604,910	604,910	-
Fund balances at end of year	\$ 2,924,900	\$ 3,223,469	\$ 298,569

See accompanying notes to the general purpose financial statements.

Governmental Fund Types

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 58,113	\$ 58,113	\$ -
448,284	448,284	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
193,290	193,290	-	-	-	-
18,994	19,494	500	-	-	-
10,793	10,793	-	-	-	-
<u>671,361</u>	<u>671,861</u>	<u>500</u>	<u>58,113</u>	<u>58,113</u>	<u>-</u>
347,480	280,745	66,735	-	-	-
139,680	139,320	360	-	-	-
3,936	3,936	-	-	-	-
16,830	10,182	6,648	-	-	-
-	-	-	-	-	-
34,171	35,781	(1,610)	-	-	-
77,540	59,664	17,876	-	-	-
-	-	-	-	-	-
66,225	59,812	6,413	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
433	421	12	-	-	-
20,911	9,911	11,000	-	-	-
2,712	1,242	1,470	-	-	-
134,612	124,031	10,581	-	-	-
18,000	8,525	9,475	-	-	-
-	-	-	43,790	43,400	390
-	-	-	19,026	14,713	4,313
<u>862,530</u>	<u>733,570</u>	<u>128,960</u>	<u>62,816</u>	<u>58,113</u>	<u>4,703</u>
<u>(191,169)</u>	<u>(61,709)</u>	<u>129,460</u>	<u>(4,703)</u>	<u>-</u>	<u>4,703</u>
-	-	-	-	-	-
(15,440)	(15,440)	-	-	-	-
6,282	6,282	-	-	-	-
(2,075)	(2,075)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(11,233)</u>	<u>(11,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(202,402)	(72,942)	129,460	(4,703)	-	4,703
154,421	154,421	-	4,703	4,703	-
47,481	47,481	-	-	-	-
<u>\$ (500)</u>	<u>\$ 128,960</u>	<u>\$ 129,460</u>	<u>\$ -</u>	<u>\$ 4,703</u>	<u>\$ 4,703</u>

Norton City School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Fund (Continued)
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types		
	Capital Projects Funds		Variance
	Revised	Actual	Favorable
	Budget		(Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 572,353	\$ 572,353	\$ -
Intergovernmental	117,107	117,107	-
Interest	-	-	-
Tuition and fees	-	-	-
Rent	-	-	-
Extracurricular activities	-	-	-
Gifts and donations	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>689,460</u>	<u>689,460</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	291,776	247,784	43,992
Special	-	-	-
Vocational	-	-	-
Adult/continuing	-	-	-
Other	-	-	-
Support services:			
Pupils	-	-	-
Instructional staff	-	-	-
Board of education	-	-	-
Administration	-	-	-
Fiscal	8,418	8,418	-
Business	-	-	-
Operation and maintenance of plant	34,032	34,032	-
Pupil transportation	120,000	-	120,000
Central	-	-	-
Operation of non-instructional services	-	-	-
Extracurricular activities	-	-	-
Capital outlay	928,198	515,251	412,947
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,382,424</u>	<u>805,485</u>	<u>576,939</u>
Excess of revenues over (under) expenditures	<u>(692,964)</u>	<u>(116,025)</u>	<u>576,939</u>
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	-	-	-
Refund of prior year receipts	-	-	-
Advances in	-	-	-
Advances out	-	-	-
Operating transfers in	18,562	18,562	-
Operating transfers out	(18,562)	(18,562)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(692,964)	(116,025)	576,939
Fund balances at beginning of year	485,275	485,275	-
Prior year encumbrances appropriated	207,689	207,689	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ 576,939</u>	<u>\$ 576,939</u>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type			Totals (Memorandum Only)		
Expendable Trust Fund					
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 7,225,263	\$ 7,225,263	\$ -
-	-	-	8,744,823	8,745,338	515
1,170	1,170	-	320,425	320,425	-
-	-	-	338,568	360,693	22,125
-	-	-	9,073	9,073	-
-	-	-	193,290	193,290	-
50,097	50,097	-	72,091	71,967	(124)
672	672	-	75,159	75,056	(103)
<u>51,939</u>	<u>51,939</u>	<u>-</u>	<u>16,978,692</u>	<u>17,001,105</u>	<u>22,413</u>
51,267	15,500	35,767	8,557,960	8,343,417	214,543
-	-	-	1,412,527	1,396,785	15,742
-	-	-	643,801	631,206	12,595
-	-	-	23,930	17,211	6,719
-	-	-	33,400	32,906	494
-	-	-	725,488	717,501	7,987
-	-	-	716,358	668,550	47,808
-	-	-	21,366	15,677	5,689
-	-	-	1,380,271	1,359,558	20,713
9,703	-	9,703	482,920	466,063	16,857
-	-	-	338,757	322,167	16,590
-	-	-	1,782,744	1,741,897	40,847
-	-	-	1,090,309	924,028	166,281
-	-	-	58,088	46,615	11,473
-	-	-	14,959	13,489	1,470
-	-	-	442,829	431,197	11,632
-	-	-	1,041,584	611,965	429,619
-	-	-	43,790	43,400	390
-	-	-	19,026	14,713	4,313
<u>60,970</u>	<u>15,500</u>	<u>45,470</u>	<u>18,830,107</u>	<u>17,798,345</u>	<u>1,031,762</u>
<u>(9,031)</u>	<u>36,439</u>	<u>45,470</u>	<u>(1,851,415)</u>	<u>(797,240)</u>	<u>1,054,175</u>
-	-	-	64,550	64,550	-
-	-	-	(17,140)	(17,066)	74
-	-	-	8,357	8,357	-
-	-	-	(8,375)	(8,357)	18
-	-	-	18,562	18,562	-
-	-	-	(19,436)	(18,562)	874
-	-	-	<u>46,518</u>	<u>47,484</u>	<u>966</u>
(9,031)	36,439	45,470	(1,804,897)	(749,756)	1,055,141
9,031	9,031	-	3,869,217	3,869,217	-
-	-	-	860,080	860,080	-
<u>\$ -</u>	<u>\$ 45,470</u>	<u>\$ 45,470</u>	<u>\$ 2,924,400</u>	<u>\$ 3,979,541</u>	<u>\$ 1,055,141</u>

Norton City School District
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<u>Operating revenues:</u>			
Sales	\$ 579,502	\$ -	\$ 579,502
Charges for services	5,866	1,741,719	1,747,585
Other operating revenues	15,000	-	15,000
Total operating revenue	<u>600,368</u>	<u>1,741,719</u>	<u>2,342,087</u>
<u>Operating expenses:</u>			
Salaries	239,095	-	239,095
Fringe benefits	116,796	-	116,796
Purchased services	9,460	219,359	228,819
Materials and supplies	87,265	-	87,265
Cost of sales	287,260	-	287,260
Depreciation	10,994	-	10,994
Claims	-	1,672,507	1,672,507
Other operating expenses	1,959	-	1,959
Total operating expenses	<u>752,829</u>	<u>1,891,866</u>	<u>2,644,695</u>
Operating loss	<u>(152,461)</u>	<u>(150,147)</u>	<u>(302,608)</u>
<u>Non-operating revenues:</u>			
Federal donated commodities	34,726	-	34,726
Operating grants	110,644	-	110,644
Interest	7,477	38,885	46,362
Loss on sale of fixed assets	(1,721)	-	(1,721)
Total non-operating revenues	<u>151,126</u>	<u>38,885</u>	<u>190,011</u>
Net loss	<u>(1,335)</u>	<u>(111,262)</u>	<u>(112,597)</u>
Retained earnings at beginning of year	278,897	530,395	809,292
Retained earnings at end of year	<u>\$ 277,562</u>	<u>\$ 419,133</u>	<u>\$ 696,695</u>

See accompanying notes to the general purpose financial statements.

Norton City School District
Combining Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<u>Cash flows from operating activities:</u>			
Cash received from customers	\$ 585,368	\$ -	\$ 585,368
Cash received from other operating sources	15,000	-	15,000
Cash received from quasi-external transactions with other funds	-	1,741,719	1,741,719
Cash payments to suppliers for goods and services	(351,604)	(219,359)	(570,963)
Cash payments to employees for services	(225,957)	-	(225,957)
Cash payments for employee benefits	(118,331)	-	(118,331)
Cash payments for claims	-	(1,340,099)	(1,340,099)
Cash payments for other operating expenses	(1,959)	-	(1,959)
Net cash provided by (used for) operating activities	(97,483)	182,261	84,778
<u>Cash flows from noncapital financing activities:</u>			
Operating grants	110,644	-	110,644
Net cash provided by noncapital financing activities	110,644	-	110,644
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(16,426)	-	(16,426)
Net cash used for capital financing activities	(16,426)	-	(16,426)
<u>Cash flows from investing activities:</u>			
Interest on investments	7,477	38,885	46,362
Net cash provided by investing financing	7,477	38,885	46,362
Net increase in cash and cash equivalents	4,212	221,146	225,358
Cash and cash equivalents at beginning of year	200,933	677,142	878,075
Cash and cash equivalents at end of year	\$ 205,145	\$ 898,288	\$ 1,103,433
<u>Reconciliation of operating loss to net cash provided by (used for) operating activities:</u>			
Operating loss	\$ (152,461)	\$ (150,147)	\$ (302,608)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	10,994	-	10,994
Federal donated commodities	34,726	-	34,726
Change in assets and liabilities:			
(Increase) decrease in assets:			
Inventory	(1,760)	-	(1,760)
Increase (decrease) in liabilities:			
Accounts payable	(2,228)	-	(2,228)
Accrued wages	202	-	202
Compensated absences payable	12,937	-	12,937
Intergovernmental payable	(1,535)	-	(1,535)
Claims payable	-	332,408	332,408
Deferred revenue	1,642	-	1,642
Total adjustments	54,978	332,408	387,386
Net cash provided by (used for) operating activities	\$ (97,483)	\$ 182,261	\$ 84,778

See accompanying notes to the general purpose financial statements.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 109 non-certificated employees and 181 certificated teaching and support personnel, including fifteen administrators, that provides services to 2,552 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. For this fiscal year, the School District has implemented GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Recipient Reporting for Certain Shared Non-exchange Revenues". The School District's significant accounting policies are described below.

A. Reporting Entity

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

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

Notes to the General Purpose Financial Statements

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

The School District is associated with the Northeast Ohio Network for Educational Technology and the Four Cities Educational Compact, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 14.

B. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds: The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

Proprietary Fund Types

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds: The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund: The internal service fund accounts for the financing of services provided by one department to other departments of the School District on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to a specific fund and those of the general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

Notes to the General Purpose Financial Statements

General Fixed Assets Account Group: This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-term Obligations Account Group: This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed in the proprietary funds.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 5) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of fiscal year end and delinquent property taxes, whose availability is indeterminable and which are intended to finance subsequent fiscal year operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. There were no unbilled service charge receivables at year-end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**D. Budgets and
Budgetary
Accounting**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

Notes to the General Purpose Financial Statements

All funds, other than agency funds, are legally required to be budgeted and appropriated. Even though annual budgets are legally adopted, proprietary budgetary statements have not been presented since they are not required under GAAP. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget: Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for rate determination.

Estimated Resources: Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during the fiscal year.

Appropriations: Upon receipt from the County Auditor of an amended Certificate of Estimated Resources based on final assessed values and tax rates or a Certificate saying no new Certificate is necessary, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions. Under Ohio law advances are not required to be budgeted.

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the general purpose financial statements for enterprise funds.

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

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

The School District is self-insured for health coverage. These monies are held separate from the School District's central bank account and are reflected on the combined balance sheet as "Cash and cash equivalents in segregated accounts".

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. During the fiscal year, all investments of the School District had a maturity of three months or less.

Notes to the General Purpose Financial Statements

- F. Short-term Interfund Assets/Liabilities** Short-term interfund loans are classified as "Interfund receivables/payables.
- G. Inventory of Supplies** Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds was not significant at the end of the fiscal period. Inventories of proprietary funds consist of donated food, purchased food and consumable supplies and are expensed when used.
- H. Fixed Assets and Depreciation** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.
- The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.
- Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight line method over an estimated useful life of five to twenty years.
- I. Restricted Assets** Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets may include unexpended revenues restricted for the purchases of school buses, and amounts required by statute to be set aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets. Restricted assets may also be set aside as a reserve for budget stabilization, which is now optional as determined by the School District. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.
- J. Intergovernmental Revenues** In governmental funds, federal and state grants awarded on a non-reimbursement basis and federal entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Federal and state reimbursable type grants are recorded as intergovernmental receivables and revenues when the related liabilities are incurred. The School District currently participates in several State and Federal programs. Management has determined that the following programs are material:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Title I ESEA
Eisenhower Math and Science
Title VI-B Educationally Handicapped
Title VI-R Class Size Reduction
Data Communications
Ohio Reads

Capital Projects

SchoolNet

Reimbursable Grants

Enterprise Fund

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately forty-five percent of the School District's revenue during the fiscal year.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

Accumulated vacation and sick leave of employees paid from governmental funds has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund.

Notes to the General Purpose Financial Statements

- L. Long-Term Obligations** In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds and capital leases are reported as a liability of the general long-term obligations account group until due.
- Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.
- M. Interfund Transactions** During the course of normal operations, the School District has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.
- N. Estimates** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.
- O. Fund Balance Reserves** The School District records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, bus purchases, and debt service.
- P. Memorandum Only - Total Columns on General Purpose Financial Statements** Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Norton City School District

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

	<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
<i>GAAP basis</i>	\$ (74,523)	\$ (40,375)	\$ (42,434)	\$ 35,767
<i>Revenue accruals</i>	(235,877)	19,524	(12,982)	672
<i>Expenditure accruals</i>	188,468	(19,755)	66,306	-
<i>Encumbrances (budget basis) outstanding at year end</i>	<u>(475,296)</u>	<u>(32,336)</u>	<u>(126,915)</u>	<u>-</u>
<i>Budget basis</i>	<u>\$ (597,228)</u>	<u>\$ (72,942)</u>	<u>\$ (116,025)</u>	<u>\$ 36,439</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Notes to the General Purpose Financial Statements

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

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

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

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits: The carrying value of the School District's deposits totaled (\$224,138), and the bank balances of the deposits totaled \$132,087, all of which was covered by federal depository insurance.

Investments: GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

Interest earned on cash and investments in the Self Insurance internal service fund and the Food Service enterprise fund are recorded in those funds as required by a board resolution. All other interest is legally required to be placed in the general fund. Interest revenue credited to the general fund during fiscal year 2001 amount to \$319,255 which includes \$61,769 assigned from other School District funds.

The District has invested funds in STAR Ohio during 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Notes to the General Purpose Financial Statements

	<u>Category 3</u>	<u>Carrying Amounts</u>	<u>Fair Value</u>
<u>Categorized Investments</u>			
<i>Repurchase Agreements</i>	<u>\$ 1,825,000</u>	<u>\$ 1,825,000</u>	<u>\$ 1,825,000</u>
<u>Noncategorized Investments</u>			
<i>State Treasurer's Pool</i>		<u>4,169,773</u>	<u>4,169,773</u>
<i>Total Investments</i>		<u>\$ 5,994,773</u>	<u>\$ 5,994,773</u>

The School District's investment in Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

NOTE 5 - PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

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

Norton City School District

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$269,226 in the general fund and \$23,953 in the Permanent Improvement capital projects fund and is recognized as revenue.

There were no new levies passed during the current fiscal year. The assessed values upon which the current fiscal year taxes were collected are:

<i>Property Category</i>	<i>1999 Assessed Value</i>	<i>2000 Assessed Value</i>
<i>Real Property</i>		
<i>Residential and agricultural</i>	\$ 182,465,740	\$ 184,844,760
<i>Commercial, industrial and mineral</i>	28,302,810	30,945,020
<i>Public utilities</i>	71,100	43,310
<i>Tangible Personal Property</i>		
<i>General</i>	19,048,419	18,292,861
<i>Public utilities</i>	13,109,980	12,132,210
<i>Total</i>	<u>\$ 242,998,049</u>	<u>\$ 246,258,161</u>

NOTE 6 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), interfund and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The general and special revenue fund's intergovernmental receivable at year-end consisted of \$289,952 and \$6,282 respectively.

Notes to the General Purpose Financial Statements

NOTE 7 - FIXED ASSETS

Enterprise Fund: A summary of the enterprise funds' fixed assets at year-end follows:

<u>Classification</u>	<u>Balance at June 30, 2001</u>
Equipment	\$ 304,460
Less: accumulated depreciation	<u>(163,800)</u>
Net Fixed Assets	<u>\$ 140,660</u>

General Fixed Assets: Changes in general fixed assets during fiscal year 2001 were as follows:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Land and land improvements	\$ 797,440	\$ 87,700	\$ -	\$ 885,140
Buildings	6,867,133	-	-	6,867,133
Furniture, fixtures, and equipment	3,067,393	402,825	(10,791)	3,459,427
Vehicles	<u>1,323,350</u>	<u>23,369</u>	<u>(31,913)</u>	<u>1,314,806</u>
Total	<u>\$ 12,055,316</u>	<u>\$ 513,894</u>	<u>\$ (42,704)</u>	<u>\$ 12,526,506</u>

NOTE 8 - RISK MANAGEMENT

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

The School District uses an internal service fund to record and report their self funded health care insurance program. The claims liability of \$479,155, reported in the fund at year end was estimated by third party administrators and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$55,000 per employee.

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Changes in the fund's claims liability during 2000 and 2001 were:

<i>Fiscal Year</i>	<i>Balance at beginning of year</i>	<i>Current year claims</i>	<i>Claim payments</i>	<i>Balance at end of year</i>
2000	\$ 99,049	1,101,921	1,054,223	146,747
2001	\$ 146,747	1,672,507	1,340,099	479,155

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute nine percent of their annual covered salary and the School District is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to the statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$425,881, \$321,891, and \$290,273, respectively; forty-six percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$232,813 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Notes to the General Purpose Financial Statements

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of ten percent for members and fourteen percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,114,768, \$1,044,552, and \$1,009,408, respectively; eighty-three percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$190,988 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

NOTE 10 - POST-EMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently fourteen percent of covered payroll. The retirement board currently allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$637,010 during the 2001 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.419 billion at June 30, 2000, (latest information available). For the year ended June 30, 2000, the net health care costs paid by the STRS were \$283,137,000 and eligible benefit recipients totaled 99,011.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of seventy-five percent of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll.

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In addition, SERS levies a surcharge to fund health care benefits equal to fourteen percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the fourteen percent contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$296,795, which includes a surcharge of \$39,745 during the 2001 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (latest information available) were \$140,696,340 and the target level was \$211 million. At June 30, 2000, the SERS's net assets available for payment of health care benefits was \$252.3 million, at cost. The number of participants receiving health care benefits was approximately 50,000.

NOTE 11 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

	<i>Balance July 1</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30</i>
<u>General Long-Term Obligations</u>				
<i>Bonds</i>				
<i>Energy conservation bonds, 5.65%, maturing July 15, 2005</i>	\$ 260,400	\$ -	\$ (43,400)	\$ 217,000
<i>Other Obligations</i>				
<i>Compensated absences</i>	588,723	52,595	-	641,318
<i>Capital leases payable</i>	-	119,835	(26,049)	93,786
<i>Employer pension obligations</i>	126,178	162,755	(126,178)	162,755
<i>Total General Long-Term Obligations</i>	<u>\$ 975,301</u>	<u>\$ 335,185</u>	<u>\$ (195,627)</u>	<u>\$ 1,114,859</u>

General Obligation Bonds: General obligation bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the Bond Retirement Fund.

Compensated absences: Sick leave benefits will be paid from the fund from which the person is paid. Additions and reductions of accrued vacation and sick leave are shown at net since it is impractical for the School District to determine these amounts separately.

Notes to the General Purpose Financial Statements

Employer pension obligations: Employer pension due to the School Employees Retirement System will be paid from the fund from which the person is paid.

The annual requirements to amortize all bonds outstanding as of the end of this fiscal period, including interest payments of \$36,780, are as follows:

<i>Fiscal</i>		<i>General</i>
<u>Year</u>		<u>Obilgation</u>
		<u>Bonds</u>
2002	\$	55,660
2003		53,208
2004		50,756
2005		48,304
2006		45,852
<i>Total</i>	<u>\$</u>	<u>253,780</u>

NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

General fixed assets acquired by lease have been capitalized in the general fixed assets account group at \$161,092 equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term debt account group.

Principal payments in the current fiscal year totaled \$26,049. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year end.

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<i>Fiscal Year</i>	<i>Lease Payments</i>
2002	\$ 35,798
2003	35,798
2004	<u>35,801</u>
<i>Total minimum lease payments</i>	107,398
<i>Less: amount representing interest</i>	<u>(13,612)</u>
<i>Total</i>	<u>\$ 93,786</u>

NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2001 is as follows:

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
<i>General</i>	<i>Title VI special revenue</i>	\$ 6,282

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEONET) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEONET is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the consortium are required to pay fees, charges, and assessments as charged. NEONET is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEONET are made from the general fund. During fiscal year 2001, the School District contributed \$28,524 to NEONET.

Notes to the General Purpose Financial Statements

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

NOTE 15 - FUND DEFICITS

As of June 30, 2001, two funds had deficit fund balances. These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficits at year-end:

<u>Fund</u>	<u>Deficit</u>
<i>Title I special revenue</i>	\$ 12,176
<i>Title VI special revenue</i>	319

NOTE 16 - CONTRIBUTED CAPITAL

The Food Service enterprise fund reports contributed capital for fixed assets contributed by the general fund. There was an additional \$22,786 in contributed capital during fiscal year 2001.

Norton City School District

NOTE 17 - SEGMENT INFORMATION - ENTERPRISE FUNDS

Financial segment information as of and for the year ended June 30, 2001 for the enterprise funds is presented as follows:

<u>Description</u>	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Customer Service Rotary</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenues	\$ 527,827	\$ 66,675	\$ -	\$ 5,866	\$ 600,368
Depreciation expense	10,994	-	-	-	10,994
Operating income (loss)	(154,430)	(2,153)	-	4,122	(152,461)
Operating grants	110,644	-	-	-	110,644
Donated commodities	34,726	-	-	-	34,726
Net income (loss)	(3,304)	(2,153)	-	4,122	(1,335)
Current contributed capital	22,786	-	-	-	22,786
Fixed asset deletions	4,385	-	-	-	4,385
Fixed asset additions	39,212	-	-	-	39,212
Net working capital	105,989	58,080	21,174	7,377	192,620
Total assets	261,860	60,227	21,174	7,377	350,638
Compensated absences payable	25,532	-	-	-	25,532
Total equity	221,117	58,080	21,174	7,377	307,748
Encumbrances outstanding (budget basis) at June 30, 2001	\$ 40,366	\$ 4,670	\$ -	\$ 88	\$ 45,124

NOTE 18 - CONTINGENT LIABILITIES

A few claims and lawsuits are pending against the School District. It is management's opinion that the ultimate liability will be covered by insurance, and/or will not have a material effect on the financial statements.

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

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

1. A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a timeline for distribution is not specified.

Notes to the General Purpose Financial Statements

2. Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of the date of these financial statements, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for consideration. The Court may re-examine and re-determine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 19 - STATUTORY RESERVES

The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, for school bus purchases, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years. Although no longer required by state statute, a budget stabilization reserve may still be set-aside at the discretion of the School District.

Effective April 10, 2001, Senate Bill 345 amended Ohio Revised Code 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. Monies previously reported in the budget stabilization reserve are now reported as designated and reserved fund equity in the General Fund. As of June 30, 2001, the Board had not acted on the Senate Bill to eliminate the reserve balance.

During the fiscal year ended June 30, 2001, the reserve activity was as follows:

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	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>School Bus Reserve</u>	<u>Total</u>
<i>Set-aside cash balance as of June 30, 2000</i>	\$ (218,760)	\$ -	\$ 299,432	\$ -	\$ 80,672
<i>Reduction authorized by legislative revisions</i>	-	-	(219,360)	-	(219,360)
<i>Current year set-aside requirement</i>	340,541	340,541	41,876	36,617	759,575
<i>Current year offset</i>	-	(572,353)	-	-	(572,353)
<i>Qualifying disbursements</i>	<u>(614,210)</u>	<u>(511,513)</u>	<u>-</u>	<u>-</u>	<u>(1,125,723)</u>
<i>Total</i>	<u>\$ (492,429)</u>	<u>\$ (743,325)</u>	<u>\$ 121,948</u>	<u>\$ 36,617</u>	<u>\$ (1,077,189)</u>
<i>Balance carried forward to FY2002</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,948</u>	<u>\$ 36,617</u>	<u>\$ 158,565</u>

NOTE 20 – RESTATEMENT OF PRIOR YEAR BALANCES

During the fiscal year the School District contracted with an appraiser to conduct an inventory of the School District’s fixed assets and to determine estimated costs of some assets. Due to the new appraisal, a restatement of beginning balance is necessary. The restatement is as follows:

	<u>General Fixed Asset Account Group</u>
<i>Account balance as previously stated, June 30, 2000</i>	\$ 12,476,115
<i>Restatement</i>	(420,799)
<i>Restated July 1, 2000</i>	<u>\$ 12,055,316</u>

Combining, Individual Fund and
Account Group
Financial Statements and Schedules

GENERAL FUND

The general fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration.

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 6,594,797	\$ 6,594,797	\$ -
Intergovernmental	8,179,432	8,179,947	515
Interest	319,255	319,255	-
Tuition and fees	338,568	360,693	22,125
Rent	9,073	9,073	-
Gifts and donations	3,000	2,376	(624)
Miscellaneous	63,694	63,591	(103)
Total revenues	<u>15,507,819</u>	<u>15,529,732</u>	<u>21,913</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	5,483,781	5,476,193	7,588
Fringe benefits	1,701,315	1,697,868	3,447
Purchased services	134,755	118,866	15,889
Materials and supplies	397,585	372,014	25,571
Capital outlay - new	88,026	75,467	12,559
Capital outlay - replacement	39,827	36,861	2,966
Other	22,148	22,119	29
Total regular	<u>7,867,437</u>	<u>7,799,388</u>	<u>68,049</u>
Special:			
Salaries and wages	700,945	699,957	988
Fringe benefits	295,527	294,798	729
Purchased services	246,316	237,543	8,773
Materials and supplies	27,362	23,825	3,537
Capital outlay - new	2,397	1,342	1,055
Capital outlay - replacement	300	-	300
Total special	<u>1,272,847</u>	<u>1,257,465</u>	<u>15,382</u>
Vocational:			
Salaries and wages	398,750	398,210	540
Fringe benefits	113,443	109,651	3,792
Purchased services	58,048	53,794	4,254
Materials and supplies	19,901	17,685	2,216
Capital outlay - new	47,768	46,749	1,019
Capital outlay - replacement	1,181	1,181	-
Other	774	-	774
Total vocational	<u>639,865</u>	<u>627,270</u>	<u>12,595</u>
Adult/continuing:			
Salaries and wages	7,100	7,029	71
Other:			
Purchased services	33,400	32,906	494
Total instruction	<u>9,820,649</u>	<u>9,724,058</u>	<u>96,591</u>

(Continued)

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Support services:			
Pupils:			
Salaries and wages	479,004	477,926	1,078
Fringe benefits	145,516	144,626	890
Purchased services	47,826	42,476	5,350
Materials and supplies	7,473	6,140	1,333
Capital outlay - new	11,023	10,528	495
Capital outlay - replacement	475	24	451
Total pupils	<u>691,317</u>	<u>681,720</u>	<u>9,597</u>
Instructional staff:			
Salaries and wages	332,880	332,390	490
Fringe benefits	85,357	81,805	3,552
Purchased services	53,736	40,818	12,918
Materials and supplies	60,309	52,020	8,289
Capital outlay - new	51,297	49,216	2,081
Capital outlay - replacement	9,183	6,717	2,466
Other	46,056	45,920	136
Total instructional staff	<u>638,818</u>	<u>608,886</u>	<u>29,932</u>
Board of education:			
Salaries and wages	7,300	7,200	100
Fringe benefits	1,926	864	1,062
Purchased services	7,885	3,731	4,154
Materials and supplies	255	-	255
Other	4,000	3,882	118
Total board of education	<u>21,366</u>	<u>15,677</u>	<u>5,689</u>
Administration:			
Salaries and wages	869,179	868,699	480
Fringe benefits	278,489	277,324	1,165
Purchased services	105,100	96,267	8,833
Materials and supplies	32,677	30,269	2,408
Capital outlay - new	23,321	22,271	1,050
Capital outlay - replacement	2,230	1,885	345
Other	3,050	3,031	19
Total administration	<u>1,314,046</u>	<u>1,299,746</u>	<u>14,300</u>
Fiscal:			
Salaries and wages	206,315	206,249	66
Fringe benefits	83,048	82,816	232
Purchased services	12,873	12,454	419
Materials and supplies	8,577	8,454	123
Capital outlay - new	10,116	10,104	12
Capital outlay - replacement	8,625	4,125	4,500
Other	135,245	133,443	1,802
Total fiscal	<u>464,799</u>	<u>457,645</u>	<u>7,154</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Business:			
Salaries and wages	83,059	83,024	35
Fringe benefits	16,124	16,080	44
Purchased services	216,591	212,490	4,101
Materials and supplies	7,800	7,793	7
Capital outlay - new	13,183	1,200	11,983
Capital outlay - replacement	2,000	1,580	420
Total business	<u>338,757</u>	<u>322,167</u>	<u>16,590</u>
Operation and maintenance of plant:			
Salaries and wages	734,242	733,554	688
Fringe benefits	278,430	277,793	637
Purchased services	594,859	557,112	37,747
Materials and supplies	133,185	131,521	1,664
Capital outlay - new	5,897	5,807	90
Capital outlay - replacement	2,099	2,078	21
Total operation and maintenance of plant	<u>1,748,712</u>	<u>1,707,865</u>	<u>40,847</u>
Pupil transportation:			
Salaries and wages	437,780	437,668	112
Fringe benefits	152,569	152,103	466
Purchased services	39,165	38,490	675
Materials and supplies	277,769	270,327	7,442
Capital outlay - new	60,093	22,585	37,508
Capital outlay - replacement	2,500	2,434	66
Total pupil transportation	<u>969,876</u>	<u>923,607</u>	<u>46,269</u>
Central:			
Salaries and wages	21,110	21,042	68
Fringe benefits	10,178	10,138	40
Purchased services	1,200	844	356
Materials and supplies	1,060	1,051	9
Capital outlay - new	3,629	3,629	-
Total central	<u>37,177</u>	<u>36,704</u>	<u>473</u>
Total support services	<u>6,224,868</u>	<u>6,054,017</u>	<u>170,851</u>
Operation of non-instructional services:			
Food service operations:			
Capital outlay - replacement	<u>12,247</u>	<u>12,247</u>	<u>-</u>
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	43,030	43,025	5
Fringe benefits	5,982	5,963	19
Total academic and subject oriented activities	<u>49,012</u>	<u>48,988</u>	<u>24</u>

(Continued)

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Sports oriented activities:			
Salaries and wages	196,270	196,163	107
Fringe benefits	31,402	31,255	147
Purchased services	11,650	11,650	-
Materials and supplies	1,500	1,482	18
Capital outlay - new	13,183	13,183	-
Total sports oriented activities	<u>254,005</u>	<u>253,733</u>	<u>272</u>
School and public service co-curricular activities:			
Purchased services	5,200	4,445	755
Total extracurricular activities	<u>308,217</u>	<u>307,166</u>	<u>1,051</u>
Capital outlay:			
Facilities acquisition and construction services:			
Site improvement services:			
Capital outlay - new	5,125	5,125	-
Architecture and engineering services:			
Purchased services	73,000	72,988	12
Building improvement services:			
Purchased services	17,261	10,076	7,185
Total capital outlay	<u>95,386</u>	<u>88,189</u>	<u>7,197</u>
Total expenditures	<u>16,461,367</u>	<u>16,185,677</u>	<u>275,690</u>
Excess of revenues under expenditures	<u>(953,548)</u>	<u>(655,945)</u>	<u>297,603</u>
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	64,550	64,550	-
Refund of prior year receipts	(1,700)	(1,626)	74
Advances in	2,075	2,075	-
Advances out	(6,300)	(6,282)	18
Operating transfers out	(874)	-	874
Total other financing sources (uses)	<u>57,751</u>	<u>58,717</u>	<u>966</u>
Excess of revenues and other financing sources under expenditures and other financing uses	(895,797)	(597,228)	298,569
Fund balance at beginning of year	3,215,787	3,215,787	-
Prior year encumbrances appropriated	604,910	604,910	-
Fund balance at end of year	<u>\$ 2,924,900</u>	<u>\$ 3,223,469</u>	<u>\$ 298,569</u>

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SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

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

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

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

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

Teacher Development: To account for state revenues used to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

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

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

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

Ohio Reads: To account for improvements in reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public school buildings, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Summer Intervention: To account for summer intervention services.

Miscellaneous State Grants: To account for monies received from state agencies which are not classified elsewhere.

Eisenhower: To account for federal funds issued for use in the training of teachers in new techniques and methodologies in the areas of mathematics and science.

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

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

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

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

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

Telecommunications Act (E-Rate): To account for a federal grant which is paid directly to the telecommunication provider.

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

Norton City School District
Combining Balance Sheet
All Special Revenue Funds
June 30, 2001

	<u>Public School Support</u>	<u>Miscellaneous Local Grants</u>	<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 51,495	\$ 7,749	\$ 11,000	\$ 14,269
Receivables:				
Accounts	931	-	-	-
Intergovernmental	-	-	-	-
Total assets	<u>\$ 52,426</u>	<u>\$ 7,749</u>	<u>\$ 11,000</u>	<u>\$ 14,269</u>
<u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 2,316	\$ -	\$ -	\$ 2,456
Accrued wages	-	-	-	-
Interfund payable	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>2,316</u>	<u>-</u>	<u>-</u>	<u>2,456</u>
<u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	710	631	-	762
Unreserved, undesignated	49,400	7,118	11,000	11,051
Total fund equity	<u>50,110</u>	<u>7,749</u>	<u>11,000</u>	<u>11,813</u>
Total liabilities and fund equity	<u>\$ 52,426</u>	<u>\$ 7,749</u>	<u>\$ 11,000</u>	<u>\$ 14,269</u>

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>
\$ 3,994	\$ -	\$ 18,000	\$ 4,000	\$ 8,898	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,994</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 4,000</u>	<u>\$ 8,898</u>	<u>\$ -</u>
\$ -	\$ -	\$ 4,353	\$ -	\$ 5,875	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,353</u>	<u>-</u>	<u>5,875</u>	<u>-</u>
-	-	4,172	-	2,023	-
3,994	-	9,475	4,000	1,000	-
<u>3,994</u>	<u>-</u>	<u>13,647</u>	<u>4,000</u>	<u>3,023</u>	<u>-</u>
<u>\$ 3,994</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 4,000</u>	<u>\$ 8,898</u>	<u>\$ -</u>

(Continued)

Norton City School District
Combining Balance Sheet
All Special Revenue Funds
June 30, 2001

	<u>Miscellaneous State Grants</u>	<u>Eisenhower</u>	<u>Title VI-B</u>	<u>Title I</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 18,901	\$ 3,114	\$ 728	\$ 1,478
<u>Receivables:</u>				
Accounts	-	-	-	-
Intergovernmental	-	-	-	-
Total assets	<u>\$ 18,901</u>	<u>\$ 3,114</u>	<u>\$ 728</u>	<u>\$ 1,478</u>
 <u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ 245	\$ 28
Accrued wages	-	-	-	13,550
Interfund payable	-	-	-	-
Intergovernmental payable	-	-	195	76
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>440</u>	<u>13,654</u>
 <u>Fund equity:</u>				
<u>Fund balance:</u>				
Reserved for encumbrances	-	-	201	145
Unreserved, undesignated	18,901	3,114	87	(12,321)
Total fund equity	<u>18,901</u>	<u>3,114</u>	<u>288</u>	<u>(12,176)</u>
Total liabilities and fund equity	<u>\$ 18,901</u>	<u>\$ 3,114</u>	<u>\$ 728</u>	<u>\$ 1,478</u>

<u>Title VI</u>	<u>Drug Free School Grant</u>	<u>EHA Preschool Grant</u>	<u>Telecommunications Act (E-Rate)</u>	<u>Miscellaneous Federal Grants</u>	<u>Total All Funds</u>
\$ 7,570	\$ 175	\$ 685	\$ -	\$ 9,244	\$ 161,300
-	-	-	-	-	931
6,282	-	-	-	-	6,282
<u>\$ 13,852</u>	<u>\$ 175</u>	<u>\$ 685</u>	<u>\$ -</u>	<u>\$ 9,244</u>	<u>\$ 168,513</u>
\$ 1,607	\$ -	\$ 212	\$ -	\$ -	\$ 17,092
-	-	-	-	4,106	17,656
6,282	-	-	-	-	6,282
-	-	-	-	60	331
6,282	-	-	-	-	6,282
<u>14,171</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>4,166</u>	<u>47,643</u>
5,963	175	463	-	-	15,245
(6,282)	-	10	-	5,078	105,625
(319)	175	473	-	5,078	120,870
<u>\$ 13,852</u>	<u>\$ 175</u>	<u>\$ 685</u>	<u>\$ -</u>	<u>\$ 9,244</u>	<u>\$ 168,513</u>

Norton City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2001

	<u>Public School Support</u>	<u>Miscellaneous Local Grants</u>	<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 17,933	\$ -	\$ -
Tuition and fees	931	-	-	-
Extracurricular activities	104,357	-	-	88,933
Gifts and donations	5,069	500	-	13,925
Miscellaneous	2,632	-	-	8,161
Total revenues	<u>112,989</u>	<u>18,433</u>	<u>-</u>	<u>111,019</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	111,556	17,332	-	-
Special	-	-	-	-
Vocational	-	3,936	-	-
Adult/continuing	-	-	-	-
Support services:				
Pupils	-	-	-	-
Instructional staff	4,079	-	-	-
Administration	4,682	-	-	-
Pupil transportation	71	-	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	1,237
Extracurricular activities	-	-	-	116,312
Capital outlay	-	-	-	-
Total expenditures	<u>120,388</u>	<u>21,268</u>	<u>-</u>	<u>117,549</u>
Excess of revenues over (under) expenditures	(7,399)	(2,835)	-	(6,530)
Fund balances (deficit) at beginning of year	57,509	10,584	11,000	18,343
Fund balances at end of year	<u>\$ 50,110</u>	<u>\$ 7,749</u>	<u>\$ 11,000</u>	<u>\$ 11,813</u>

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>
\$ 10,142	\$ 9,911	\$ 18,000	\$ 4,000	\$ 37,900	\$ 7,535
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,142</u>	<u>9,911</u>	<u>18,000</u>	<u>4,000</u>	<u>37,900</u>	<u>7,535</u>
-	-	-	-	45,415	7,535
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,179	-	-	4,000	-	-
-	-	-	-	-	-
-	9,911	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,353	-	-	-
<u>7,179</u>	<u>9,911</u>	<u>4,353</u>	<u>4,000</u>	<u>45,415</u>	<u>7,535</u>
2,963	-	13,647	-	(7,515)	-
1,031	-	-	4,000	10,538	-
<u>\$ 3,994</u>	<u>\$ -</u>	<u>\$ 13,647</u>	<u>\$ 4,000</u>	<u>\$ 3,023</u>	<u>\$ -</u>

(Continued)

Norton City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2001

	<u>Miscellaneous State Grants</u>	<u>Eisenhower</u>	<u>Title VI-B</u>	<u>Title I</u>
<u>Revenues:</u>				
Intergovernmental	\$ 20,000	\$ 7,633	\$ 133,042	\$ 118,824
Tuition and fees	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>20,000</u>	<u>7,633</u>	<u>133,042</u>	<u>118,824</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	17,805	2,449	-	-
Special	-	-	14,848	127,421
Vocational	-	-	-	-
Adult/continuing	-	-	-	-
Support services:				
Pupils	-	2,697	32,908	-
Instructional staff	-	1,865	34,756	-
Administration	5	-	55,065	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>17,810</u>	<u>7,011</u>	<u>137,577</u>	<u>127,421</u>
Excess of revenues over (under) expenditures	2,190	622	(4,535)	(8,597)
Fund balances (deficit) at beginning of year	16,711	2,492	4,823	(3,579)
Fund balances at end of year	<u>\$ 18,901</u>	<u>\$ 3,114</u>	<u>\$ 288</u>	<u>\$ (12,176)</u>

<u>Title VI</u>	<u>Drug Free School Grant</u>	<u>EHA Preschool Grant</u>	<u>Telecommunications Act (E-Rate)</u>	<u>Miscellaneous Federal Grants</u>	<u>Total All Funds</u>
\$ 5,848	\$ 10,206	\$ 3,599	\$ -	\$ 29,538	\$ 434,111
-	-	-	-	-	931
-	-	-	-	-	193,290
-	-	-	-	-	19,494
-	-	-	-	-	10,793
<u>5,848</u>	<u>10,206</u>	<u>3,599</u>	<u>-</u>	<u>29,538</u>	<u>658,619</u>
8,673	10,031	-	-	37,573	258,369
-	-	3,129	-	-	145,398
-	-	-	-	-	3,936
-	-	-	-	10,182	10,182
-	-	-	-	-	35,605
-	-	-	-	1,639	53,518
-	-	-	-	-	59,752
-	-	-	-	350	421
-	-	-	-	-	9,911
-	-	-	-	-	1,237
-	-	-	-	-	116,312
-	-	-	-	-	4,353
<u>8,673</u>	<u>10,031</u>	<u>3,129</u>	<u>-</u>	<u>49,744</u>	<u>698,994</u>
(2,825)	175	470	-	(20,206)	(40,375)
2,506	-	3	-	25,284	161,245
<u>\$ (319)</u>	<u>\$ 175</u>	<u>\$ 473</u>	<u>\$ -</u>	<u>\$ 5,078</u>	<u>\$ 120,870</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Public School Support Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Extracurricular activities	\$ 104,357	\$ 104,357	\$ -
Gifts and donations	5,069	5,069	-
Miscellaneous	2,632	2,632	-
Total revenues	<u>112,058</u>	<u>112,058</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	46,283	40,877	5,406
Materials and supplies	67,918	50,068	17,850
Capital outlay - new	21,351	13,910	7,441
Other	17,400	9,659	7,741
Total instruction	<u>152,952</u>	<u>114,514</u>	<u>38,438</u>
Support services:			
Instructional staff:			
Materials and supplies	7,762	4,092	3,670
Administration:			
Purchased services	6,585	2,853	3,732
Materials and supplies	4,446	1,829	2,617
Total administration	<u>11,031</u>	<u>4,682</u>	<u>6,349</u>
Pupil transportation:			
Materials and supplies	83	71	12
Total support services	<u>18,876</u>	<u>8,845</u>	<u>10,031</u>
Total expenditures	<u>171,828</u>	<u>123,359</u>	<u>48,469</u>
Excess of revenues under expenditures	(59,770)	(11,301)	48,469
Fund balance at beginning of year	53,586	53,586	-
Prior year encumbrances appropriated	6,184	6,184	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 48,469</u>	<u>\$ 48,469</u>

Norton City School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous Local Grants Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 17,933	\$ 17,933	\$ -
Gifts and donations	-	500	500
Total revenues	<u>17,933</u>	<u>18,433</u>	<u>500</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	500	300	200
Materials and supplies	6,911	6,691	220
Capital outlay - new	11,022	10,972	50
Total regular	<u>18,433</u>	<u>17,963</u>	<u>470</u>
Vocational:			
Purchased services	1,650	1,650	-
Materials and supplies	2,286	2,286	-
Total vocational	<u>3,936</u>	<u>3,936</u>	<u>-</u>
Adult/continuing:			
Capital outlay - new	6,648	-	6,648
Total expenditures	<u>29,017</u>	<u>21,899</u>	<u>7,118</u>
Excess of revenues under expenditures	(11,084)	(3,466)	7,618
Fund balance at beginning of year	10,584	10,584	-
Fund balance at end of year	<u>\$ (500)</u>	<u>\$ 7,118</u>	<u>\$ 7,618</u>

Norton City School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Underground Storage Tanks Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Purchased services	11,000	-	11,000
Excess of revenues under expenditures	(11,000)	-	11,000
Fund balance at beginning of year	11,000	11,000	-
Fund balance at end of year	\$ -	\$ 11,000	\$ 11,000

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Extracurricular activities	\$ 88,933	\$ 88,933	\$ -
Gifts and donations	13,925	13,925	-
Miscellaneous	8,161	8,161	-
Total revenues	<u>111,019</u>	<u>111,019</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Enterprise operations:			
Purchased services	111	-	111
Materials and supplies	1,601	1,242	359
Total operation of non-instructional services	<u>1,712</u>	<u>1,242</u>	<u>470</u>
Extracurricular activities:			
Academic and subject oriented activities:			
Other	254	-	254
Sports oriented activities:			
Salaries and wages	7,109	6,663	446
Fringe benefits	26	-	26
Purchased services	86,632	79,512	7,120
Materials and supplies	20,187	18,736	1,451
Capital outlay - new	16	-	16
Capital outlay - replacement	353	-	353
Other	20,035	19,120	915
Total sports oriented activities	<u>134,358</u>	<u>124,031</u>	<u>10,327</u>
Total extracurricular activities	<u>134,612</u>	<u>124,031</u>	<u>10,581</u>
Total expenditures	<u>136,324</u>	<u>125,273</u>	<u>11,051</u>
Excess of revenues under expenditures	(25,305)	(14,254)	11,051
Fund balance at beginning of year	16,322	16,322	-
Prior year encumbrances appropriated	8,983	8,983	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 11,051</u>	<u>\$ 11,051</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Teacher Development Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 10,142	\$ 10,142	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	6,500	5,339	1,161
Fringe benefits	1,170	809	361
Purchased services	3,160	1,660	1,500
Materials and supplies	972	-	972
Total expenditures	11,802	7,808	3,994
Excess of revenues over (under) expenditures	(1,660)	2,334	3,994
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	1,660	1,660	-
Fund balance at end of year	\$ -	\$ 3,994	\$ 3,994

Norton City School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Management Information System Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 9,911	\$ 9,911	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Salaries and wages	9,911	9,911	-
Excess of revenues over (under) expenditures	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Data Communications Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 18,000	\$ 18,000	\$ -
<u>Expenditures:</u>			
Capital outlay:			
Facilities acquisition and construction services:			
Site improvement services:			
Capital outlay - new	18,000	8,525	9,475
Excess of revenues over expenditures	-	9,475	9,475
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 9,475	\$ 9,475

Norton City School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - School Net Professional Development Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 4,000	\$ 4,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	411	411	-
Purchased services	7,589	3,589	4,000
Total expenditures	8,000	4,000	4,000
Excess of revenues under expenditures	(4,000)	-	4,000
Fund balance at beginning of year	4,000	4,000	-
Fund balance at end of year	\$ -	\$ 4,000	\$ 4,000

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Ohio Reads Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 37,900	\$ 37,900	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	12,800	11,800	1,000
Purchased services	9,836	9,836	-
Materials and supplies	26,033	26,033	-
Total expenditures	48,669	47,669	1,000
Excess of revenues under expenditures	(10,769)	(9,769)	1,000
Fund balance at beginning of year	9,758	9,758	-
Prior year encumbrances appropriated	1,011	1,011	-
Fund balance at end of year	\$ -	\$ 1,000	\$ 1,000

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Summer Intervention Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 7,535	\$ 7,535	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	7,535	7,535	-
Excess of revenues over (under) expenditures	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 20,000	\$ 20,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	26,993	11,997	14,996
Fringe benefits	5,769	1,865	3,904
Purchased services	1,293	1,293	-
Materials and supplies	6,540	6,540	-
Total instruction	40,595	21,695	18,900
Support services:			
Administration:			
Purchased services	5	5	-
Total expenditures	40,600	21,700	18,900
Excess of revenues under expenditures	(20,600)	(1,700)	18,900
Fund balance at beginning of year	13,422	13,422	-
Prior year encumbrances appropriated	7,178	7,178	-
Fund balance at end of year	\$ -	\$ 18,900	\$ 18,900

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Eisenhower Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 8,433	\$ 8,433	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and supplies	6,153	6,153	-
Support services:			
Pupils:			
Purchased services	43	43	-
Materials and supplies	954	2,654	(1,700)
Total pupils	997	2,697	(1,700)
Instructional staff:			
Salaries and wages	4,000	-	4,000
Fringe benefits	679	-	679
Purchased services	2,000	1,865	135
Total instructional staff	6,679	1,865	4,814
Total support services	7,676	4,562	3,114
Total expenditures	13,829	10,715	3,114
Excess of revenues under expenditures	(5,396)	(2,282)	3,114
<u>Other financing uses:</u>			
Advances out	(800)	(800)	-
Excess of revenues under expenditures and other financing uses	(6,196)	(3,082)	3,114
Fund balance at beginning of year	88	88	-
Prior year encumbrances appropriated	6,108	6,108	-
Fund balance at end of year	\$ -	\$ 3,114	\$ 3,114

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Title VI-B Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 133,042	\$ 133,042	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Materials and supplies	3,397	3,381	16
Capital outlay - new	12,684	12,573	111
Total instruction	16,081	15,954	127
Support services:			
Pupils:			
Purchased services	29,492	29,410	82
Materials and supplies	3,282	3,275	7
Capital outlay - new	400	399	1
Total pupils	33,174	33,084	90
Instructional staff:			
Salaries and wages	28,469	28,469	-
Fringe benefits	5,831	5,831	-
Purchased services	500	500	-
Total instructional staff	34,800	34,800	-
Administration:			
Salaries and wages	44,499	44,499	-
Fringe benefits	7,850	7,850	-
Purchased services	1,040	990	50
Materials and supplies	1,800	1,786	14
Total administration	55,189	55,125	64
Total support services	123,163	123,009	154
Total expenditures	139,244	138,963	281
Excess of revenues under expenditures	(6,202)	(5,921)	281
Fund balance at beginning of year	204	204	-
Prior year encumbrances appropriated	5,998	5,998	-
Fund balance at end of year	\$ -	\$ 281	\$ 281

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Title I Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 118,824	\$ 118,824	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	106,259	106,259	-
Fringe benefits	9,711	9,711	-
Materials and supplies	3,944	3,720	224
Total instruction	<u>119,914</u>	<u>119,690</u>	<u>224</u>
Support services:			
Instructional staff:			
Salaries and wages	4,000	4,000	-
Fringe benefits	640	560	80
Purchased services	900	900	-
Total support services	<u>5,540</u>	<u>5,460</u>	<u>80</u>
Operation of non-instructional services:			
Community services:			
Purchased services	1,000	-	1,000
Total expenditures	<u>126,454</u>	<u>125,150</u>	<u>1,304</u>
Excess of revenues under expenditures	(7,630)	(6,326)	1,304
Fund balance at beginning of year	5,419	5,419	-
Prior year encumbrances appropriated	2,211	2,211	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,304</u>	<u>\$ 1,304</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Title VI Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 7,123	\$ 7,123	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	6,166	5,542	624
Fringe benefits	684	684	-
Purchased services	1,000	-	1,000
Materials and supplies	9,397	11,021	(1,624)
Total expenditures	17,247	17,247	-
Excess of revenues under expenditures	(10,124)	(10,124)	-
<u>Other financing sources (uses):</u>			
Advances in	6,282	6,282	-
Advances out	(1,275)	(1,275)	-
Total other financing sources (uses)	5,007	5,007	-
Excess of revenues and other financing sources under expenditures and other financing uses	(5,117)	(5,117)	-
Fund balance at beginning of year	1,977	1,977	-
Prior year encumbrances appropriated	3,140	3,140	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Drug Free School Grant Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 10,206	\$ 10,206	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	9,406	9,406	-
Fringe benefits	600	600	-
Purchased services	200	200	-
Total expenditures	10,206	10,206	-
Excess of revenues over (under) expenditures	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - EHA Preschool Grant Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 3,599	\$ 3,599	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	2,799	2,799	-
Materials and supplies	886	877	9
Total expenditures	3,685	3,676	9
Excess of revenues under expenditures	(86)	(77)	9
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	86	86	-
Fund balance at end of year	\$ -	\$ 9	\$ 9

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Telecommunications Act (E-Rate) Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	-	-	-
<u>Other financing uses:</u>			
Refund of prior year receipts	(15,440)	(15,440)	-
Excess of revenues under expenditures and other financing uses	(15,440)	(15,440)	-
Fund balance at beginning of year	15,440	15,440	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 41,636	\$ 41,636	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	40,183	32,256	7,927
Fringe benefits	2,896	2,896	-
Purchased services	2,611	2,611	-
Total regular	<u>45,690</u>	<u>37,763</u>	<u>7,927</u>
Adult/continuing:			
Salaries and wages	1,838	1,838	-
Purchased services	7,235	7,235	-
Capital outlay - new	1,109	1,109	-
Total adult/continuing	<u>10,182</u>	<u>10,182</u>	<u>-</u>
Total instruction	<u>55,872</u>	<u>47,945</u>	<u>7,927</u>
Support services:			
Instructional staff:			
Purchased services	1,845	527	1,318
Materials and supplies	76	76	-
Capital outlay - new	1,036	1,036	-
Total instructional staff	<u>2,957</u>	<u>1,639</u>	<u>1,318</u>
Pupil transportation:			
Salaries and wages	350	350	-
Total support services	<u>3,307</u>	<u>1,989</u>	<u>1,318</u>
Total expenditures	<u>59,179</u>	<u>49,934</u>	<u>9,245</u>
Excess of revenues under expenditures	(17,543)	(8,298)	9,245
Fund balance at beginning of year	12,621	12,621	-
Prior year encumbrances appropriated	4,922	4,922	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 9,245</u>	<u>\$ 9,245</u>

DEBT SERVICE FUND

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

Since there is only one debt service fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional financial statements are presented here.

CAPITAL PROJECTS FUNDS

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

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

Classroom Facilities: To account for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

SchoolNet: To account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

Power Up Technologies: To account for state grant funds provided for electrical upgrades to school facilities.

Norton City School District
Combining Balance Sheet
All Capital Projects Funds
June 30, 2001

	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>SchoolNet</u>	<u>Power Up Technologies</u>	<u>Total All Funds</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 536,740	\$ -	\$ 167,114	\$ -	\$ 703,854
Receivables:					
Taxes	640,614	-	-	-	640,614
Total assets	<u>\$ 1,177,354</u>	<u>\$ -</u>	<u>\$ 167,114</u>	<u>\$ -</u>	<u>\$ 1,344,468</u>
<u>Liabilities and fund equity :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 9,696	\$ -	\$ 70,111	\$ -	\$ 79,807
Deferred revenue	616,661	-	-	-	616,661
Total liabilities	<u>626,357</u>	<u>-</u>	<u>70,111</u>	<u>-</u>	<u>696,468</u>
<u>Fund equity:</u>					
Fund balance:					
Reserved for encumbrances	36,492	-	10,616	-	47,108
Unreserved, undesignated	514,505	-	86,387	-	600,892
Total fund equity	<u>550,997</u>	<u>-</u>	<u>97,003</u>	<u>-</u>	<u>648,000</u>
Total liabilities and fund equity	<u>\$ 1,177,354</u>	<u>\$ -</u>	<u>\$ 167,114</u>	<u>\$ -</u>	<u>\$ 1,344,468</u>

Norton City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Capital Projects Funds
For the Fiscal Year Ended June 30, 2001

	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>SchoolNet</u>	<u>Power Up Technologies</u>	<u>Total All Funds</u>
<u>Revenues:</u>					
Taxes	\$ 585,335	\$ -	\$ -	\$ -	\$ 585,335
Intergovernmental	75,962	5,145	36,000	-	117,107
Total revenues	<u>661,297</u>	<u>5,145</u>	<u>36,000</u>	<u>-</u>	<u>702,442</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	-	225,778	-	225,778
Support services:					
Fiscal	8,416	-	-	-	8,416
Operation and maintenance of plant	34,032	-	-	-	34,032
Capital outlay	476,650	-	-	-	476,650
Total expenditures	<u>519,098</u>	<u>-</u>	<u>225,778</u>	<u>-</u>	<u>744,876</u>
Excess of revenues over (under) expenditures	<u>142,199</u>	<u>5,145</u>	<u>(189,778)</u>	<u>-</u>	<u>(42,434)</u>
<u>Other financing sources (uses):</u>					
Operating transfers in	18,562	-	-	-	18,562
Operating transfers out	-	(5,145)	-	(13,417)	(18,562)
Total other financing sources (uses)	<u>18,562</u>	<u>(5,145)</u>	<u>-</u>	<u>(13,417)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	160,761	-	(189,778)	(13,417)	(42,434)
Fund balances at beginning of year	390,236	-	286,781	13,417	690,434
Fund balances at end of year	<u>\$ 550,997</u>	<u>\$ -</u>	<u>\$ 97,003</u>	<u>\$ -</u>	<u>\$ 648,000</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 572,353	\$ 572,353	\$ -
Intergovernmental	75,962	75,962	-
Total revenues	<u>648,315</u>	<u>648,315</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal:			
Other	8,418	8,418	-
Operation and maintenance of plant:			
Capital outlay - new	19,369	19,369	-
Capital outlay - replacement	14,663	14,663	-
Total operation and maintenance of plant	<u>34,032</u>	<u>34,032</u>	<u>-</u>
Pupil transportation:			
Capital outlay - new	120,000	-	120,000
Total support services	<u>162,450</u>	<u>42,450</u>	<u>120,000</u>
Capital outlay:			
Site improvement services:			
Capital outlay - new	568,082	360,613	207,469
Capital outlay - replacement	86,842	86,842	-
Total site improvement services	<u>654,924</u>	<u>447,455</u>	<u>207,469</u>
Other Facilities acquisition and construction services:			
Capital outlay - new	75,349	67,796	7,553
Capital outlay - replacement	155,530	-	155,530
Total other facilities acquisition and construction services	<u>230,879</u>	<u>67,796</u>	<u>163,083</u>
Total capital outlay	<u>885,803</u>	<u>515,251</u>	<u>370,552</u>
Total expenditures	<u>1,048,253</u>	<u>557,701</u>	<u>490,552</u>
Excess of revenues over (under) expenditures	<u>(399,938)</u>	<u>90,614</u>	<u>490,552</u>
<u>Other financing sources:</u>			
Operating transfers in	18,562	18,562	-
Excess of revenues and other financing sources over (under) expenditures	(381,376)	109,176	490,552
Fund balance at beginning of year	190,875	190,875	-
Prior year encumbrances appropriated	190,501	190,501	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 490,552</u>	<u>\$ 490,552</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Classroom Facilities Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 5,145	\$ 5,145	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Excess of revenues over expenditures	5,145	5,145	-
<u>Other financing uses:</u>			
Operating transfers out	(5,145)	(5,145)	-
Excess of revenues over (under) expenditures and other financing uses	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - SchoolNet Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 36,000	\$ 36,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and supplies	39,617	18,704	20,913
Capital outlay - new	252,159	229,080	23,079
Total instruction	291,776	247,784	43,992
Capital outlay:			
Facilities acquisition and construction services:			
Site improvement services:			
Capital outlay - new	42,395	-	42,395
Total expenditures	334,171	247,784	86,387
Excess of revenues under expenditures	(298,171)	(211,784)	86,387
Fund balance at beginning of year	280,983	280,983	-
Prior year encumbrances appropriated	17,188	17,188	-
Fund balance at end of year	\$ -	\$ 86,387	\$ 86,387

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Power Up Technologies Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	-	-	-
<u>Other financing uses:</u>			
Operating transfers out	(13,417)	(13,417)	-
Excess of revenues under expenditures and other financing uses	(13,417)	(13,417)	-
Fund balance at beginning of year	13,417	13,417	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ENTERPRISE FUNDS

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expenses (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges. The following are descriptions of each of the School District's enterprise funds:

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

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

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

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

Norton City School District
Combining Balance Sheet
All Enterprise Funds
June 30, 2001

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Customer Service Rotary</u>	<u>Adult Education</u>	<u>Total All Funds</u>
<u>Assets:</u>					
<u>Current assets:</u>					
Equity in pooled cash and cash equivalents	\$ 116,367	\$ 60,227	\$ 21,174	\$ 7,377	\$ 205,145
Inventory held for resale	4,174	-	-	-	4,174
Materials and supplies	659	-	-	-	659
Total current assets	<u>121,200</u>	<u>60,227</u>	<u>21,174</u>	<u>7,377</u>	<u>209,978</u>
<u>Non-current Assets:</u>					
Fixed assets, net of accumulated depreciation	140,660	-	-	-	140,660
Total assets	<u>\$ 261,860</u>	<u>\$ 60,227</u>	<u>\$ 21,174</u>	<u>\$ 7,377</u>	<u>\$ 350,638</u>
 <u>Liabilities and fund equity :</u>					
<u>Current liabilities:</u>					
Accounts payable	\$ 608	\$ 2,147	\$ -	\$ -	\$ 2,755
Accrued wages	2,994	-	-	-	2,994
Intergovernmental payable	8,918	-	-	-	8,918
Deferred revenue	2,691	-	-	-	2,691
Total current liabilities	<u>15,211</u>	<u>2,147</u>	<u>-</u>	<u>-</u>	<u>17,358</u>
<u>Long-term liabilities</u>					
Compensated absences payable	25,532	-	-	-	25,532
Total liabilities	<u>40,743</u>	<u>2,147</u>	<u>-</u>	<u>-</u>	<u>42,890</u>
<u>Fund equity:</u>					
Contributed capital	30,186	-	-	-	30,186
Retained earnings:					
Unreserved	190,931	58,080	21,174	7,377	277,562
Total fund equity	<u>221,117</u>	<u>58,080</u>	<u>21,174</u>	<u>7,377</u>	<u>307,748</u>
Total liabilities and fund equity	<u>\$ 261,860</u>	<u>\$ 60,227</u>	<u>\$ 21,174</u>	<u>\$ 7,377</u>	<u>\$ 350,638</u>

Norton City School District
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Fiscal Year Ended June 30, 2001

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Customer Service Rotary</u>	<u>Adult Education</u>	<u>Total All Funds</u>
<u>Operating revenues:</u>					
Sales	\$ 512,827	\$ 66,675	\$ -	\$ -	\$ 579,502
Charges for services	-	-	-	5,866	5,866
Other operating revenues	15,000	-	-	-	15,000
Total operating revenues	<u>527,827</u>	<u>66,675</u>	<u>-</u>	<u>5,866</u>	<u>600,368</u>
<u>Operating expenses:</u>					
Salaries	238,595	-	-	500	239,095
Fringe benefits	116,723	-	-	73	116,796
Purchased services	9,460	-	-	-	9,460
Material and supplies	17,640	68,828	-	797	87,265
Cost of sales	287,260	-	-	-	287,260
Depreciation	10,994	-	-	-	10,994
Other operating expense	1,585	-	-	374	1,959
Total operating expenses	<u>682,257</u>	<u>68,828</u>	<u>-</u>	<u>1,744</u>	<u>752,829</u>
Operating income (loss)	<u>(154,430)</u>	<u>(2,153)</u>	<u>-</u>	<u>4,122</u>	<u>(152,461)</u>
<u>Non-operating revenues:</u>					
Federal donated commodities	34,726	-	-	-	34,726
Operating grants	110,644	-	-	-	110,644
Interest	7,477	-	-	-	7,477
Loss on sale of fixed assets	(1,721)	-	-	-	(1,721)
Total non-operating revenues	<u>151,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,126</u>
Net income (loss)	(3,304)	(2,153)	-	4,122	(1,335)
Retained earnings at beginning of year	194,235	60,233	21,174	3,255	278,897
Retained earnings at end of year	<u>\$ 190,931</u>	<u>\$ 58,080</u>	<u>\$ 21,174</u>	<u>\$ 7,377</u>	<u>\$ 277,562</u>

Norton City School District
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Food Services Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 512,827	\$ 512,827	\$ -
Interest	7,477	7,477	-
Other revenues	15,000	15,000	-
Operating grants	110,644	110,644	-
Total revenues	<u>645,948</u>	<u>645,948</u>	<u>-</u>
<u>Expenses:</u>			
Salaries:			
Food service operations	<u>237,256</u>	<u>225,457</u>	<u>11,799</u>
Fringe benefits:			
Food service operations	<u>125,196</u>	<u>118,258</u>	<u>6,938</u>
Purchased services:			
Food service operations	<u>10,544</u>	<u>9,630</u>	<u>914</u>
Materials and supplies:			
Food service operations	<u>358,165</u>	<u>303,550</u>	<u>54,615</u>
Capital outlay:			
Capital outlay - new:			
Food service operations	<u>13,500</u>	<u>12,610</u>	<u>890</u>
Capital outlay - replacement:			
Food service operations	<u>12,500</u>	<u>11,656</u>	<u>844</u>
Other:			
Food service operations	<u>1,585</u>	<u>1,585</u>	<u>-</u>
Total expenses	<u>758,746</u>	<u>682,746</u>	<u>76,000</u>
Excess of revenues under expenses	(112,798)	(36,798)	76,000
Fund equity at beginning of year	86,775	86,775	-
Prior year encumbrances appropriated	26,023	26,023	-
Fund equity at end of year	<u>\$ -</u>	<u>\$ 76,000</u>	<u>\$ 76,000</u>

Norton City School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 66,675	\$ 66,675	\$ -
<u>Expenses:</u>			
Materials and supplies:			
Regular instruction	111,296	64,810	46,486
Vocational instruction	19,085	10,014	9,071
Total expenses	130,381	74,824	55,557
Excess of revenues under expenses	(63,706)	(8,149)	55,557
Fund equity at beginning of year	56,060	56,060	-
Prior year encumbrances appropriated	7,646	7,646	-
Fund equity at end of year	\$ -	\$ 55,557	\$ 55,557

Norton City School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Customer Service Rotary Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenses:</u>			
Materials and supplies:			
Vocational instruction	20,029	-	20,029
Capital outlay:			
Capital outlay - new:			
Vocational instruction	1,145	-	1,145
Total expenses	21,174	-	21,174
Excess of revenues under expenses	(21,174)	-	21,174
Fund equity at beginning of year	21,113	21,113	-
Prior year encumbrances appropriated	61	61	-
Fund equity at end of year	\$ -	\$ 21,174	\$ 21,174

Norton City School District
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Adult Education Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for services	\$ 5,866	\$ 5,866	\$ -
<u>Expenses:</u>			
<u>Salaries:</u>			
Instructional staff support services	500	500	-
<u>Fringe benefits:</u>			
Instructional staff support services	73	73	-
<u>Purchased services:</u>			
Instructional staff support services	3,910	-	3,910
<u>Materials and supplies:</u>			
Instructional staff support services	3,742	885	2,857
<u>Other:</u>			
Instructional staff support services	896	374	522
Total expenses	9,121	1,832	7,289
Excess of revenues over (under) expenses	(3,255)	4,034	7,289
Fund equity at beginning of year	3,105	3,105	-
Prior year encumbrances appropriated	150	150	-
Fund equity at end of year	\$ -	\$ 7,289	\$ 7,289

Norton City School District
Combining Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 2001

	Food Services	Uniform School Supplies	Customer Service Rotary	Adult Education	Total All Funds
<u>Cash flows from operating activities:</u>					
Cash received from customers	\$ 512,827	\$ 66,675	\$ -	\$ 5,866	\$ 585,368
Cash received from other operating sources	15,000	-	-	-	15,000
Cash received from quasi-external					
Cash payments to suppliers for goods and services	(280,653)	(70,154)	-	(797)	(351,604)
Cash payments to employees for services	(225,457)	-	-	(500)	(225,957)
Cash payments for employee benefits	(118,258)	-	-	(73)	(118,331)
Cash payments for other operating expenses	(1,585)	-	-	(374)	(1,959)
Net cash provided by (used for) operating activities	<u>(98,126)</u>	<u>(3,479)</u>	<u>-</u>	<u>4,122</u>	<u>(97,483)</u>
<u>Cash flows from noncapital financing activities:</u>					
Operating grants	110,644	-	-	-	110,644
Net cash provided by noncapital financing activities	<u>110,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,644</u>
<u>Cash flows from capital financing activities:</u>					
Acquisition of capital assets	(16,426)	-	-	-	(16,426)
Net cash used for capital financing activities	<u>(16,426)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,426)</u>
<u>Cash flows from investing activities:</u>					
Interest on investments	7,477	-	-	-	7,477
Net cash provided by investing financing	<u>7,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,477</u>
Net increase (decrease) in cash and cash equivalents	3,569	(3,479)	-	4,122	4,212
Cash and cash equivalents at beginning of year	112,798	63,706	21,174	3,255	200,933
Cash and cash equivalents at end of year	<u>\$ 116,367</u>	<u>\$ 60,227</u>	<u>\$ 21,174</u>	<u>\$ 7,377</u>	<u>\$ 205,145</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>					
Operating income (loss)	\$ (154,430)	\$ (2,153)	\$ -	\$ 4,122	\$ (152,461)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	10,994	-	-	-	10,994
Federal donated commodities	34,726	-	-	-	34,726
Change in assets and liabilities:					
(Increase) decrease in assets:					
Inventory	(1,760)	-	-	-	(1,760)
Increase (decrease) in liabilities:					
Accounts payable	(902)	(1,326)	-	-	(2,228)
Accrued wages	202	-	-	-	202
Compensated absences payable	12,937	-	-	-	12,937
Intergovernmental payable	(1,535)	-	-	-	(1,535)
Deferred revenue	1,642	-	-	-	1,642
Total adjustments	<u>56,304</u>	<u>(1,326)</u>	<u>-</u>	<u>-</u>	<u>54,978</u>
Net cash provided by (used for) operating activities	<u>\$ (98,126)</u>	<u>\$ (3,479)</u>	<u>\$ -</u>	<u>\$ 4,122</u>	<u>\$ (97,483)</u>

INTERNAL SERVICE FUND

The internal service fund is used to account for the financing of goods or services provided by one fund of the School District to other funds of the School District on a cost reimbursement basis. The title of the fund indicates the type of service provided. The internal service fund is:

Self Insurance: To account for the cost of medical benefits provided to School District employees.

Norton City School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Self Insurance Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for services	\$ 1,741,719	\$ 1,741,719	\$ -
Interest	38,885	38,885	-
Total revenues	<u>1,780,604</u>	<u>1,780,604</u>	<u>-</u>
<u>Expenses:</u>			
Purchased services:			
Central support services	<u>2,457,744</u>	<u>1,559,456</u>	<u>898,288</u>
Excess of revenues over (under) expenses	(677,140)	221,148	898,288
Fund equity at beginning of year	677,140	677,140	-
Fund equity at end of year	<u>\$ -</u>	<u>\$ 898,288</u>	<u>\$ 898,288</u>

TRUST AND AGENCY FUNDS

The trust fund is used to account for assets held by the School District in a trustee capacity. Agency funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

EXPENDABLE TRUST

Special Trust: To account for assets held by the School District in a trustee capacity for individuals and/or private organizations which benefit the student body or the local community.

AGENCY

Student Managed Activity: To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Norton City School District
Combining Balance Sheet
All Trust and Agency Funds
June 30, 2001

	Expendable Trust Fund	Agency Fund Student Managed Activity	Totals
	Special Trust		
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 9,703	\$ 52,721	\$ 62,424
Cash and cash equivalents:			
In segregated accounts	35,767	-	35,767
Total assets	<u>\$ 45,470</u>	<u>\$ 52,721</u>	<u>\$ 98,191</u>
<u>Liabilities and fund equity :</u>			
<u>Liabilities:</u>			
Accounts payable	\$ -	\$ 60	\$ 60
Due to students	-	52,661	52,661
Claimant liability	9,203	-	9,203
Total liabilities	<u>9,203</u>	<u>52,721</u>	<u>61,924</u>
<u>Fund equity:</u>			
Unreserved, undesignated	36,267	-	36,267
Total fund equity	<u>36,267</u>	<u>-</u>	<u>36,267</u>
Total liabilities and fund equity	<u>\$ 45,470</u>	<u>\$ 52,721</u>	<u>\$ 98,191</u>

Norton City School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Special Trust Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 1,170	\$ 1,170	\$ -
Gifts and donations	50,097	50,097	-
Miscellaneous	672	672	-
Total revenues	<u>51,939</u>	<u>51,939</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Other	<u>51,267</u>	<u>15,500</u>	<u>35,767</u>
Support services:			
Fiscal:			
Other	<u>9,703</u>	<u>-</u>	<u>9,703</u>
Total expenditures	<u>60,970</u>	<u>15,500</u>	<u>45,470</u>
Excess of revenues over (under) expenditures	<u>(9,031)</u>	<u>36,439</u>	<u>45,470</u>
Fund balance at beginning of year	9,031	9,031	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 45,470</u>	<u>\$ 45,470</u>

Norton City School District
Statement of Changes in Assets and Liabilities
Student Managed Activity Agency Fund
For the Fiscal Year Ended June 30, 2001

	Beginning Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2001</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 54,998	\$ -	\$ 2,277	\$ 52,721
 <u>Liabilities:</u>				
Accounts payable	\$ 6,282	\$ 60	\$ 6,282	\$ 60
Due to students	48,716	6,282	2,337	52,661
Total liabilities	<u>\$ 54,998</u>	<u>\$ 6,342</u>	<u>\$ 8,619</u>	<u>\$ 52,721</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is a balanced group of accounts used to establish control and accountability for the costs of all real property and movable equipment owned by the School District. The investment in general fixed assets is carried until the disposition of the property and ownership is relinquished. Depreciation on general fixed assets is not recorded.

Norton City School District
Schedule of General Fixed Assets by Source
As of June 30, 2001

General Fixed Assets:

Land and Land Improvements	\$ 885,140
Buildings	6,867,133
Furniture, Fixtures and Equipment	3,459,427
Vehicles	<u>1,314,806</u>
Total General Fixed Assets	<u>\$ 12,526,506</u>

Investment in General Fixed Assets

by Source:

Acquired before July 1, 1996	\$ 9,851,806
General Fund	740,227
Special Revenue Funds	112,972
Capital Project Fund	1,761,355
Donations	<u>60,146</u>
Total General Fixed Assets	<u>\$ 12,526,506</u>

Norton City School District
Schedule of General Fixed Assets by Function and Activity
As of June 30, 2001

Function	Land and Land Improvements	Buildings	Furniture, Fixtures, and Equipment	Vehicles	Total
Instruction:					
Regular	\$ 354,056	\$ 5,562,378	\$ 2,278,558	\$ -	\$ 8,194,992
Special	-	-	10,061	-	10,061
Vocational	-	-	14,572	-	14,572
Adult/continuing	-	-	3,050	-	3,050
Support services:					
Pupils	-	-	19,215	-	19,215
Instructional staff	-	-	59,255	-	59,255
Administrative	97,365	206,014	270,194	-	573,573
Fiscal	-	-	8,700	-	8,700
Business	-	-	5,632	-	5,632
Operation of maintenance of plant	-	68,671	131,884	23,369	223,924
Pupil transportation	-	-	140,335	1,291,437	1,431,772
Central	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-
Extracurricular activities	424,867	68,671	196,983	-	690,522
Capital outlay	8,851	961,399	320,988	-	1,291,238
Total General Fixed Assets	<u>\$ 885,140</u>	<u>\$ 6,867,133</u>	<u>\$ 3,459,427</u>	<u>\$ 1,314,806</u>	<u>\$ 12,526,506</u>

Norton City School District
Schedule of Changes in General Fixed Assets by Function
For the Fiscal Year Ended June 30, 2001

Function	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Instruction:				
Regular	\$ 7,937,660	\$ 267,119	\$ 9,787	\$ 8,194,992
Special	1,864	8,197	-	10,061
Vocational	14,572	-	-	14,572
Adult/continuing	3,050	-	-	3,050
Support services:				
Pupils	14,677	4,538	-	19,215
Instructional staff	34,827	24,428	-	59,255
Administration	560,215	14,362	1,004	573,573
Fiscal	5,045	3,655	-	8,700
Business	5,632	-	-	5,632
Operation of maintenance of plant	177,104	46,820	-	223,924
Pupil transportation	1,441,484	22,201	31,913	1,431,772
Central	-	-	-	-
Extracurricular activities	677,339	13,183	-	690,522
Capital outlay	1,181,847	109,391	-	1,291,238
Total General Fixed Assets	\$ 12,055,316	\$ 513,894	\$ 42,704	\$ 12,526,506

STATISTICAL SECTION

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Norton City School District

**General Governmental Revenues by Source and Expenditures by Function
Last Ten Fiscal Years (1)**

	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999	Fiscal Year Ended June 30, 1998
<u>Revenues:</u>				
Taxes	\$ 7,368,737	\$ 6,931,423	\$ 7,088,311	\$ 6,701,222
Intergovernmental	8,787,464	8,556,448	7,930,250	7,413,515
Interest	320,425	321,810	247,073	157,888
Tuition and fees	355,139	146,249	232,262	197,069
Extracurricular activities	193,290	180,012	158,845	146,710
Gifts and donations	71,967	13,305	-	-
Rent	9,073	-	-	-
Miscellaneous	76,745	99,517	169,596	160,730
Total revenues	\$ 17,182,840	\$ 16,248,764	\$ 15,826,337	\$ 14,777,134
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 8,259,175	\$ 7,325,399	\$ 6,813,089	\$ 6,932,488
Special	1,313,992	1,113,521	1,052,907	982,493
Vocational	640,602	507,387	611,958	677,539
Adult/continuing	17,189	15,835	9,672	17,318
Other	34,532	27,373	-	-
Support services:				
Pupils	710,539	634,511	512,235	480,932
Instructional staff	632,444	730,814	473,678	351,553
Board of education	15,006	24,176	19,081	14,456
Administration	1,312,524	1,178,060	1,128,782	993,579
Fiscal	430,129	470,814	403,386	390,357
Business	411,480	258,196	281,573	165,808
Operation and maintenance of plant	1,674,486	1,636,887	1,333,538	1,374,875
Pupil transportation	875,637	899,240	741,979	775,043
Central	49,219	7,195	7,119	6,802
Operation of non-instructional services	13,484	11,570	9,347	22,880
Extracurricular activities	424,299	386,554	346,942	285,750
Capital outlay	538,950	1,003,816	511,031	112,200
Debt service	93,911	60,565	63,017	65,469
Total expenditures	\$ 17,447,598	\$ 16,291,913	\$ 14,319,334	\$ 13,649,542

Source: School District financial records.

Note: General Governmental includes all governmental funds and expendable trust fund.

(1) 1992 through 1996 reported on a cash basis, 1997-2001 on a GAAP basis.

Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996	Fiscal Year Ended June 30, 1995	Fiscal Year Ended June 30, 1994	Fiscal Year Ended June 30, 1993	Fiscal Year Ended June 30, 1992
\$ 6,432,707	\$ 5,720,534	\$ 5,079,251	\$ 4,893,367	\$ 4,740,783	\$ 4,336,340
7,014,244	6,282,663	5,669,661	5,526,745	5,341,920	5,159,684
118,911	111,639	102,587	66,286	63,968	62,769
175,239	13,975	80,380	80,054	92,905	42,144
152,561	110,193	92,749	96,485	80,421	142,394
-	-	-	-	-	-
-	-	-	-	-	-
111,102	158,610	79,407	61,986	49,034	136,641
<u>\$ 14,004,764</u>	<u>\$ 12,397,614</u>	<u>\$ 11,104,035</u>	<u>\$ 10,724,923</u>	<u>\$ 10,369,031</u>	<u>\$ 9,879,972</u>
\$ 6,281,782	\$ 5,779,762	\$ 5,536,567	\$ 5,212,505	\$ 4,779,140	\$ 4,649,576
1,013,884	940,604	851,512	803,454	715,625	575,036
650,805	636,943	585,837	572,304	557,024	515,485
1,818	-	-	-	-	-
-					
479,455	407,180	418,952	387,504	324,189	347,614
331,534	255,535	207,974	220,241	202,803	188,106
23,144	15,906	23,211	16,995	11,431	11,228
963,244	842,648	843,687	754,797	743,356	654,020
298,796	336,653	284,312	378,315	354,581	345,144
226,293	228,129	282,696	267,947	274,216	266,453
1,245,964	1,186,926	1,227,119	1,177,755	1,100,479	1,006,391
663,761	685,048	515,462	603,759	579,763	487,497
6,596	6,751	6,282	5,904	5,789	7,487
8,473	8,587	2,532	2,470	2,440	2,463
326,543	244,445	205,006	213,766	198,993	245,466
885,275	704,021	213,227	149,717	88,443	355,902
68,738	-	51,500	54,500	57,500	60,500
<u>\$ 13,476,105</u>	<u>\$ 12,279,138</u>	<u>\$ 11,255,876</u>	<u>\$ 10,821,933</u>	<u>\$ 9,995,772</u>	<u>\$ 9,718,368</u>

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

Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
2000	\$ 8,161,748	\$ 556,618	\$ 8,718,366	\$ 7,871,681	96.45%	\$ 228,223	\$ 8,099,904	92.91%	\$ 618,462
1999	7,900,026	581,689	8,481,715	7,689,081	97.33%	252,684	7,941,765	93.63%	539,950
1998	7,781,981	620,136	8,402,117	7,587,912	97.51%	233,503	7,821,415	93.09%	580,702
1997	7,420,409	440,589	7,860,998	7,185,887	96.84%	163,207	7,349,094	93.49%	511,904
1996	7,146,046	360,941	7,506,987	6,979,978	97.68%	164,583	7,144,561	95.17%	362,426
1995	5,669,942	319,601	5,989,543	5,537,967	97.67%	135,427	5,673,394	94.72%	316,149
1994	5,605,214	329,050	5,934,264	5,469,466	97.58%	182,366	5,651,832	95.24%	282,432
1993	5,350,559	291,652	5,642,211	5,192,516	97.05%	132,720	5,325,236	94.38%	316,975
1992	5,281,112	336,383	5,617,495	5,156,577	97.64%	154,949	5,311,526	94.55%	305,969
1991	4,322,993	278,501	4,601,494	4,213,173	97.46%	109,239	4,322,412	93.93%	279,082
1990	4,163,371	293,993	4,457,364	4,078,907	97.97%	128,692	4,207,599	94.40%	249,765

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

(2) Represents collection year. 2001 information cannot be presented because all collections have not been made by June 30.

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

Norton City School District

Assessed and Estimated Actual Value of Taxable Property

Last Ten Collection Years

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2001	\$ 215,833,090	\$ 616,665,971	\$ 12,132,210	\$ 13,786,602	\$ 18,292,861	\$ 73,171,444	\$ 246,258,161	\$ 703,624,018
2000	210,768,550	602,195,857	13,181,080	14,978,500	19,048,419	76,193,676	242,998,049	693,368,033
1999	183,968,200	525,623,429	12,819,380	14,567,477	18,157,729	72,630,916	214,945,309	612,821,822
1998	180,696,320	516,275,200	11,662,850	13,253,239	18,422,694	73,690,776	210,781,864	603,219,215
1997	178,423,000	509,780,000	11,578,900	13,157,841	17,107,776	68,431,104	207,109,676	591,368,945
1996	151,196,360	431,989,600	11,916,780	13,541,795	15,842,483	63,369,932	178,955,623	508,901,327
1995	149,610,000	427,457,143	13,059,840	14,840,727	14,925,300	59,701,200	177,595,140	501,999,070
1994	147,117,930	420,336,943	12,894,970	14,653,375	14,028,746	56,114,984	174,041,646	491,105,302
1993	128,258,870	366,453,914	12,708,220	14,441,159	11,690,746	44,964,408	152,657,836	425,859,481
1992	127,072,480	363,064,229	12,349,180	14,033,159	11,205,404	41,501,496	150,627,064	418,598,884

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(1) Real estate value is assessed at 35% of actual value.

(2) Public utility personal is assessed at 88% of actual value.

(3) Tangible personal property is assessed at 26% for 1992, and 25% for all other years.

Norton City School District

Property Tax Rates - Direct and Overlapping Governments (1)

Last Ten Calendar Years

<u>Collection Year</u>	<u>School Levy</u>	<u>City Levy (2)</u>	<u>Franklin Township Levy</u>	<u>County Levy</u>	<u>Akron Summit Library Levy</u>	<u>Total</u>
2001	55.00	10.00	14.65	13.07	1.39	94.11
2000	55.00	10.00	14.65	12.27	1.39	93.31
1999	55.00	10.00	14.65	12.27	1.79	93.71
1998	55.00	6.50	14.65	11.65	1.87	89.67
1997	55.00	6.50	14.65	11.39	0.89	88.43
1996	55.00	6.50	14.65	13.99	0.89	91.03
1995	47.10	6.50	15.65	14.16	0.89	84.30
1994	47.38	6.50	15.65	12.31	0.89	82.73
1993	47.46	6.50	15.65	12.59	0.89	83.09
1992	47.54	6.50	15.65	12.59	0.89	83.17

Source: Summit County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

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

(2) The City of Barberton now has overlapping valuations, therefore this includes 6.5 from the City of Norton and 3.5 from the City of Barberton (1999-2001 only).

Norton City School District
Computation of Legal Debt Margin
June 30, 2001

Assessed Valuation (2000)	<u>\$ 246,258,161</u>
Bonded Debt Limit - 9% of Assessed Value (1)	22,163,234
Outstanding debt:	
Energy Conservation Bonds	217,000
Amount of debt applicable to debt limit	217,000
Voted Debt Margin	<u>\$ 21,946,234</u>
Bonded Debt Limit - .10% of Assessed Value (1)	246,258
Outstanding debt:	
Energy Conservation Bonds	217,000
Less exemptions:	
Energy Conservation Bonds	<u>217,000</u>
Amount of debt applicable to debt limit	-
Unvoted Debt Margin	<u>\$ 246,258</u>

Source: Summit County Auditor and School District financial records.

(1) Ohio Bond Law sets a limit of 9% of assessed value for voted debt and 1/10 of 1% for unvoted debt. All School District debt subject to the limitation is voted.

Norton City School District

Ratio of Net General Bonded Debt to

Assessed Value and Net General Bonded Debt Per Capita

Last Ten Collection Years

<u>Collection Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value</u>	<u>Population (2)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2001	\$ 212,297	\$ 246,258,161	11,523	0.09%	\$18.42
2000	255,697	242,998,049	11,477	0.11%	22.28
1999	299,097	214,945,309	11,477	0.14%	26.06
1998	342,497	210,781,864	11,477	0.16%	29.84
1997	385,897	207,109,676	11,477	0.19%	33.62
1996	429,297	178,955,623	11,477	0.24%	37.40
1995	-	177,595,140	11,477	0.00%	0.00
1994	19,837	174,041,646	11,477	0.01%	1.73
1993	66,713	152,657,836	11,477	0.04%	5.81
1992	119,023	150,627,064	11,477	0.08%	10.37

Source: Summit County Auditor, School District records, and School District audit reports.

(1) No debt is applicable to enterprise funds.

(2) Population data for 1992 through 2000 was assumed to be the same as the 1990 census, as interim data was not available.

Norton City School District

**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to Governmental Expenditures (Percentages)</u>
2001	\$ 43,400	\$ 14,713	\$ 58,113	\$ 17,447,598	0.33%
2000	43,400	17,165	60,565	16,291,913	0.37%
1999	43,400	19,617	63,017	14,319,334	0.44%
1998	43,400	22,069	65,469	13,649,542	0.48%
1997	43,400	25,338	68,738	13,476,105	0.51%
1996	-	68,738	68,738	12,279,138	0.56%
1995	50,000	1,500	51,500	11,255,876	0.46%
1994	50,000	4,500	54,500	10,821,933	0.50%
1993	50,000	7,500	57,500	9,995,772	0.58%
1992	50,000	10,500	60,500	9,718,368	0.62%

Source: School District records and School District audit reports.

Norton City School District
Demographic Statistics

Selected Population Characteristic	2000	1990
<u>Gender</u>		
Male	5,662	5,618
Female	5,861	5,857
<u>Age Distribution</u>		
Under 5 years	593	717
5 to 17 years	1,638	2,129
18 to 20 years	875	451
21 to 24 years	518	494
25 to 44 years	3,154	3,423
45 to 54 years	1,792	1,364
55 to 59 years	617	671
60 to 64 years	572	645
65 to 74 years	1,006	1,002
75 to 84 years	592	476
85 years and older	166	103
Percent of population under 18	19.36%	24.80%
Percent of population 65 and older	15.31%	13.78%

Source: U.S. Bureau of the Census

Norton City School District
Property Value, Construction and Bank Deposits
Last Ten Calendar Years

Year	Total Assessed Values	Certified Bank Deposits	Value of Building Permits Issued
2000	\$ 246,258,161	\$ 7,920,486,000	\$ 12,196,018
1999	242,998,049	7,071,487,000	11,216,324
1998	214,945,309	5,749,282,000	18,232,505
1997	210,781,864	5,153,519,000	8,157,470
1996	207,109,676	4,342,660,000	9,641,452
1995	178,955,623	4,267,009,000	3,629,308
1994	177,595,140	4,199,905,000	7,453,531
1993	174,041,646	3,792,255,000	5,443,521
1992	152,657,836	3,737,694,000	5,597,948
1991	150,627,064	3,610,033,000	3,483,806

Sources:

Total Assessed Value - Summit County Auditor
 Financial Institution Deposits - Federal Reserve Board - Cleveland
 Building Permits - City of Norton Building Department

Norton City School District
Principal Taxpayers

Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility (1)	Total
Ohio Edison	\$ 253,180	\$ -	\$ 5,281,470	\$ 5,534,650	2.25%	\$ 723,371	\$ -	\$ 21,125,880	\$ 21,849,251
PPG Industries	1,361,500	2,973,620	-	4,335,120	1.76%	3,890,000	3,379,114	-	7,269,114
East Ohio Gas	42,510	-	3,648,450	3,690,960	1.50%	121,457	-	14,593,800	14,715,257
B&C Corp	1,122,340	1,299,880	-	2,422,220	0.98%	3,206,686	1,477,136	-	4,683,822
Columbia Woods Apt. LL	2,027,170	-	-	2,027,170	0.82%	5,791,914	-	-	5,791,914
Ohio Bell Telephone	-	-	1,930,000	1,930,000	0.78%	-	-	7,720,000	7,720,000
Albrecht, Inc.	1,865,900	-	-	1,865,900	0.76%	5,331,143	-	-	5,331,143
Fomo Products, Inc.	575,750	1,110,830	-	1,686,580	0.68%	1,645,000	1,262,307	-	2,907,307
Mack W. Seal	1,452,340	-	-	1,452,340	0.59%	4,149,543	-	-	4,149,543
Newpark Drive Limited Partnership	832,960	90,310	-	923,270	0.37%	2,379,886	102,625	-	2,482,511
Total Top Ten Taxpayers	\$ 9,533,650	\$ 5,474,640	\$ 10,859,920	\$ 25,868,210	10.50%	\$ 27,239,000	\$ 6,221,182	\$ 43,439,680	\$ 76,899,862
Total All Assessed Valuations	\$ 215,833,090	\$ 18,292,861	\$ 12,132,210	\$ 246,258,161					

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Source: Summit County Auditor

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

Norton City School District
Computation of Direct and Overlapping Debt
June 30, 2001

	<u>Assessed Valuation (1)</u>	<u>Net General Tax Supported Debt (2)</u>	<u>Percent Overlapping (3)</u>	<u>Amount Applicable to Norton CSD</u>
Direct:				
Norton City School District	\$ 246,258,161	<u>\$ 212,297</u>	100.00%	<u>\$ 212,297</u>
Overlapping:				
City of Norton	217,291,476	4,195,000	95.90%	4,023,005
Franklin Township	254,031,509	-	14.74%	-
City of Barberton	355,503,620	7,396,273	0.12%	8,876
Summit County	10,416,816,307	123,769,183	2.36%	2,920,953
METRO Parks	9,664,653,020	-	2.55%	-
Akron Summit Library	6,986,663,941	<u>-</u>	3.52%	<u>-</u>
Total overlapping:		<u>135,360,456</u>		<u>6,952,833</u>
Total direct and overlapping debt:		<u><u>\$ 135,572,753</u></u>		<u><u>\$ 7,165,130</u></u>

Source: School District records, Summit County Auditor, City of Norton, and Franklin Township.

- (1) All valuations are reported as of December 31, 2000 which is the latest information available.
- (2) All debt reported is as of December 31, 2000, except for Norton City School District, which is reported as of June 30, 2001.
- (3) Overlapping percentages are calculated based on overlapping valuation and total entity valuation.

Norton City School District

Miscellaneous Statistics

Last Ten Fiscal Years (1)

	<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>	<u>Fiscal Year Ended June 30, 1999</u>	<u>Fiscal Year Ended June 30, 1998</u>
Fall Enrollment	2,552	2,564	2,506	2,553
Average Teacher Salary	\$ 42,303	44,931	38,720	39,419
Percent of Teachers With No Degree	0.00%	-	0.72	-
Percent of Teachers With Bachelor Degree	53.40%	56.60	18.24	17.43
Percent of Teachers With Masters Degree	46.60%	43.40	40.89	35.58
Average Teacher Experience (yrs.)	13.50	13.43	13.60	14.10
Pupil Attendance Rate	95.20%	95.10	95.10	95.15
Graduation Rate	88.80%	87.60	87.60	89.22
Honors Diplomas	19.90%	-	-	-
College Prep Award of Merit	25.10%	-	-	-

Source: Ohio Department of Education/School District records.

(1) Honors Diplomas and College Prep Award of Merit information was not available for 1992 through 2000.

<u>Fiscal Year Ended June 30, 1997</u>	<u>Fiscal Year Ended June 30, 1996</u>	<u>Fiscal Year Ended June 30, 1995</u>	<u>Fiscal Year Ended June 30, 1994</u>	<u>Fiscal Year Ended June 30, 1993</u>	<u>Fiscal Year Ended June 30, 1992</u>
2,453	2,402	2,428	2,465	2,435	2,423
39,039	38,811	37,798	36,640	34,752	32,861
2.20	2.23	2.28	2.38	1.61	2.44
17.20	14.12	15.20	13.70	42.34	14.56
40.34	37.22	35.71	36.42	22.40	33.36
15.70	16.60	16.30	22.20	20.30	17.80
95.22	95.30	94.76	95.10	95.11	95.36
87.72	86.57	84.68	80.47	89.00	84.65
-	-	-	-	-	-
-	-	-	-	-	-

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COMPLIANCE SECTION

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

Members of the Board of Education
Norton City School District
4128 Cleveland-Massillon Road
Norton, OH 44203

We have audited the financial statements of Norton City School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 21, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether Norton City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Norton City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 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.

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



LENNON & COMPANY
Certified Public Accountant
December 21, 2001

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Education
Norton City School District
4128 Cleveland-Massillon Road
Norton, OH 44203

Compliance

We have audited the compliance of Norton City School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Norton City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Norton City School District's management. Our responsibility is to express an opinion on Norton City School District's compliance based on our audit.

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

In our opinion, Norton City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Norton City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Norton City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

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



LENNON & COMPANY
Certified Public Accountant
December 21, 2001

**Norton City School District
Summit County**

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2001

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$ -	\$ 36,369	-	\$ 34,726
National School Lunch Program	N/A	10.555	102,607	-	102,607	-
National Special Milk Program	N/A	10.556	3,565	-	3,565	-
Total U.S. Department of Agriculture - Nutrition Cluster			<u>106,172</u>	<u>36,369</u>	<u>106,172</u>	<u>34,726</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Title VI-B Educationally Handicapped	6B-SF-00 P	84.027	-	-	6,202	-
	6B-SF-01 P		133,042	-	132,314	-
EHA Preschool Grants for the Handicapped	PG-S1-00	84.173	-	-	86	-
	PG-S1-01		3,599	-	2,914	-
Total Special Education Cluster			<u>136,641</u>	<u>-</u>	<u>141,516</u>	<u>-</u>
School-To-Work	GA-A2-99	84.278	-	-	350	-
Title VI-R Class Size Reduction	CR-S1-00	84.340	-	-	7,380	-
	CR-S1-01		28,463	-	20,531	-
			<u>28,463</u>	<u>-</u>	<u>27,911</u>	<u>-</u>
Title I ESEA	C1-S1-00	84.010	-	-	7,630	-
	C1-S1-01		118,824	-	117,347	-
			<u>118,824</u>	<u>-</u>	<u>124,977</u>	<u>-</u>
Drug Free Schools	DR-S1-01	84.186	10,209	-	10,031	-
Title II IASA Eisenhower Grant	MS-S1-99	84.281	-	-	2,741	-
	MS-S1-00		800	-	4,254	-
	MS-S1-01		7,633	-	4,519	-
			<u>8,433</u>	<u>-</u>	<u>11,514</u>	<u>-</u>
Title VI Innovative Programs	C2-S1-99	84.298	-	-	4,919	-
	C2-S1-00		1,275	-	1,473	-
	C2-S1-01		5,848	-	4,560	-
			<u>7,123</u>	<u>-</u>	<u>10,952</u>	<u>-</u>
Total U.S. Department of Education			<u>309,693</u>	<u>-</u>	<u>327,251</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 415,865</u>	<u>\$ 36,369</u>	<u>433,423</u>	<u>\$ 34,726</u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

Norton City School District
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2001

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had no significant food commodities in inventory.

NOTE C – MATCHING REQUIREMENTS

Certain federal programs require that the School District contribute non-federal (matching) funds to support the federally funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

**NORTON CITY SCHOOL DISTRICT
June 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I ESEA CFDA 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NORTON CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 5, 2002**