



NORTON

CITY SCHOOL DISTRICT, NORTON, OHIO

In Pursuit of Excellence



**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002**



**Auditor of State
Betty Montgomery**

Board of Education
Norton City School District
4128 Cleveland-Massillon Rd.
Norton, OH 44203-5697

We have reviewed the Independent Auditor's Report of the Norton City School District, Summit County, prepared by Lennon & Company, Inc., for the audit period July 1, 2001 through June 30, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 16, 2003

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Norton City School District
Norton, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2002

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

Norton City School District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2002

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INTRODUCTORY SECTION



Treasurer's Office
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Norton, Ohio 44203
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Fax (330) 825-4537

Catherine M. Bulgrin
Treasurer/CFO

Stephanie Hagenbush
Assistant Treasurer

Betsy McGeorge
EMIS Coordinator

Cindy Dohner
Financial Secretary

Sherry McNab
Accounts Payable Specialist

Sheila Wade
Accounts
Receivable/Inventory

March 25, 2003

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, 2001, through June 30, 2002 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, 2002.

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

The information submitted conforms to the 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 Comprehensive Annual Financial Report is divided into four sections: The Introductory Section, Financial Section, Statistical Section, and Compliance Section. The first section, the Introductory Section, which is unaudited, includes this transmittal letter, a list of elected officials, and the School District's organizational chart and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2001. The next section, the Financial Section, includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, Notes that provide an overview of the School District's financial position and operating results, the combining statements for non-major funds, and other schedules that provide detailed information relative to the basic financial statements. The third section, the Statistical Section, which is unaudited, consists of a ten-year compilation of miscellaneous demographic statistics and pertinent financial information, representative of four years reported in the cash-basis method of accounting and the fiscal years 1997, 1998, 1999, 2000, 2001, and 2002 reported in accordance with GAAP. The final section, the Compliance Section, includes the auditor's report on the internal control over financial reporting and compliance with applicable laws and regulations.

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 records of approximately 30 total students. In 1831, there were two buildings used for schooling when farming slowed down during the winter months. In 1892, a two-room wooden high school was built preparing the first graduation Class of 1895 that consisted of three members. In 1915, this two-room building was replaced with a modern brick structure that housed two elementary grades in four classrooms and three rooms for the high school.

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

For fiscal year 2001-02 the student head count totaled 2,592 with a projection of 2,597 for the 2002-03 school year. Community students enroll in six schools: Norton High School (grades 9-12), Norton Middle School (grades 6-8), Norton Cornerstone (grades K-5), Norton Primary (grades K-4), 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 and dropped, due to lack of enrollment, the Auto Collision Repair and Auto Technology programs. In fiscal year 2002 the A+ Certification was dropped and a Sports Medicine program was added. 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 October 2000. Dr. Calinger's 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 initially appointed as Treasurer. Her contract will expire at the organizational meeting January 2006.

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 School District's Board does not appoint the boards of those entities, nor are they fiscally dependent on the School District. The School District cannot legally access their resources, has no obligation to finance deficits or provide financial support, and is not obligated for their debts.

ECONOMIC CONDITION AND FUTURE OUTLOOK

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

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.*"

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Continuous Improvement

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

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. For a fourth year, it is anticipated that the School District will be awarded SchoolNet grant money in fiscal year 2003. This grant money will be used to purchase technology equipment for the elementary grade levels.

Multipurpose Room Addition

Construction of an addition to the Norton Primary Building was completed during fiscal year 2000. The addition serves as a multipurpose room for the Primary children. The total project did not exceed \$650,000 and was made possible with monies received from the district's permanent improvement levy.

Financial Information

During fiscal year 2002 the District established one (1) additional fund, Fund 590. Fund 590, Reducing Class Size special revenue fund, was added to account for receipts and disbursements related to the hiring of additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Fiscal Forecast

Due to the growing costs of doing business, the controversy over state funding, and the increasing numbers of unfunded state and federal mandates, a resulting effect of the School District expenditures exceeding its revenues will produce a future deficit as projected in the School District's financial forecast. Due to this projection, the School District anticipates returning to the taxpayers for additional operating revenues in fiscal year 2003. The School District has not asked for an operating levy since 1995, which was one of four additional tax increases within 29 years used for funding the School District's operations.

FINANCIAL INFORMATION

Accounting System

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

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

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

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

As determined by criteria established by GASB Statement No. 34, the School District does not report any activities that qualify as enterprise or business type activities. As part of this new reporting model, management is also responsible for preparing a discussion and analysis of the School District. This discussion follows the Independent Auditor’s Report, providing an assessment of the School District’s finances for fiscal year 2002 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain non-major funds of the School District.

Internal Controls

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

Budgetary Controls

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

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

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

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

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

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

The basis of accounting and the various funds utilized by the Norton City School District are fully described in Note 2 of the basic financial statements.

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

Single Audit Act

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

Financial Highlights - Internal Service Fund

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of medical, surgical, prescription drug, vision and dental benefits to the School District's employees. The internal service fund had net assets of \$403,933 at June 30, 2002, compared with restated net assets of \$258,111 at June 30, 2001, reflecting a net increase of \$145,822. The balance at June 30, 2002 is sufficient to meet all claims outstanding as of year-end.

Financial Highlights - Fiduciary Fund

The trust fund carried on the financial records of the School District is a scholarship private purpose trust fund that has assets totaling \$83,924 as of June 30, 2002.

CASH MANAGEMENT

The School District historically demonstrates a conservative approach to the cash management program. Investments of the School District funds were maintained through the locally approved financial depository's utilization of a sweep account and through the STAR Ohio investments. The total amount of interest earned was \$155,761, for the year ended June 30, 2002, \$132,700 being credited directly to the General fund.

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 5 to the financial statements.

RISK MANAGEMENT

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

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

The health benefits liability is limited by reinsurance that caps the individual specific liability at \$60,000 for the School District's plan year from June 1, 2001 through May 31, 2002. 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. 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 members participating. The School District receives a group premium discount rate for participation in this pooling program. The School District has realized, on an individual basis, savings of \$8,878 or a 41.2% premium reduction based on School District cost without pooling, during the 2001 calendar year.

PENSION PLANS

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

School District contributions for fiscal year 2002 were \$790,970 as the employer portion to STRS and \$152,933 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 2002. Surcharge is calculated at 14% of the difference between the member's annual compensation and the minimum compensation level. For the 2002 fiscal year, a surcharge of \$48,636 was incurred.

OTHER INFORMATION

Independent Audit

Provisions of State statute require an independent auditor subject the School District's financial statements to an annual examination. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirements of the Federal Office of Management and Budget Circular A-133. Lennon & Company, Certified Public Accountant, performed the 2002 audit for the period ended June 30, 2002. Those provisions have been satisfied and the opinion of the Independent Auditors is included in the financial section of this CAFR.

GFOA Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Norton City School District for its CAFR for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial reports.

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

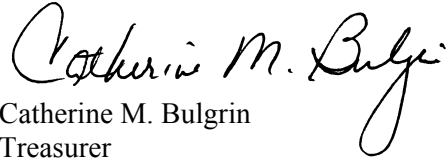
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

The preparation and publication of the 2002 CAFR of the Norton City School District was facilitated through the assistance of many people. My sincere appreciation is extended to the staff of the Treasurer's office for their dedication, support, and encouragement throughout this process. In addition, sincere thanks are also extended to various administrators and employees of the School District, the Summit County Fiscal Officer's office staff and other outside agencies whose efforts contributed to the fair presentation of the statistical data.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Catherine M. Bulgrin". The signature is written in black ink and is positioned to the right of the typed name.

Catherine M. Bulgrin
Treasurer

Norton City School District
Principal Officials Roster
Year Ended June 30, 2002

Board of Education

Mrs. Cynthia Webel	President
Mrs. Mary Ann Isak	Vice President
Mr. James Bennett	Member
Ms. Laura Leonti	Member
Mr. Linda Kloetzer	Member

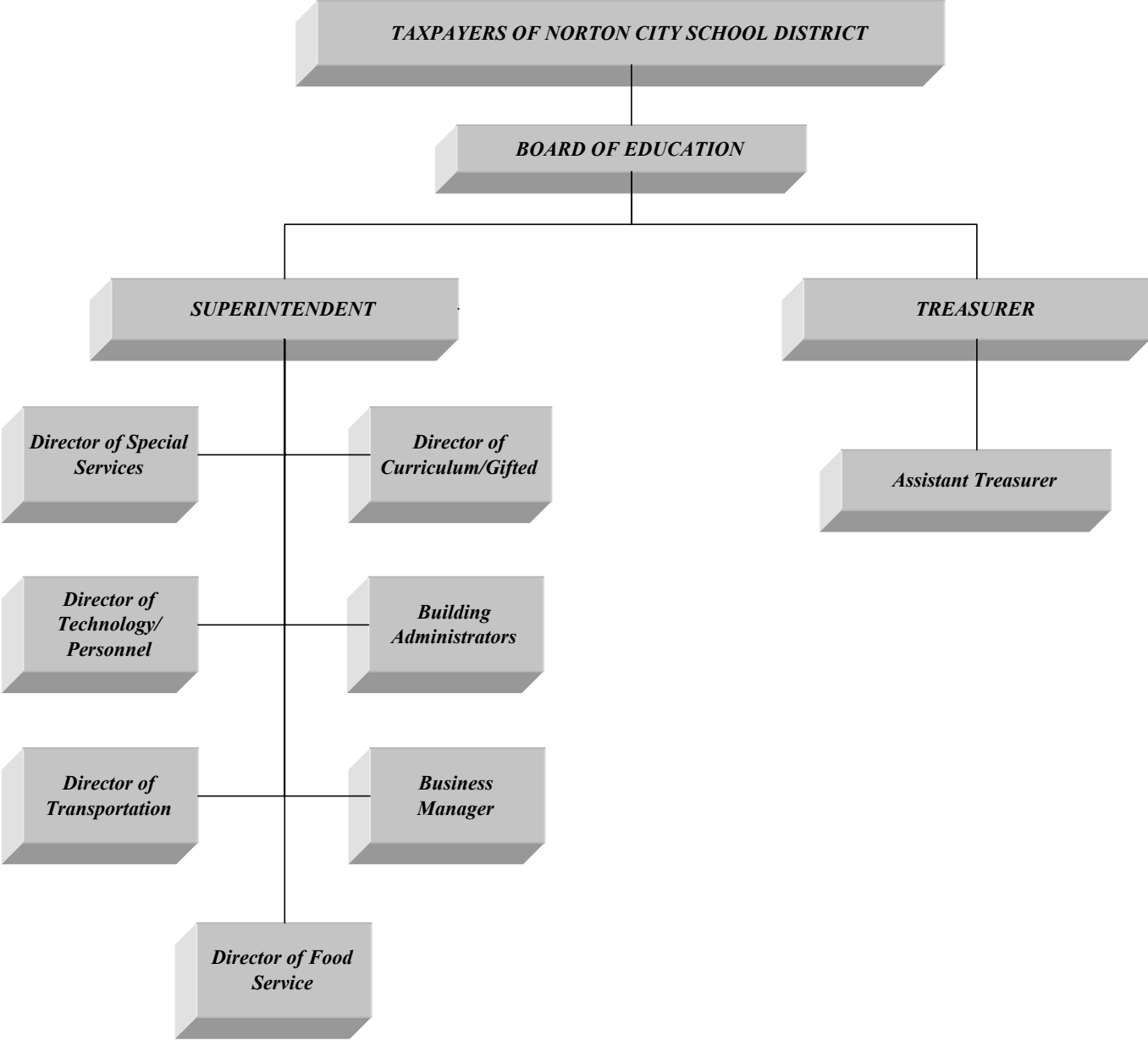
Treasurer/Chief Fiscal Officer

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, 2001

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.



William Patrick Vate
President

Jeffrey L. Essler
Executive Director

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Norton City School District
4128 Cleveland-Massillon Road
Norton, Ohio 44203-5697

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Norton City School District (the School District), as of and for the year ended June 30, 2002, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Norton City School District, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the School District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2003, 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.

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

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

The introductory section and tables in 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 basic financial statements of Norton City School District. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and therefore we express no opinion thereon.



LENNON & COMPANY
Certified Public Accountant
March 25, 2003

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

This discussion and analysis of Norton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2002. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. Since this is the first year of financial presentation under Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", some analyses with prior year data is not available. Future Management Discussion and Analyses will be comparative.

Financial Highlights

Key financial highlights for 2002 are as follows:

- Net assets of governmental activities decreased \$615,336, representing a 7.6% decrease from fiscal year 2001.
- General revenues accounted for \$16,786,847 in revenue or 90% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and interest, and capital grants and contributions accounted for \$1,934,532 or 10% of total revenues of \$18,721,379.
- Compared to fiscal year 2001 the total assets of governmental activities decreased by \$695,058. The largest factor contributing to this total net decrease was the decrease in cash and cash equivalents of \$946,785. Prior year cash balance was required to be expended in the current year due to insufficient revenues to cover the current year's operations.
- The School District had \$19,336,715 in expenses related to governmental activities; only \$1,934,532 of these expenses was offset by program specific charges for services, operating grants, contributions and interest. General revenues of \$16,786,747 contributed to support these programs.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2002?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting, takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

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

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2002 compared to 2001:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2002</u>	<u>2001</u>
Assets		
<i>Current and other assets</i>	\$ 13,066,879	\$ 14,238,412
<i>Capital assets, net of depreciation</i>	5,048,222	4,571,747
<i>Total assets</i>	<u>18,115,101</u>	<u>18,810,159</u>
Liabilities		
<i>Long-term liabilities</i>	947,513	1,000,867
<i>Other liabilities</i>	<u>9,692,621</u>	<u>9,718,989</u>
<i>Total liabilities</i>	<u>10,640,134</u>	<u>10,719,856</u>
Net Assets		
<i>Invested in capital assets, net of debt</i>	4,809,335	4,260,961
<i>Restricted</i>	603,217	1,120,198
<i>Unrestricted</i>	<u>2,062,415</u>	<u>2,709,144</u>
<i>Total net assets</i>	<u>\$ 7,474,967</u>	<u>\$ 8,090,303</u>

One of the most significant causes to the decrease in the School District's assets was the decrease in cash and cash equivalents of \$946,785. Prior year cash balance were required to be expended in the current year due to insufficient revenues to cover the current year's operations. Another factor contributing to the decrease was a decrease in the amount of taxes receivable of \$269,038. Helping to offset these decreases was an increase in capital assets, net of depreciation of \$476,475.

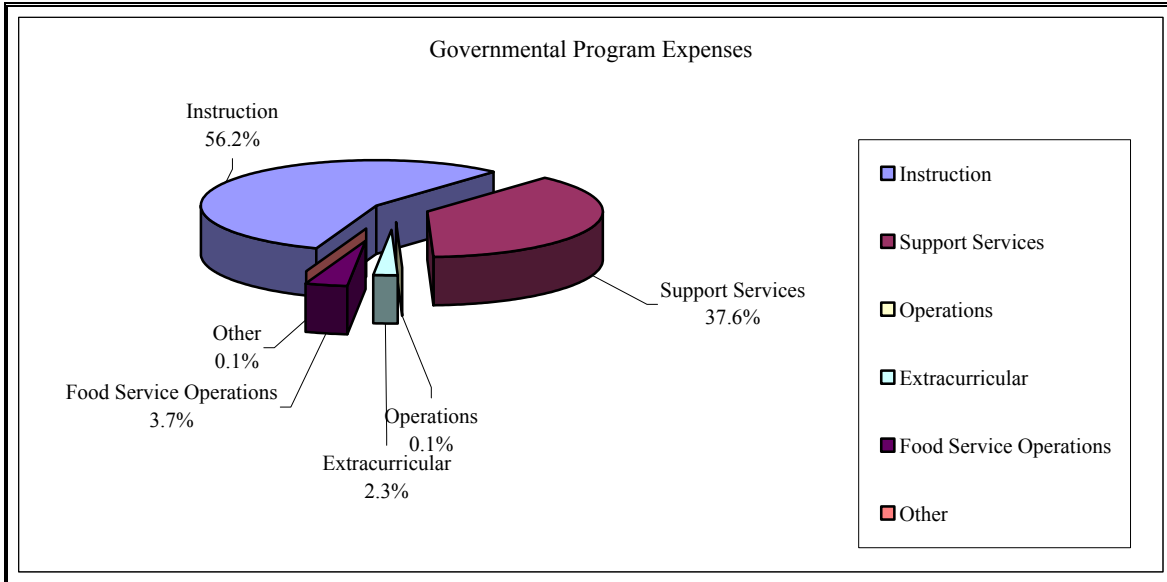
Table 2 shows net assets for fiscal year 2002. Since this is the first year the School District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2001 are not available. In future years a comparative analysis of government-wide data will be presented.

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Table 2
Changes in Net Assets

	<i>Governmental Activities</i>
Revenues	
<i>Program revenues</i>	
<i>Charges for services</i>	\$ 1,266,334
<i>Operating grants, contributions and interest</i>	668,198
<i>General revenues</i>	
<i>Property taxes</i>	7,232,911
<i>Grants and entitlements</i>	9,248,968
<i>Investment earnings</i>	151,532
<i>Miscellaneous</i>	153,436
<i>Total revenues</i>	18,721,379
Program Expenses	
<i>Instruction</i>	
<i>Regular</i>	8,709,739
<i>Special</i>	1,379,132
<i>Vocational</i>	751,858
<i>Adult/continuing</i>	4,146
<i>Other</i>	35,787
<i>Special services</i>	
<i>Pupil</i>	699,775
<i>Instructional staff</i>	753,463
<i>Board of education</i>	27,945
<i>Administration</i>	1,482,425
<i>Fiscal</i>	502,957
<i>Business</i>	298,014
<i>Operation and maintenance of plant</i>	2,184,104
<i>Pupil transportation</i>	1,271,955
<i>Central</i>	59,020
<i>Operation non-instructional services</i>	6,795
<i>Extracurricular activities</i>	439,649
<i>Food service operations</i>	707,156
<i>Interest and fiscal charges</i>	17,202
<i>Loss on disposal of capital assets</i>	5,593
<i>Total expenses</i>	19,336,715
<i>Decrease in Net Assets</i>	\$ (615,336)

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited



Governmental Activities

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

Several revenue sources fund our governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over 7.2 million in 2002. General revenues from grants and entitlements, such as the school foundation program, generated over \$9.2 million. Due to the combination of taxes and intergovernmental funding representing over 88% of all revenues, the School District monitors both of these sources very closely for fluctuations.

The DeRolph III decision has not eliminated the dependence on property taxes. The community has supported the Norton City School District by voting levies comprising 38.6% of total revenues for the School District.

A review of Table 2 reflects the total cost of instructional services was \$10,880,662 or 56.3% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching to pupils. These expenses represent \$1,453,238 of the total governmental program expenses, or 7.5%.

Board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the school district. The total cost was \$2,311,341 or 12% of governmental program expenses.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$2,184,104 or 11.3% of the governmental program expenses.

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$1,271,955 or 6.6% of the total governmental program expenditures.

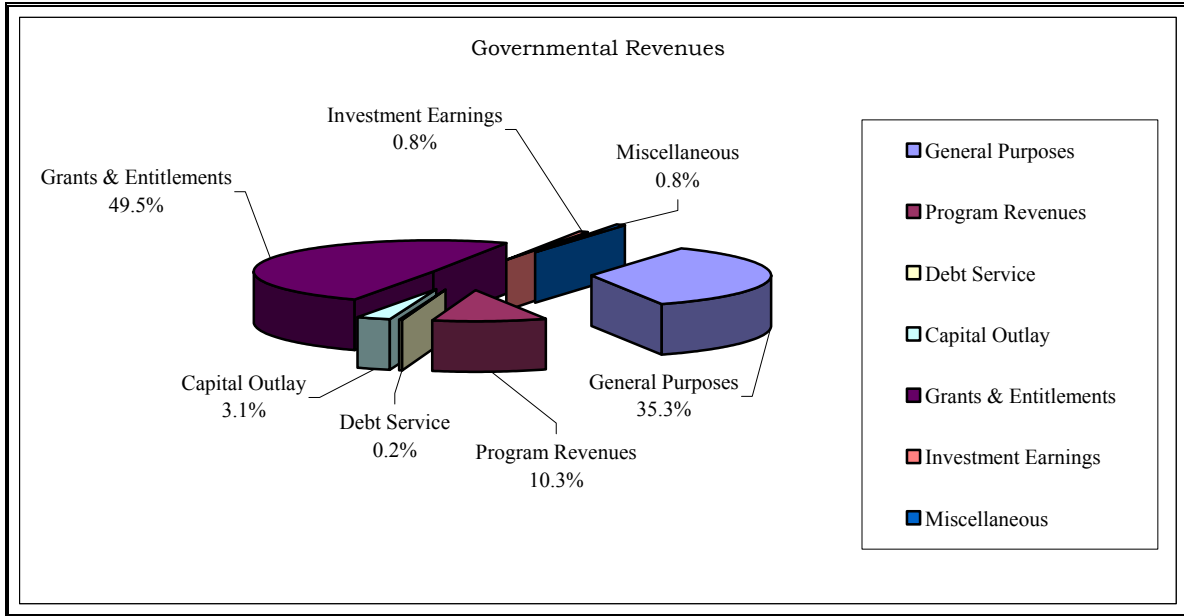
Overall, the School District's financial position deteriorated by \$615,336 during the fiscal year. This decrease is attributed to insufficient revenues to cover the operational costs of the School District during the current fiscal year.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to fiscal year 2001 are not available due to fiscal year 2002 being the initial year of implementation of GASB Statement No. 34.

Table 3
Governmental Activities

	<u>Total Cost</u> <u>of Services</u> <u>2002</u>	<u>Net Cost</u> <u>of Services</u> <u>2002</u>
<i>Program Expenses:</i>		
<i>Instruction</i>		
<i>Regular</i>	\$ 8,709,739	\$ (8,216,024)
<i>Special</i>	1,379,132	(997,941)
<i>Vocational</i>	751,858	(737,668)
<i>Adult/continuing</i>	4,146	(4,146)
<i>Other</i>	35,787	(35,787)
<i>Special services</i>		
<i>Pupil</i>	699,775	(658,989)
<i>Instructional staff</i>	753,463	(686,939)
<i>Board of education</i>	27,945	(27,945)
<i>Administration</i>	1,482,425	(1,425,840)
<i>Fiscal</i>	502,957	(502,957)
<i>Business</i>	298,014	(298,014)
<i>Operation and maintenance of plant</i>	2,184,104	(2,177,777)
<i>Pupil transportation</i>	1,271,955	(1,229,135)
<i>Central</i>	59,020	(49,499)
<i>Operation non-instructional services</i>	6,795	(5,366)
<i>Extracurricular activities</i>	439,649	(341,490)
<i>Food service operations</i>	707,156	16,129
<i>Interest and fiscal charges</i>	17,202	(17,202)
<i>Loss on disposal of capital assets</i>	5,593	(5,593)
<i>Total expenses</i>	\$ 19,336,715	\$ (17,402,183)

Norton City School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2002
 Unaudited



Program Revenues include charges for services, grants, contributions and interest that are program specific. Surrounding schools whose resident students are educated by the Norton City School District pay the School District \$5,102 per pupil under Ohio's open enrollment entitlement.

Property taxes made up 38.6% of total revenues for governmental activities for the Norton City Schools in fiscal year 2002. Program Revenues for governmental activities provided 10% of governmental revenues with 90% of all governmental activities supported through property taxes, grants and entitlement, and other general revenues. The 49.5% provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$18,934,363 and total expenditures were \$20,002,149. The net change in fund balance was significant in the general fund with a decrease of \$680,481. This decrease is attributed to operational factors as previously mentioned

General Fund Budgeting Highlights

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

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

During fiscal year 2002, the School District amended its general fund budget numerous times, however none were significant. Budget revisions become necessary as expenditure priorities change according to student, building and operational needs. These revisions are requested by the Superintendent and are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$16,594,350, representing an increase from the original budget estimate of \$15,219,366. The difference of \$1,374,984 is attributed to conservative tax estimates, increase in open enrollment students and public utility reimbursement revenues.

The original expenditures and other financing uses estimate of \$17,484,998 were revised slightly over the fiscal year. Modifications to the original budget also included increases in the health care benefit accounts offered to the District's employees.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2002, the School District had \$5,048,222 invested in land, buildings, equipment and vehicles. Table 4 shows fiscal year 2002 balances compared to fiscal year 2001:

Table 4
Capital Assets at June 30, 2002
(Net of Depreciation)

	<u><i>Governmental Activities</i></u>	
	<u><i>2002</i></u>	<u><i>2001</i></u>
<i>Land and improvements</i>	\$ 862,223	\$ 862,223
<i>Buildings</i>	2,787,730	2,923,986
<i>Furniture and equipments</i>	781,098	280,758
<i>Vehicles</i>	617,171	504,780
<i>Total capital assets</i>	<u>\$ 5,048,222</u>	<u>\$ 4,571,747</u>

The primary increase occurred from the purchase of the School District's new phone system and the purchase of four new school buses. The School District used the general fund's full balance of the accumulated budget reserve set-aside, from fiscal year end 2001 in the amount of \$121,958, to contribute to the cost of the new school buses.

Debt

At June 30, 2002 the School District had \$173,600 outstanding in House Bill 264 1995 Energy Conservation bonded debt with \$43,400 due during the year. Table 5 summarizes the bonds and notes outstanding:

Norton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Table 5
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2002</u>	<u>2001</u>
<i>1995 Energy Conservation Notes</i>	\$ 173,600	\$ 217,000
<i>Capital Leases</i>	65,287	93,766
<i>Total outstanding debt</i>	<u>\$ 238,887</u>	<u>\$ 310,766</u>

The energy conservation notes, issued in fiscal year 1996, which matures in July 2005, were issued in the amount of \$434,000. These notes were issued to pay the costs of installations, modifications and remodeling of school buildings to conserve energy. These notes are to be repaid from voted and unvoted general property taxes received in and the debt will be repaid from the Bond Retirement debt service fund. The capital leases are to be repaid from the general fund, which the School District has budgeted to meet these requirements.

At June 30, 2002, the School District's overall legal debt margin was \$22,109,996 with an unvoted debt margin of \$247,596. The School District is not currently rated by Standard & Poor's or Moody's Investors Service.

Current Issues Affecting Financial Condition

The end of fiscal year 2002 marked the expiration of the certified employees' last three-year contract. A new three-year labor agreement was ratified on August 20, 2002 with an economic package for the first year providing a 3% increase to the base salary with a 3.6% and 3.9% increase for 2004 and 2005, respectively.

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

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

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

Contacting the School District's Financial Management

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

Norton City School District

Statement of Net Assets

June 30, 2002

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 3,632,847
Cash and cash equivalents:	
In segregated accounts	1,092,423
With fiscal agents	390
Receivables:	
Taxes	7,822,346
Accounts	1,098
Intergovernmental	289,486
Prepaid items	213,616
Inventory held for resale	4,339
Materials and supplies inventory	10,334
Capital assets:	
Land and construction in progress	862,223
Depreciable capital assets, net	4,185,999
Total capital assets	<u>5,048,222</u>
Total assets	<u>18,115,101</u>
<u>Liabilities:</u>	
Accounts payable	51,048
Accrued wages	1,124,520
Retainage payable	24,253
Intergovernmental payable	483,416
Deferred revenue	7,548,941
Accrued interest payable	9,432
Matured interest payable	390
Claims payable	450,621
Long-term liabilities:	
Due within one year	166,734
Due in more than one year	780,779
Total liabilities	<u>10,640,134</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	4,809,335
Restricted for:	
Capital projects	275,964
Debt service	(4,729)
Other purposes	331,982
Unrestricted	<u>2,062,415</u>
Total net assets	<u>\$ 7,474,967</u>

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2002

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest		
Governmental Activities:					
Instruction:					
Regular	\$ 8,709,739	\$ 357,999	\$ 135,716	\$ -	\$ (8,216,024)
Special	1,379,132	256,345	124,846	-	(997,941)
Vocational	751,858	14,190	-	-	(737,668)
Adult/continuing	4,146	-	-	-	(4,146)
Other	35,787	-	-	-	(35,787)
Support services:					
Pupils	699,775	-	40,786	-	(658,989)
Instructional staff	753,463	3,400	63,124	-	(686,939)
Board of education	27,945	-	-	-	(27,945)
Administration	1,482,425	-	56,585	-	(1,425,840)
Fiscal	502,957	-	-	-	(502,957)
Business	298,014	-	-	-	(298,014)
Operation and maintenance of plant	2,184,104	-	6,327	-	(2,177,777)
Pupil transportation	1,271,955	-	42,820	-	(1,229,135)
Central	59,020	-	9,521	-	(49,499)
Operation of non-instructional services	6,795	-	1,429	-	(5,366)
Extracurricular activities	439,649	98,159	-	-	(341,490)
Food service operations	707,156	536,241	187,044	-	16,129
Interest and fiscal charges	17,202	-	-	-	(17,202)
Loss on disposal of capital assets	5,593	-	-	-	(5,593)
Total governmental activities	\$ 19,336,715	\$ 1,266,334	\$ 668,198	\$ -	(17,402,183)

General Revenues:

Property taxes levied for:

General purposes	6,604,598
Debt service	45,536
Capital outlay	582,777
Grants and entitlements not restricted to specific programs	9,248,968
Investment earnings	151,532
Miscellaneous	153,436
Total general revenues	16,786,847

Change in net assets (615,336)

Net assets beginning of year - (See Note 3) 8,090,303

Net assets end of year \$ 7,474,967

See accompanying notes to the basic financial statements..

Norton City School District

Balance Sheet
Governmental Funds
June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 3,023,072	\$ 599,843	\$ 3,622,915
Cash and cash equivalents:			
In segregated accounts	-	24,253	24,253
With fiscal agents		390	390
Receivables:			
Taxes	7,151,408	670,938	7,822,346
Accounts	1,098	-	1,098
Intergovernmental	277,187	10,055	287,242
Interfund	8,615	-	8,615
Prepaid items	204,961	8,655	213,616
Inventory held for resale	-	4,339	4,339
Materials and supplies inventory	9,346	988	10,334
Equity in pooled cash and cash equivalents (restricted)	9,932	-	9,932
Total assets	<u>\$ 10,685,619</u>	<u>\$ 1,319,461</u>	<u>\$ 12,005,080</u>
<u>Liabilities:</u>			
Accounts payable	\$ 41,701	\$ 9,347	\$ 51,048
Accrued wages	1,102,669	21,851	1,124,520
Retainage payable	-	24,253	24,253
Interfund payable	-	8,615	8,615
Intergovernmental payable	296,846	7,223	304,069
Deferred revenue	7,149,773	656,472	7,806,245
Matured interest payable	-	390	390
Total liabilities	<u>8,590,989</u>	<u>728,151</u>	<u>9,319,140</u>
<u>Fund balances:</u>			
Reserved for encumbrances	279,073	286,403	565,476
Reserved for inventory	9,346	5,327	14,673
Reserved for prepaids	204,961	8,655	213,616
Reserved for unclaimed monies	9,932	-	9,932
Unreserved:			
Undesignated, reported in:			
General fund	1,591,318	-	1,591,318
Special revenue funds	-	252,284	252,284
Debt service fund	-	4,703	4,703
Capital projects funds	-	33,938	33,938
Total fund balances	<u>2,094,630</u>	<u>591,310</u>	<u>2,685,940</u>
Total liabilities and fund balances	<u>\$ 10,685,619</u>	<u>\$ 1,319,461</u>	<u>\$ 12,005,080</u>

See accompanying notes to the basic financial statements.

Norton City School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 For the Fiscal Year Ended June 30, 2002

Total governmental funds balances		\$	2,685,940
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,048,222
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:			
Property taxes	\$	280,480	
Intergovernmental		3,684	
Charges for services		189,000	
Total		473,164	473,164
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			403,933
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and are therefore not reported in the funds.			(179,347)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:			
General obligation bonds	\$	(173,600)	
Compensated absences		(708,626)	
Capital leases		(65,287)	
Accrued interest payable		(9,432)	
Total		(956,945)	(956,945)
Net assets of governmental activities		\$	7,474,967

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 6,739,931	\$ 638,438	\$ 7,378,369
Intergovernmental	9,504,304	717,683	10,221,987
Interest	132,700	4,229	136,929
Tuition and fees	194,214	70,950	265,164
Extracurricular activities	-	238,837	238,837
Gifts and donations	6,995	19,248	26,243
Charges for services	-	539,641	539,641
Rent	2,415	-	2,415
Miscellaneous	99,499	25,279	124,778
Total revenues	16,680,058	2,254,305	18,934,363
Expenditures:			
Current:			
Instruction:			
Regular	8,332,014	365,737	8,697,751
Special	1,218,344	162,855	1,381,199
Vocational	709,263	13,397	722,660
Adult/continuing	4,146	-	4,146
Other	35,787	-	35,787
Support services:			
Pupils	893,521	40,854	934,375
Instructional staff	680,270	70,249	750,519
Board of education	28,098	-	28,098
Administration	1,396,730	60,039	1,456,769
Fiscal	487,586	9,097	496,683
Business	297,993	-	297,993
Operation and maintenance of plant	1,761,297	11,600	1,772,897
Pupil transportation	1,060,710	118,416	1,179,126
Central	50,383	9,521	59,904
Operation of non-instructional services	-	1,694	1,694
Extracurricular activities	322,340	116,720	439,060
Operation of food services	-	720,204	720,204
Capital outlay	46,258	885,566	931,824
Debt service:			
Principal retirement	28,499	43,400	71,899
Interest and fiscal charges	7,300	12,261	19,561
Total expenditures	17,360,539	2,641,610	20,002,149
Net change in fund balances	(680,481)	(387,305)	(1,067,786)
Fund balances beginning of year - restated (See Note 3)	2,765,765	973,288	3,739,053
Increase in reserve for inventory	9,346	5,327	14,673
Fund balances end of year	\$ 2,094,630	\$ 591,310	\$ 2,685,940

See accompanying notes to the basic financial statements.

Norton City School District

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2002

Net change in fund balances - total governmental funds \$ (1,067,786)

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

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

In the current period, these amounts are:

Capital asset additions	\$	810,360	
Depreciation expense		(328,292)	
Excess of capital outlay over depreciation expense			482,068

The proceeds from the sale of capital assets are reported as a source of financing in the governmental funds. However, the value of the capital assets sold/disposed is removed from the capital assets account in the statement of net assets and offset against the sales proceeds resulting in a "loss on the disposal of capital assets" in the statement of activities. Thus, potentially more revenue is reported in the governmental funds and more expenses in the statement of activities.

In the current period expenses exceeded revenues. (5,593)

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

Property taxes	\$	(145,458)	
Intergovernmental		(5,289)	
Charges for services		(81,069)	
Net change in deferred revenues during the year			(231,816)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

43,400

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

28,499

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

Increase in compensated absences	\$	(18,545)	
Increase in pension obligation		(8,417)	
Decrease in accrued interest		2,359	
Change in inventory		14,673	
Total additional expenditures			(9,930)

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

145,822

Change in net assets of governmental activities

\$ (615,336)

See accompanying notes to the basic financial statements.

Norton City School District

Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 6,807,037	\$ 6,818,522	\$ 6,818,522	\$ -
Intergovernmental	7,908,667	9,190,531	9,190,531	-
Interest	127,083	147,681	132,700	(14,981)
Tuition and fees	167,709	194,892	139,170	(55,722)
Gifts and donations	11,467	13,326	6,995	(6,331)
Rent	4,217	4,900	2,415	(2,485)
Miscellaneous	178,076	206,939	98,996	(107,943)
Total revenues	<u>15,204,256</u>	<u>16,576,791</u>	<u>16,389,329</u>	<u>(187,462)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	8,110,693	8,583,991	8,063,390	520,601
Special	1,298,102	1,367,765	1,239,691	128,074
Vocational	735,653	777,262	719,637	57,625
Adult/continuing	3,933	4,164	4,164	-
Other	38,038	40,274	35,222	5,052
Support services:				
Pupils	879,412	930,851	875,277	55,574
Instructional staff	694,427	733,273	696,366	36,907
Board of education	29,651	31,341	31,066	275
Administration	1,426,229	1,507,107	1,418,975	88,132
Fiscal	502,254	530,838	500,232	30,606
Business	334,107	353,376	341,892	11,484
Operation and maintenance of plant	1,843,571	1,946,947	1,854,768	92,179
Pupil transportation	1,080,579	1,141,971	1,092,588	49,383
Central	48,635	51,483	51,378	105
Extracurricular activities	381,782	404,227	402,017	2,210
Capital outlay	68,259	69,888	65,456	4,432
Total expenditures	<u>17,475,325</u>	<u>18,474,758</u>	<u>17,392,119</u>	<u>1,082,639</u>
Excess of revenues under expenditures	<u>(2,271,069)</u>	<u>(1,897,967)</u>	<u>(1,002,790)</u>	<u>895,177</u>
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	9,704	11,277	11,277	-
Refund of prior year receipts	(1,536)	(1,626)	(565)	1,061
Advances in	5,406	6,282	6,282	-
Advances out	(8,137)	(8,615)	(8,615)	-
Total other financing sources (uses)	<u>5,437</u>	<u>7,318</u>	<u>8,379</u>	<u>1,061</u>
Net change in fund balance	(2,265,632)	(1,890,649)	(994,411)	896,238
Fund balances at beginning of year (restated)	3,233,172	3,233,172	3,233,172	-
Prior year encumbrances appropriated	475,295	475,295	475,295	-
Fund balances at end of year	<u>\$ 1,442,835</u>	<u>\$ 1,817,818</u>	<u>\$ 2,714,056</u>	<u>\$ 896,238</u>

See accompanying notes to the basic financial statements.

Norton City School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2002

	<u>Self Insurance</u>
<u>Assets:</u>	
Cash and cash equivalents:	
In segregated accounts	<u>\$ 1,068,170</u>
 <u>Liabilities:</u>	
Deferred revenue	\$ 213,616
Claims payable	<u>450,621</u>
Total liabilities	664,237
 <u>Net assets:</u>	
Unrestricted	<u>403,933</u>
Total liabilities and net assets	<u>\$ 1,068,170</u>

See accompanying notes to the basic financial statements.

Norton City School District
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 Internal Service Fund
 For the Fiscal Year Ended June 30, 2002

	Self Insurance
<u>Operating revenues</u>	
Charges for services	\$ 2,173,721
<u>Operating expenses:</u>	
Purchased services	254,126
Claims	1,792,605
Total operating expenses	2,046,731
Operating income	126,990
<u>Non-operating revenues</u>	
Interest	18,832
Change in net assets	145,822
Net assets beginning of year - restated	258,111
Net assets end of year	\$ 403,933

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2002

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 2,226,315
Cash payments to suppliers for goods and services	(254,126)
Cash payments for claims	(1,821,139)
Net cash provided by operating activities	151,050
<u>Cash flows from investing activities:</u>	
Interest on investments	18,832
Net cash provided by investing financing	18,832
Net increase in cash and cash equivalents	169,882
Cash and cash equivalents at beginning of year	898,288
Cash and cash equivalents at end of year	\$ 1,068,170
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	\$ 126,990
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in liabilities:	
Claims payable	(28,534)
Deferred revenue	52,594
Net cash provided by operating activities	\$ 151,050

See accompanying notes to the basic financial statements.

Norton City School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2002

	Private Purpose Trust	
	Scholarships	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ -	\$ 57,773
Cash and cash equivalents:		
In segregated accounts	83,078	-
Interest receivable	846	-
Total assets	<u>\$ 83,924</u>	<u>\$ 57,773</u>
<u>Liabilities:</u>		
Due to students	<u>\$ -</u>	<u>\$ 57,773</u>
<u>Net assets:</u>		
Held in trust for scholarships	<u>\$ 83,924</u>	

See accompanying notes to the basic financial statements.

Norton City School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2002

	<u>Scholarships</u>
<u>Additions:</u>	
Interest	\$ 8,542
Gifts and donations	<u>51,415</u>
Total additions	<u>59,957</u>
 <u>Deductions:</u>	
Other operating expense	<u>11,800</u>
 Change in net assets	48,157
 Net assets beginning of year (restated)	<u>35,767</u>
 Net assets end of year	<u>\$ 83,924</u>

See accompanying notes to the basic 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 104 non-certificated employees and 189 certificated teaching and support personnel, including 15 administrators, that provides services to 2,592 students and other community members.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the 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.

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 15.

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 governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

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

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling-up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Fund Types:

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

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

Proprietary Fund Type

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

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

Fiduciary Fund Types

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

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

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

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

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

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

Revenue - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as inventory held for resale.

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

**D. Budgets and
Budgetary
Accounting**

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

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements, certificates of deposit, and interest in 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 as "Cash and cash equivalents in segregated accounts". The School District also holds monies separate from the School District's central bank account for retainage amounts due on completed projects and for monies held for future scholarships, which are reported in the Permanent Improvements capital projects fund and the Scholarships private purpose trust fund respectively.

The School District invested funds in STAR Ohio during fiscal year 2002. 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, 2002.

F. Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

G. Interfund balances

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

H. Inventory

On the governmental-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first out basis and are expensed when used.

Inventories on the fund financial statements are stated at cost for the General fund, while inventories of the Food Service special revenue fund are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of the General fund consist of expendable supplies held for consumption. Inventories of the Food Service special revenue fund consist of donated food, purchased food and supplies held for resale. Inventories reported on the fund financial statements are expensed when purchased.

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets in the General fund include the amount required to be reserved for unclaimed monies. See Note 18 for additional information regarding statutory reserves.

Notes to the Basic Financial Statements

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

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

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

N. Interfund Transactions

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

O. 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.

P. Fund Balance Reserves

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

Q. Extraordinary Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2002.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPAL AND RESTATEMENT OF FUND BALANCE

Changes in accounting principles

For fiscal year 2002, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2002, there was no effect on fund balance as a result of implementing GASB Statements No. 37 or No. 38.

Notes to the Basic Financial Statements

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

The government-wide financial statements split the School District's programs between governmental and business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2001, caused by the conversion to the accrual basis of accounting and the reclassification of funds based on the guidance provided in Statement No. 34. Due to these fund reclassifications, there are no business type activities reported.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The School District restated the fund liability of compensated absences that had not matured during fiscal year 2001 and has reported prepaid amounts for services not yet consumed.

Restatement of fund balance

It was determined that enterprise funds should be reclassified to special revenue funds. The restatements for GASB Statement No. 34 and GASB Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<i>General</i>	<i>Non-Major</i>	<i>Total</i>
<i>Fund Balances,</i>			
<i>June 30, 2001</i>	\$ 2,510,269	\$ 773,573	\$ 3,283,842
<i>Fund reclassification</i>	9,703	192,621	202,324
<i>Prepaid items</i>	153,928	7,094	161,022
<i>Interpretation No. 6</i>			
<i>Compensated absences</i>	91,865	-	91,865
<i>Adjusted Fund Balances,</i>			
<i>June 30, 2001</i>	\$ 2,765,765	\$ 973,288	3,739,053
 <u><i>GASB Statement No. 34 Adjustments:</i></u>			
<i>Capital assets</i>			4,571,747
<i>Internal service fund</i>			258,111
<i>Long-term liabilities</i>			(1,000,867)
<i>Intergovernmental payable increase - full accrual</i>			(170,930)
<i>Accrued interest</i>			(11,791)
<i>Long-term (deferred) assets</i>			704,980
<i>Governmental activities net assets, June 30, 2001</i>			\$ 8,090,303

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ (680,481)
Revenue Accruals	(273,170)
Expenditure Accruals	278,191
Encumbrances (Budget Basis)	
Outstanding at year end	<u>(318,951)</u>
Budget Basis	<u>\$ (994,411)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Notes to the Basic Financial Statements

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

Norton City School District

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 (\$528,994), and the bank balances of the deposits totaled \$113,875. Of the bank balance:

1. \$108,020 was covered by federal depository insurance; and
2. \$5,855 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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.

All interest is legally required to be placed in the general fund, the Food Service special revenue fund and the Scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2002 amount to \$132,700, which includes \$19,984 assigned from other School District funds.

	<u>Category 3</u>	<u>Carrying Amounts</u>	<u>Fair Value</u>
<u>Categorized Investments</u>			
<u>Repurchase Agreements</u>	<u>\$ 810,000</u>	<u>\$ 810,000</u>	<u>\$ 810,000</u>
<u>Noncategorized Investments</u>			
<u>State Treasurer's Pool</u>		<u>4,585,505</u>	<u>4,585,505</u>
<u>Total Investments</u>		<u>\$ 5,395,505</u>	<u>\$ 5,395,505</u>

Notes to the Basic Financial Statements

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 6 - 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% 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% of true value (with certain exceptions) and on real property at 35% 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% 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 Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property 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 \$190,635 in the general fund and \$15,906 in the Permanent Improvement capital projects fund. These advances are recognized as revenue on the fund financial statements.

Norton City School District

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

<u>Property Category</u>	<u>2000 Assessed Value</u>	<u>2001 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 184,844,760	\$ 187,555,690
Commercial, industrial and mineral	30,988,330	31,346,640
Public utilities	12,132,210	8,294,520
<u>Tangible Personal Property</u>		
General	<u>18,292,861</u>	<u>20,398,661</u>
Total	<u>\$ 246,258,161</u>	<u>\$ 247,595,511</u>

NOTE 7 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), intergovernmental grants and entitlements, and interfund. 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. A summary of principal items of intergovernmental receivables follows:

<u>Governmental activities</u>	<u>Amount</u>
General fund	\$ 277,187
Miscellaneous state grants	536
Eisenhower	1,440
Title I	2,859
Title VI	<u>5,220</u>
Total intergovernmental receivable	<u>\$ 287,242</u>

NOTE 8 – CAPITAL ASSETS

The capital asset balances of the governmental activities have been restated due to fund reclassifications (See Note 3 for details) and the increase of the capitalization threshold from \$1,000 to \$5,000.

	<u>Balance June 30, 2001</u>	<u>Adjustments</u>	<u>Restated Balance June 30, 2001</u>
<u>Governmental Activities</u>			
Land and improvements	\$ 885,140	\$ (22,917)	\$ 862,223
Buildings	6,867,133	(9,523)	6,857,610
Furniture and equipment	3,459,427	(2,860,494)	598,933
Vehicles	1,314,806	36,210	1,351,016
Less: Accumulated depreciation	-	(5,098,035)	(5,098,035)
Total	<u>\$ 12,526,506</u>	<u>\$ (2,856,724)</u>	<u>\$ 4,571,747</u>

Notes to the Basic Financial Statements

Capital asset activity for the fiscal year ended June 30, 2002 was as follows:

<i>Governmental Activities</i>	<i>Restated Balance June 30, 2001</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance June 30, 2002</i>
<i>Capital assets, not being depreciated:</i>				
<i>Land and improvements</i>	\$ 862,223	\$ -	\$ -	\$ 862,223
<i>Capital assets, being depreciated:</i>				
<i>Buildings</i>	6,857,610	-	-	6,857,610
<i>Furniture and equipment</i>	598,933	584,920	(11,900)	1,171,953
<i>Vehicles</i>	1,351,016	225,440	(6,500)	1,569,956
<i>Total capital assets, being depreciated</i>	8,807,559	810,360	(18,400)	9,599,519
<i>Less: Accumulated depreciation</i>				
<i>Buildings</i>	(3,933,624)	(136,256)	-	(4,069,880)
<i>Furniture and equipment</i>	(318,175)	(78,987)	6,307	(390,855)
<i>Vehicles</i>	(846,236)	(113,049)	6,500	(952,785)
<i>Total accumulated depreciation</i>	(5,098,035)	(328,292)	12,807	(5,413,520)
<i>Total capital assets being depreciated, net</i>	3,709,524	482,068	(5,593)	4,185,999
<i>Governmental activities capital assets, net</i>	\$ 4,571,747	\$ 482,068	\$ (5,593)	\$ 5,048,222

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
<i>Regular</i>	\$ 105,323
<i>Special</i>	9,620
<i>Vocational</i>	17,274
<i>Support services:</i>	
<i>Pupils</i>	7,502
<i>Instructional staff</i>	12,345
<i>Administration</i>	17,745
<i>Fiscal</i>	342
<i>Business</i>	153
<i>Operation and maintenance of plant</i>	35,317
<i>Pupil transportation</i>	108,069
<i>Operation of non-instructional services</i>	10,374
<i>Extracurricular activities</i>	382
<i>Operation of food service operations</i>	3,846
	\$ 328,292

Norton City School District

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2002 consisted of the following:

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
<i>General fund</i>	\$ 8,615	\$ -
<i>Non-major governmental funds</i>	-	8,615
	<u>\$ 8,615</u>	<u>\$ 8,615</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2002, all interfund loans outstanding are anticipated to be repaid in fiscal year 2003.

NOTE 10 - 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 its self-funded health care insurance program. The claims liability of \$450,621, reported in the fund at year end was estimated by third party administrators and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$60,000 per employee.

Changes in the fund's claims liability during 2001 and 2002 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>
2001	\$ 146,747	1,672,507	1,340,099	479,155
2002	\$ 479,155	1,792,605	1,821,139	450,621

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.

Notes to the Basic Financial Statements

In addition, the School District contracted with insurance companies for property, employee bonding, general and educational liability insurance during fiscal year 2002:

<u>Property</u>	
<i>Building and Contents-replacement cost (\$0 deductible)</i>	\$ 37,902,800
<i>Equipment (\$0 deductible)</i>	34,590
<i>Musical Instruments (\$250 deductible)</i>	268,626
<i>Commercial Auto (\$500 deductible)</i>	1,000,000
<i>Electronic Data Processing (\$1,000 deductible)</i>	540,726
 <u>Public Officials Bonds</u>	
<i>Board President</i>	20,000
<i>Superintendent</i>	20,000
<i>Treasurer</i>	20,000
<i>Business Manager</i>	20,000
<i>Employee</i>	5,000
 <u>General Liability</u>	
<i>Per occurrence</i>	2,000,000
<i>Total per year</i>	5,000,000
 <u>Education Liability</u>	
<i>Per occurrence (\$1,000 deductible)</i>	1,000,000
<i>Total per year</i>	3,000,000

NOTE 11 - 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 5.46% for pension obligations. 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, 2002, 2001, and 2000 were \$152,933, \$127,764, and \$126,457, respectively; 38% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$95,435 representing the unpaid contribution for fiscal year 2002.

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.

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 9.5% for pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$790,970, \$756,450, and \$447,655, respectively; 83% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$132,943 representing the unpaid contribution for fiscal year 2002.

NOTE 12 - 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 14% of covered payroll. The retirement board currently allocates employer contributions equal to 4.5% 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 \$374,670 during the 2002 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.256 billion at June 30, 2001, (latest information available). For the year ended June 30, 2001, the net health care costs paid by the STRS were \$300,772,000 and eligible benefit recipients totaled 102,132.

Notes to the Basic Financial Statements

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 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% 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 \$287,839, which includes a surcharge of \$48,636 during the 2002 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002, (latest information available) were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, the SERS's net assets available for payment of health care benefits was \$335.2 million, at cost. The number of participants receiving health care benefits was approximately 50,000.

NOTE 13 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

	<i>Balance</i>			<i>Balance</i>	<i>Due in</i>
	<u><i>July 1</i></u>	<u><i>Additions</i></u>	<u><i>Reductions</i></u>	<u><i>June 30</i></u>	<u><i>one year</i></u>
<i>Governmental activities</i>					
<i>Bonds</i>					
<i>Energy conservation bonds, 5.65%, maturing July 15, 2005</i>	\$ 217,000	\$ -	\$ (43,400)	\$ 173,600	\$ 43,400
<i>Other Obligations</i>					
<i>Compensated absences</i>	690,081	132,631	(114,086)	708,626	92,156
<i>Capital leases payable</i>	93,786	-	(28,499)	65,287	31,178
<i>Total other liabilities</i>	<u>783,867</u>	<u>132,631</u>	<u>(142,585)</u>	<u>773,913</u>	<u>123,334</u>
<i>Governmental activities long-term liabilities</i>	<u>\$ 1,000,867</u>	<u>\$ 132,631</u>	<u>\$ (185,985)</u>	<u>\$ 947,513</u>	<u>\$ 166,734</u>

Norton City School District

In fiscal year 1996 the School District issued \$434,000 of 1995 Series Energy Conservation Bonds to pay the costs of installations, modifications and remodeling of school buildings to conserve energy. All bonds are general obligations of the School District for which its full faith and credit are pledged for repayment. The energy conservation 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 debt service fund.

Compensated absences will be paid from the fund from which the employee is paid. Capital lease obligations will be paid from the general fund.

Principal and interest requirements to amortize the energy conservation bonds outstanding at June 30, 2002 are as follows:

<i>Fiscal</i>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 43,400	\$ 9,808	\$ 53,208
2004	43,400	7,356	50,756
2005	43,400	4,904	48,304
2006	<u>43,400</u>	<u>2,452</u>	<u>45,852</u>
Total	<u>\$ 173,600</u>	<u>\$ 24,520</u>	<u>\$ 198,120</u>

NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The School District, in prior years, 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 expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized as equipment in the amount of \$161,092 equal to the present value of the future minimum lease payments on the government-wide financial statements. Principal payments in the current fiscal year totaled \$28,499.

Notes to the Basic Financial Statements

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

<i>Fiscal Year</i>	<i>Lease Payments</i>
2003	\$ 35,798
2004	<u>35,802</u>
<i>Total minimum lease payments</i>	71,600
<i>Less: amount representing interest</i>	<u>(6,313)</u>
<i>Total</i>	<u>\$ 65,287</u>

NOTE 15 - 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 2002, the School District contributed \$88,004 to NEONET. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Ave., Suite 200, Cuyahoga Falls, Ohio 44221.

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

NOTE 16 – ACCOUNTABILITY AND COMPLIANCE

Fund deficits

As of June 30, 2002, 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>
Title I special revenue	\$ 10,232
Miscellaneous Federal Grants special revenue	4,495

Compliance

During the fiscal year, the District Managed Student Activity and the EHA Preschool grant special revenue funds had expenditures, plus outstanding encumbrances, in excess of appropriations at the legal level of control in the amount of \$551 and \$3,232 respectively, which is a violation of the Ohio Revised Code Section 5705.41. To prevent future violations, the School District has implemented a corrective action plan, which includes more frequent monitoring of expenditures and obligations as compared to appropriations.

NOTE 17 - CONTINGENT LIABILITIES

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

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

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

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.

Notes to the Basic Financial Statements

NOTE 18 - 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.

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. By resolution, the Board can eliminate the reserve in accordance with the Act. During the fiscal year, the Board acted on the Senate Bill and passed a resolution to eliminate the reserve balance.

During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Budget Stabilization Reserve</i>	<i>School Bus Reserve</i>	<i>Total</i>
<i>Set-aside cash balance as of</i>					
<i>June 30, 2001</i>	\$ (492,429)	\$ -	\$ 121,948	\$ 36,617	\$ (333,864)
<i>Current year set-aside requirement</i>	310,697	310,697	-	42,820	664,214
<i>Current year offset</i>	-	(590,824)	-	-	(590,824)
<i>Reduction in requirement based on revised legislation</i>	-	-	(121,948)	-	(121,948)
<i>Qualifying disbursements</i>	(536,206)	-	-	(79,437)	(615,643)
<i>Total</i>	<u>\$ (717,938)</u>	<u>\$ (280,127)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (998,065)</u>
<i>Balance carried forward to FY2003</i>	<u>\$ (717,938)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (717,938)</u>

**Combining Statements and
Individual Fund Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Food Services: To account for all revenues and 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.

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.

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

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 from state agencies 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.

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

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.

Reducing Class Size To account for monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

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

Nonmajor Debt Service Fund

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

Nonmajor Capital Projects Funds

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

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

SchoolNet: To account for 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.

Norton City School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 352,737	\$ 4,703	\$ 242,403	\$ 599,843
Cash and cash equivalents:				
In segregated accounts	-	-	24,253	24,253
With fiscal agents	-	390	-	390
Receivables:				
Taxes	-	53,208	617,730	670,938
Intergovernmental	10,055	-	-	10,055
Prepaid items	8,655	-	-	8,655
Inventory held for resale	4,339	-	-	4,339
Materials and supplies inventory	988	-	-	988
Total assets	<u>\$ 376,774</u>	<u>\$ 58,301</u>	<u>\$ 884,386</u>	<u>\$ 1,319,461</u>
 <u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 9,347	\$ -	\$ -	\$ 9,347
Accrued wages	21,851	-	-	21,851
Retainage payable	-	-	24,253	24,253
Interfund payable	8,615	-	-	8,615
Intergovernmental payable	7,223	-	-	7,223
Deferred revenue	1,440	53,208	601,824	656,472
Matured interest payable	-	390	-	390
Total liabilities	<u>48,476</u>	<u>53,598</u>	<u>626,077</u>	<u>728,151</u>
 <u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	62,032	-	224,371	286,403
Reserved for inventory	5,327	-	-	5,327
Reserved for prepaid items	8,655	-	-	8,655
Unreserved:				
Undesignated, reported in:				
Special revenue funds	252,284	-	-	252,284
Debt service fund	-	4,703	-	4,703
Capital projects funds	-	-	33,938	33,938
Total fund equity	<u>328,298</u>	<u>4,703</u>	<u>258,309</u>	<u>591,310</u>
Total liabilities and fund equity	<u>\$ 376,774</u>	<u>\$ 58,301</u>	<u>\$ 884,386</u>	<u>\$ 1,319,461</u>

Norton City School District

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Taxes	\$ -	\$ 55,661	\$ 582,777	\$ 638,438
Intergovernmental	641,111	-	76,572	717,683
Interest	4,229	-	-	4,229
Tuition and fees	70,950	-	-	70,950
Extracurricular activities	238,837	-	-	238,837
Gifts and donations	19,248	-	-	19,248
Customer services	539,641	-	-	539,641
Miscellaneous	25,279	-	-	25,279
Total revenues	<u>1,539,295</u>	<u>55,661</u>	<u>659,349</u>	<u>2,254,305</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	311,154	-	54,583	365,737
Special	158,430	-	4,425	162,855
Vocational	13,397	-	-	13,397
Support services:				
Pupils	40,854	-	-	40,854
Instructional staff	70,249	-	-	70,249
Administration	60,039	-	-	60,039
Fiscal	-	-	9,097	9,097
Operation and maintenance of plant	-	-	11,600	11,600
Pupil transportation	-	-	118,416	118,416
Central	9,521	-	-	9,521
Operation of non-instructional services	1,694	-	-	1,694
Operation of food services	720,204	-	-	720,204
Extracurricular activities	116,720	-	-	116,720
Capital outlay	34,647	-	850,919	885,566
Debt service:				
Principal retirement	-	43,400	-	43,400
Interest and fiscal charges	-	12,261	-	12,261
Total expenditures	<u>1,536,909</u>	<u>55,661</u>	<u>1,049,040</u>	<u>2,641,610</u>
Net change in fund balances	2,386	-	(389,691)	(387,305)
Fund balances at beginning of year (restated)	320,585	4,703	648,000	973,288
Increase in reserve for inventory	5,327	-	-	5,327
Fund balances at end of year	<u>\$ 328,298</u>	<u>\$ 4,703</u>	<u>\$ 258,309</u>	<u>\$ 591,310</u>

Norton City School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2002

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Customer Service Rotary</u>	<u>Adult Education</u>	<u>Public School Support</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 127,439	\$ 63,591	\$ 21,174	\$ 10,676	\$ 52,766
<u>Receivables:</u>					
Intergovernmental	-	-	-	-	-
Prepaid items	8,655	-	-	-	-
Inventory held for resale	4,339	-	-	-	-
Materials and supplies inventory	988	-	-	-	-
Total assets	<u>\$ 141,421</u>	<u>\$ 63,591</u>	<u>\$ 21,174</u>	<u>\$ 10,676</u>	<u>\$ 52,766</u>
 <u>Liabilities and fund equity :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,301
Accrued wages	3,106	-	-	-	-
Interfund payable	-	-	-	-	-
Intergovernmental payable	1,377	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>4,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,301</u>
 <u>Fund equity:</u>					
<u>Fund balance:</u>					
Reserved for encumbrances	32,888	5,112	-	56	14,090
Reserved for inventory	5,327	-	-	-	-
Reserved for prepaid items	8,655	-	-	-	-
<u>Unreserved:</u>					
<u>Undesignated, reported in:</u>					
Special revenue funds	90,068	58,479	21,174	10,620	34,375
Total fund equity (deficit)	<u>136,938</u>	<u>63,591</u>	<u>21,174</u>	<u>10,676</u>	<u>48,465</u>
Total liabilities and fund equity	<u>\$ 141,421</u>	<u>\$ 63,591</u>	<u>\$ 21,174</u>	<u>\$ 10,676</u>	<u>\$ 52,766</u>

<u>Miscellaneous Local Grants</u>	<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>	<u>Teacher Development</u>	<u>Management Information System</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>
\$ 7,579	\$ 11,000	\$ 6,267	\$ -	\$ -	\$ -	\$ 4,142
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 7,579</u>	<u>\$ 11,000</u>	<u>\$ 6,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,142</u>
\$ -	\$ -	\$ 439	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
631	-	246	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,948</u>	<u>11,000</u>	<u>5,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,142</u>
<u>7,579</u>	<u>11,000</u>	<u>5,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,142</u>
<u>\$ 7,579</u>	<u>\$ 11,000</u>	<u>\$ 6,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,142</u>

(Continued)

Norton City School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2002

	<u>Ohio Reads</u>	<u>Summer Intervention</u>	<u>Miscellaneous State Grants</u>	<u>Eisenhower</u>	<u>Title VI-B</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 5,731	\$ -	\$ 15,872	\$ 215	\$ 8,370
<u>Receivables:</u>					
Intergovernmental	-	-	536	-	1,440
Prepaid items	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ 5,731</u>	<u>\$ -</u>	<u>\$ 16,408</u>	<u>\$ 215</u>	<u>\$ 9,810</u>
 <u>Liabilities and fund equity :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 1,884	\$ -	\$ -	\$ -	\$ 1,607
Accrued wages	-	-	-	-	-
Interfund payable	-	-	536	-	-
Intergovernmental payable	-	-	-	-	5,699
Deferred revenue	-	-	-	-	1,440
Total liabilities	<u>1,884</u>	<u>-</u>	<u>536</u>	<u>-</u>	<u>8,746</u>
 <u>Fund equity:</u>					
<u>Fund balance:</u>					
Reserved for encumbrances	1,847	-	-	96	548
Reserved for inventory	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-
<u>Unreserved:</u>					
<u>Undesignated, reported in:</u>					
Special revenue funds	2,000	-	15,872	119	516
Total fund equity (deficit)	<u>3,847</u>	<u>-</u>	<u>15,872</u>	<u>215</u>	<u>1,064</u>
Total liabilities and fund equity	<u>\$ 5,731</u>	<u>\$ -</u>	<u>\$ 16,408</u>	<u>\$ 215</u>	<u>\$ 9,810</u>

Title I	Title VI	Drug Free School Grant	EHA Preschool Grant	Reducing Class Size	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 4,165	\$ 6,256	\$ 3,016	\$ 53	\$ 4,425	\$ -	\$ 352,737
2,859	5,220	-	-	-	-	10,055
-	-	-	-	-	-	8,655
-	-	-	-	-	-	4,339
-	-	-	-	-	-	988
<u>\$ 7,024</u>	<u>\$ 11,476</u>	<u>\$ 3,016</u>	<u>\$ 53</u>	<u>\$ 4,425</u>	<u>\$ -</u>	<u>\$ 376,774</u>
\$ -	\$ 1,116	\$ -	\$ -	\$ -	\$ -	\$ 9,347
14,314	-	-	-	-	4,431	21,851
2,859	5,220	-	-	-	-	8,615
83	-	-	-	-	64	7,223
-	-	-	-	-	-	1,440
<u>17,256</u>	<u>6,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,495</u>	<u>48,476</u>
-	4,947	1,518	53	-	-	62,032
-	-	-	-	-	-	5,327
-	-	-	-	-	-	8,655
-	-	-	-	-	-	-
(10,232)	193	1,498	-	4,425	(4,495)	252,284
(10,232)	5,140	3,016	53	4,425	(4,495)	328,298
<u>\$ 7,024</u>	<u>\$ 11,476</u>	<u>\$ 3,016</u>	<u>\$ 53</u>	<u>\$ 4,425</u>	<u>\$ -</u>	<u>\$ 376,774</u>

Norton City School District

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Food Services	Uniform School Supplies	Customer Service Rotary	Adult Education	Public School Support
<u>Revenues:</u>					
Intergovernmental	\$ 183,262	\$ -	\$ -	\$ -	\$ -
Interest	4,229	-	-	-	-
Tuition and fees	-	70,950	-	-	-
Extracurricular activities	-	-	-	-	140,678
Gifts and donations	-	-	-	-	16,553
Customer services	536,241	-	-	3,400	-
Miscellaneous	15,000	-	-	-	-
Total revenues	<u>738,732</u>	<u>70,950</u>	<u>-</u>	<u>3,400</u>	<u>157,231</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	51,984	-	-	150,652
Special	-	58	-	-	-
Vocational	-	13,397	-	-	-
Support services:					
Pupils	-	-	-	-	-
Instructional staff	-	-	-	101	5,183
Administration	-	-	-	-	3,041
Central	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Operation of food services	720,204	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>720,204</u>	<u>65,439</u>	<u>-</u>	<u>101</u>	<u>158,876</u>
Net change in fund balances	18,528	5,511	-	3,299	(1,645)
Fund balances (deficit) at beginning-restated of year (restated)	113,083	58,080	21,174	7,377	50,110
Increase in reserve for inventory	5,327	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 136,938</u>	<u>\$ 63,591</u>	<u>\$ 21,174</u>	<u>\$ 10,676</u>	<u>\$ 48,465</u>

<u>Miscellaneous Local Grants</u>	<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>	<u>Teacher Development</u>	<u>Management Information System</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,521	\$ 21,000	\$ 4,142
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	98,159	-	-	-	-
-	-	2,695	-	-	-	-
-	-	-	-	-	-	-
-	-	10,279	-	-	-	-
-	-	111,133	-	9,521	21,000	4,142
170	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,994	-	-	4,000
-	-	-	-	9,521	-	-
-	-	398	-	-	-	-
-	-	116,720	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	34,647	-
170	-	117,118	3,994	9,521	34,647	4,000
(170)	-	(5,985)	(3,994)	-	(13,647)	142
7,749	11,000	11,813	3,994	-	13,647	4,000
-	-	-	-	-	-	-
<u>\$ 7,579</u>	<u>\$ 11,000</u>	<u>\$ 5,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,142</u>

(Continued)

Norton City School District

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Ohio Reads	Summer Intervention	Miscellaneous State Grants	Eisenhower	Title VI-B
<u>Revenues:</u>					
Intergovernmental	\$ 23,000	\$ 15,566	\$ 16,136	\$ 9,281	\$ 157,181
Interest	-	-	-	-	-
Tuition and fees	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Customer services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>23,000</u>	<u>15,566</u>	<u>16,136</u>	<u>9,281</u>	<u>157,181</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	22,176	15,566	19,165	-	-
Special	-	-	-	-	26,869
Vocational	-	-	-	-	-
Support services:					
Pupils	-	-	-	4,008	36,846
Instructional staff	-	-	-	8,172	35,692
Administration	-	-	-	-	56,998
Central	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Operation of food services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>22,176</u>	<u>15,566</u>	<u>19,165</u>	<u>12,180</u>	<u>156,405</u>
Net change in fund balance	824	-	(3,029)	(2,899)	776
Fund balances (deficit) at beginning-restated of year (restated)	3,023	-	18,901	3,114	288
Increase in reserve for inventory	-	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 3,847</u>	<u>\$ -</u>	<u>\$ 15,872</u>	<u>\$ 215</u>	<u>\$ 1,064</u>

Title I	Title VI	Drug Free School Grant	EHA Preschool Grant	Reducing Class Size	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 130,424	\$ 19,013	\$ 9,662	\$ 8,098	\$ 34,825	\$ -	\$ 641,111
-	-	-	-	-	-	4,229
-	-	-	-	-	-	70,950
-	-	-	-	-	-	238,837
-	-	-	-	-	-	19,248
-	-	-	-	-	-	539,641
-	-	-	-	-	-	25,279
<u>130,424</u>	<u>19,013</u>	<u>9,662</u>	<u>8,098</u>	<u>34,825</u>	<u>-</u>	<u>1,539,295</u>
-	5,963	6,821	-	30,400	8,257	311,154
126,251	-	-	5,252	-	-	158,430
-	-	-	-	-	-	13,397
-	-	-	-	-	-	40,854
933	7,591	-	3,266	-	1,317	70,249
-	-	-	-	-	-	60,039
-	-	-	-	-	-	9,521
1,296	-	-	-	-	-	1,694
-	-	-	-	-	-	116,720
-	-	-	-	-	-	720,204
-	-	-	-	-	-	34,647
<u>128,480</u>	<u>13,554</u>	<u>6,821</u>	<u>8,518</u>	<u>30,400</u>	<u>9,574</u>	<u>1,536,909</u>
1,944	5,459	2,841	(420)	4,425	(9,574)	2,386
(12,176)	(319)	175	473	-	5,079	320,585
-	-	-	-	-	-	5,327
<u>\$ (10,232)</u>	<u>\$ 5,140</u>	<u>\$ 3,016</u>	<u>\$ 53</u>	<u>\$ 4,425</u>	<u>\$ (4,495)</u>	<u>\$ 328,298</u>

Norton City School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2002

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 242,378	\$ 25	\$ 242,403
Cash and cash equivalents:			
In segregated accounts	24,253	-	24,253
Receivables:			
Taxes	617,730	-	617,730
Total assets	<u>\$ 884,361</u>	<u>\$ 25</u>	<u>\$ 884,386</u>
<u>Liabilities and fund equity :</u>			
<u>Liabilities:</u>			
Retainage payable	\$ 24,253	\$ -	\$ 24,253
Deferred revenue	601,824	-	601,824
Total liabilities	<u>626,077</u>	<u>-</u>	<u>626,077</u>
<u>Fund equity:</u>			
Fund balance:			
Reserved for encumbrances	224,346	25	224,371
Unreserved:			
Undesignated, reported in:			
Capital projects funds	33,938	-	33,938
Total fund equity	<u>258,284</u>	<u>25</u>	<u>258,309</u>
Total liabilities and fund equity	<u>\$ 884,361</u>	<u>\$ 25</u>	<u>\$ 884,386</u>

Norton City School District

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>			
Taxes	\$ 582,777	\$ -	\$ 582,777
Intergovernmental	76,572	-	76,572
Total revenues	<u>659,349</u>	<u>-</u>	<u>659,349</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	54,583	54,583
Special	4,425	-	4,425
Support services:			
Fiscal	9,097	-	9,097
Operation and maintenance of plant	11,600	-	11,600
Pupil transportation	118,416	-	118,416
Capital outlay	<u>808,524</u>	<u>42,395</u>	<u>850,919</u>
Total expenditures	<u>952,062</u>	<u>96,978</u>	<u>1,049,040</u>
Net change in fund balances	(292,713)	(96,978)	(389,691)
Fund balances at beginning of year	<u>550,997</u>	<u>97,003</u>	<u>648,000</u>
Fund balances at end of year	<u>\$ 258,284</u>	<u>\$ 25</u>	<u>\$ 258,309</u>

Norton City School District

Statement of Changes in Assets and Liabilities

Agency Fund

For the Fiscal Year Ended June 30, 2002

	<u>Beginning Balance July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance June 30, 2002</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 52,721	\$ 5,052	\$ -	\$ 57,773
<u>Liabilities:</u>				
Accounts payable	\$ 60	\$ -	\$ 60	\$ -
Due to students	52,661	5,112	-	57,773
Total liabilities	\$ 52,721	\$ 5,112	\$ 60	\$ 57,773

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

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 6,818,522	\$ 6,818,522	\$ -
Intergovernmental	9,190,531	9,190,531	-
Interest	147,681	132,700	(14,981)
Tuition and fees	194,892	139,170	(55,722)
Rent	4,900	2,415	(2,485)
Gifts and donations	13,326	6,995	(6,331)
Miscellaneous	206,939	98,996	(107,943)
Total revenues	16,576,791	16,389,329	(187,462)
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	6,048,785	5,679,253	369,532
Fringe benefits	2,044,005	1,911,414	132,591
Purchased services	88,720	87,564	1,156
Materials and supplies	350,819	343,597	7,222
Capital outlay - new	30,511	28,529	1,982
Capital outlay - replacement	9,104	8,609	495
Other	12,047	4,424	7,623
Total regular	8,583,991	8,063,390	520,601
Special:			
Salaries and wages	795,316	749,252	46,064
Fringe benefits	391,756	361,336	30,420
Purchased services	167,097	116,368	50,729
Materials and supplies	12,816	12,058	758
Capital outlay - new	780	677	103
Total special	1,367,765	1,239,691	128,074
Vocational:			
Salaries and wages	487,028	459,076	27,952
Fringe benefits	163,370	153,292	10,078
Purchased services	86,995	68,900	18,095
Materials and supplies	26,872	26,609	263
Capital outlay - new	12,971	11,734	1,237
Other	26	26	-
Total vocational	777,262	719,637	57,625
Adult/continuing:			
Salaries and wages	4,164	4,164	-
Other:			
Purchased services	40,274	35,222	5,052
Total instruction	10,773,456	10,062,104	711,352

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
Support services:			
Pupils:			
Salaries and wages	638,012	601,374	36,638
Fringe benefits	225,015	207,122	17,893
Purchased services	46,215	46,038	177
Materials and supplies	4,832	4,285	547
Capital outlay - new	16,777	16,458	319
Total pupils	<u>930,851</u>	<u>875,277</u>	<u>55,574</u>
Instructional staff:			
Salaries and wages	409,062	385,565	23,497
Fringe benefits	102,212	92,844	9,368
Purchased services	50,179	49,544	635
Materials and supplies	58,653	55,719	2,934
Capital outlay - new	52,272	52,146	126
Capital outlay - replacement	8,926	8,780	146
Other	51,969	51,768	201
Total instructional staff	<u>733,273</u>	<u>696,366</u>	<u>36,907</u>
Board of education:			
Salaries and wages	7,680	7,680	-
Fringe benefits	2,578	2,356	222
Purchased services	8,516	8,501	15
Materials and supplies	50	29	21
Other	12,517	12,500	17
Total board of education	<u>31,341</u>	<u>31,066</u>	<u>275</u>
Administration:			
Salaries and wages	973,944	918,040	55,904
Fringe benefits	322,591	299,519	23,072
Purchased services	166,899	159,866	7,033
Materials and supplies	27,783	27,410	373
Capital outlay - new	10,348	10,025	323
Capital outlay - replacement	2,511	2,278	233
Other	3,031	1,837	1,194
Total administration	<u>1,507,107</u>	<u>1,418,975</u>	<u>88,132</u>
Fiscal:			
Salaries and wages	234,061	220,632	13,429
Fringe benefits	100,009	92,692	7,317
Purchased services	15,113	12,411	2,702
Materials and supplies	6,952	5,595	1,357
Capital outlay - new	9,904	9,801	103
Capital outlay - replacement	10,625	10,544	81
Other	154,174	148,557	5,617
Total fiscal	<u>530,838</u>	<u>500,232</u>	<u>30,606</u>

(Continued)

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
Business:			
Salaries and wages	110,827	104,465	6,362
Fringe benefits	31,687	29,774	1,913
Purchased services	202,094	198,978	3,116
Materials and supplies	4,893	4,801	92
Capital outlay - replacement	3,875	3,874	1
Total business	353,376	341,892	11,484
Operation and maintenance of plant:			
Salaries and wages	815,712	767,900	47,812
Fringe benefits	330,397	309,951	20,446
Purchased services	636,872	623,526	13,346
Materials and supplies	152,015	141,551	10,464
Capital outlay - new	7,660	7,652	8
Capital outlay - replacement	4,291	4,188	103
Total operation and maintenance of plant	1,946,947	1,854,768	92,179
Pupil transportation:			
Salaries and wages	536,291	505,525	30,766
Fringe benefits	191,623	177,023	14,600
Purchased services	50,502	48,925	1,577
Materials and supplies	231,282	230,445	837
Capital outlay - new	9,958	8,958	1,000
Capital outlay - replacement	122,315	121,712	603
Total pupil transportation	1,141,971	1,092,588	49,383
Central:			
Salaries and wages	31,716	31,715	1
Fringe benefits	18,107	18,055	52
Purchased services	780	747	33
Materials and supplies	880	861	19
Total central	51,483	51,378	105
Total support services	7,227,187	6,862,542	364,645
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	44,042	43,164	878
Fringe benefits	5,682	5,593	89
Total academic and subject oriented activities	49,724	48,757	967

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
Sports oriented activities:			
Salaries and wages	204,338	204,328	10
Fringe benefits	30,014	29,701	313
Purchased services	20,162	19,242	920
Materials and supplies	15,787	15,787	-
Capital outlay - new	80,000	80,000	-
Other	1,702	1,702	-
Total sports oriented activities	352,003	350,760	1,243
School and public service co-curricular activities:			
Purchased services	2,500	2,500	-
Total extracurricular activities	404,227	402,017	2,210
Capital outlay:			
Architecture and engineering services:			
Purchased services	62,982	62,597	385
Building improvement services:			
Purchased services	4,006	-	4,006
Other Facilities acquisition and construction services:			
Capital outlay - new	2,900	2,859	41
Total capital outlay	69,888	65,456	4,432
Total expenditures	18,474,758	17,392,119	1,082,639
Excess of revenues under expenditures	(1,897,967)	(1,002,790)	895,177
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	11,277	11,277	-
Refund of prior year receipts	(1,626)	(565)	1,061
Advances in	6,282	6,282	-
Advances out	(8,615)	(8,615)	-
Total other financing sources (uses)	7,318	8,379	1,061
Net change in fund balance	(1,890,649)	(994,411)	896,238
Fund balance at beginning of year (restated)	3,233,172	3,233,172	-
Prior year encumbrances appropriated	475,295	475,295	-
Fund balance at end of year	\$ 1,817,818	\$ 2,714,056	\$ 896,238

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Food Services Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 110,644	\$ 135,414	\$ 24,770
Interest	7,477	4,229	(3,248)
Charges for services	512,827	536,241	23,414
Miscellaneous	15,000	15,000	-
Total revenues	<u>645,948</u>	<u>690,884</u>	<u>44,936</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Food service operations:			
Salaries and wages	247,665	228,986	18,679
Fringe benefits	130,340	121,945	8,395
Purchased services	12,902	12,111	791
Materials and supplies	339,803	321,204	18,599
Capital outlay - new	15,003	14,616	387
Capital outlay - replacement	14,969	13,838	1,131
Other	1,633	-	1,633
Total expenditures	<u>762,315</u>	<u>712,700</u>	<u>49,615</u>
Net change in fund balance	(116,367)	(21,816)	94,551
Fund balance at beginning of year	76,000	76,000	-
Prior year encumbrances appropriated	40,367	40,367	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 94,551</u>	<u>\$ 94,551</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 69,547	\$ 70,950	\$ 1,403
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	200	-	200
Materials and supplies	105,631	58,833	46,798
Total regular	105,831	58,833	46,998
Special:			
Materials and supplies	275	58	217
Vocational:			
Materials and supplies	23,668	13,808	9,860
Total expenditures	129,774	72,699	57,075
Net change in fund balance	(60,227)	(1,749)	58,478
Fund balance at beginning of year	55,557	55,557	-
Prior year encumbrances appropriated	4,670	4,670	-
Fund balance at end of year	\$ -	\$ 58,478	\$ 58,478

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Customer Service Rotary Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational:			
Materials and supplies	20,029	-	20,029
Capital outlay - new	1,145	-	1,145
Total expenditures	21,174	-	21,174
Net change in fund balance	(21,174)	-	21,174
Fund balance at beginning of year	21,174	21,174	-
Fund balance at end of year	\$ -	\$ 21,174	\$ 21,174

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Adult Education Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 1,940	\$ 3,400	\$ 1,460
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Purchased services	4,390	-	4,390
Materials and supplies	4,405	88	4,317
Other	522	69	453
Total expenditures	9,317	157	9,160
Net change in fund balance	(7,377)	3,243	10,620
Fund balance at beginning of year	7,289	7,289	-
Prior year encumbrances appropriated	88	88	-
Fund balance at end of year	\$ -	\$ 10,620	\$ 10,620

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
Revenues:			
Extracurricular activities	\$ 114,447	\$ 141,609	\$ 27,162
Gifts and donations	16,553	16,553	-
Total revenues	<u>131,000</u>	<u>158,162</u>	<u>27,162</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased services	83,693	83,693	-
Materials and supplies	62,951	62,951	-
Capital outlay - new	700	700	-
Other	19,676	19,676	-
Total instruction	<u>167,020</u>	<u>167,020</u>	<u>-</u>
Support services:			
Instructional staff:			
Materials and supplies	7,102	5,221	1,881
Administration:			
Purchased services	2,884	181	2,703
Materials and supplies	2,617	-	2,617
Capital outlay - new	2,860	2,860	-
Total administration	<u>8,361</u>	<u>3,041</u>	<u>5,320</u>
Pupil transportation:			
Materials and supplies	12	-	12
Total support services	<u>15,475</u>	<u>8,262</u>	<u>7,213</u>
Total expenditures	<u>182,495</u>	<u>175,282</u>	<u>7,213</u>
Net change in fund balance	(51,495)	(17,120)	34,375
Fund balance at beginning of year	48,469	48,469	-
Prior year encumbrances appropriated	3,026	3,026	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 34,375</u>	<u>\$ 34,375</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Miscellaneous Local Grants Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	200	170	30
Materials and supplies	250	30	220
Capital outlay - new	651	601	50
Total regular	<u>1,101</u>	<u>801</u>	<u>300</u>
Adult/continuing:			
Capital outlay - new	6,648	-	6,648
Total expenditures	<u>7,749</u>	<u>801</u>	<u>6,948</u>
Net change in fund balance	(7,749)	(801)	6,948
Fund balance at beginning of year	7,118	7,118	-
Prior year encumbrances appropriated	631	631	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 6,948</u>	<u>\$ 6,948</u>

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Underground Storage Tanks Fund
 For the Fiscal Year Ended June 30, 2002

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

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 92,026	\$ 98,159	\$ 6,133
Gifts and donations	2,695	2,695	-
Miscellaneous	10,279	10,279	-
Total revenues	105,000	111,133	6,133
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Enterprise operations:			
Materials and supplies	398	398	-
Extracurricular activities:			
Sports oriented activities:			
Salaries and wages	5,115	5,666	(551)
Fringe benefits	14	14	-
Purchased services	64,883	64,883	-
Materials and supplies	13,972	13,972	-
Capital outlay - replacement	1,765	1,765	-
Other	33,122	33,122	-
Total extracurricular activities	118,871	119,422	(551)
Total expenditures	119,269	119,820	(551)
Net change in fund balance	(14,269)	(8,687)	5,582
Fund balance at beginning of year	11,051	11,051	-
Prior year encumbrances appropriated	3,218	3,218	-
Fund balance at end of year	\$ -	\$ 5,582	\$ 5,582

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Teacher Development Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	1,161	1,161	-
Fringe benefits	361	361	-
Purchased services	1,500	1,500	-
Materials and supplies	972	972	-
Total expenditures	3,994	3,994	-
Net change in fund balance	(3,994)	(3,994)	-
Fund balance at beginning of year	3,994	3,994	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Management Information System Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,521	\$ 9,521	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Salaries and wages	9,521	9,521	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Data Communications Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 21,000	\$ 21,000	\$ -
<u>Expenditures:</u>			
Capital outlay:			
Facilities acquisition and construction services:			
Site improvement services:			
Capital outlay - new	39,000	39,000	-
Net change in fund balance	(18,000)	(18,000)	-
Fund balance at beginning of year	9,475	9,475	-
Prior year encumbrances appropriated	8,525	8,525	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 School Net Professional Development Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 4,142	\$ 4,142	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	2,593	2,593	-
Fringe benefits	407	407	-
Purchased services	5,142	1,000	4,142
Total expenditures	8,142	4,000	4,142
Net change in fund balance	(4,000)	142	4,142
Fund balance at beginning of year	4,000	4,000	-
Fund balance at end of year	\$ -	\$ 4,142	\$ 4,142

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Ohio Reads Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 23,000	\$ 23,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	10,275	8,275	2,000
Purchased services	5,374	5,374	-
Materials and supplies	16,249	16,249	-
Total expenditures	31,898	29,898	2,000
Net change in fund balance	(8,898)	(6,898)	2,000
Fund balance at beginning of year	1,000	1,000	-
Prior year encumbrances appropriated	7,898	7,898	-
Fund balance at end of year	\$ -	\$ 2,000	\$ 2,000

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Summer Intervention Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 15,566	\$ 15,566	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	13,187	13,187	-
Fringe benefits	2,037	2,037	-
Materials and supplies	342	342	-
Total expenditures	15,566	15,566	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 16,136	\$ 15,600	\$ (536)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	28,497	16,648	11,849
Fringe benefits	6,540	2,517	4,023
Total expenditures	35,037	19,165	15,872
Excess of revenues under expenditures	(18,901)	(3,565)	15,336
<u>Other financing sources:</u>			
Advances in	-	536	536
Net change in fund balance	(18,901)	(3,029)	15,872
Fund balance at beginning of year	18,900	18,900	-
Prior year encumbrances appropriated	1	1	-
Fund balance at end of year	\$ -	\$ 15,872	\$ 15,872

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Eisenhower Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,281	\$ 9,281	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Materials and supplies	4,197	4,078	119
Instructional staff:			
Salaries and wages	5,648	5,648	-
Fringe benefits	550	550	-
Purchased services	2,000	2,000	-
Total instructional staff	8,198	8,198	-
Total expenditures	12,395	12,276	119
Net change in fund balance	(3,114)	(2,995)	119
Fund balance at beginning of year	3,114	3,114	-
Fund balance at end of year	\$ -	\$ 119	\$ 119

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 157,181	\$ 157,181	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Materials and supplies	2,293	2,293	-
Capital outlay - new	24,686	24,597	89
Total instruction	26,979	26,890	89
Support services:			
Pupils:			
Purchased services	30,582	30,343	239
Materials and supplies	5,159	5,159	-
Capital outlay - new	1,679	1,679	-
Total pupils	37,420	37,181	239
Instructional staff:			
Salaries and wages	28,469	28,469	-
Fringe benefits	5,831	5,831	-
Purchased services	1,509	1,509	-
Total instructional staff	35,809	35,809	-
Administration:			
Salaries and wages	44,500	44,500	-
Fringe benefits	7,850	7,850	-
Purchased services	2,523	2,176	347
Materials and supplies	2,014	2,014	-
Capital outlay - new	814	814	-
Total administration	57,701	57,354	347
Total support services	130,930	130,344	586
Total expenditures	157,909	157,234	675
Net change in fund balance	(728)	(53)	675
Fund balance at beginning of year	281	281	-
Prior year encumbrances appropriated	447	447	-
Fund balance at end of year	\$ -	\$ 675	\$ 675

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 127,565	\$ 127,565	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	118,557	114,393	4,164
Fringe benefits	5,751	5,751	-
Materials and supplies	1,657	1,657	-
Total instruction	125,965	121,801	4,164
Support services:			
Instructional staff:			
Salaries and wages	4,000	4,000	-
Fringe benefits	640	640	-
Total support services	4,640	4,640	-
Operation of non-instructional services:			
Community services:			
Purchased services	1,296	1,296	-
Total expenditures	131,901	127,737	4,164
Excess of revenues under expenditures	(4,336)	(172)	4,164
<u>Other financing sources:</u>			
Advances in	2,859	2,859	-
Net change in fund balance	(1,477)	2,687	4,164
Fund balance at beginning of year	1,304	1,304	-
Prior year encumbrances appropriated	173	173	-
Fund balance at end of year	\$ -	\$ 4,164	\$ 4,164

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Title VI Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 13,794	\$ 13,793	\$ (1)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	7,570	7,570	-
Support services:			
Instructional staff:			
Salaries and wages	3,456	3,456	-
Fringe benefits	544	544	-
Purchased services	732	538	194
Materials and supplies	8,000	8,000	-
Total instructional staff	12,732	12,538	194
Total expenditures	20,302	20,108	194
Excess of revenues under expenditures	(6,508)	(6,315)	193
<u>Other financing sources (uses):</u>			
Advances in	5,220	5,220	-
Advances out	(6,282)	(6,282)	-
Total other financing sources (uses)	(1,062)	(1,062)	-
Net change in fund balance	(7,570)	(7,377)	193
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	7,570	7,570	-
Fund balance at end of year	\$ -	\$ 193	\$ 193

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Drug Free School Grant Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,662	\$ 9,662	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	5,500	5,500	-
Fringe benefits	1,146	1,146	-
Purchased services	175	175	-
Materials and supplies	3,016	1,518	1,498
Total expenditures	9,837	8,339	1,498
Net change in fund balance	(175)	1,323	1,498
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	175	175	-
Fund balance at end of year	\$ -	\$ 1,498	\$ 1,498

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 EHA Preschool Grant Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 8,098	\$ 8,098	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Materials and supplies	1,485	1,485	-
Capital outlay - new	4,032	4,032	-
Total special	5,517	5,517	-
Support services:			
Instructional staff:			
Salaries and wages	3,266	3,266	-
Total expenditures	8,783	8,783	-
Net change in fund balance	(685)	(685)	-
Fund balance at beginning of year	9	9	-
Prior year encumbrances appropriated	676	676	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Reducing Class Size Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 34,885	\$ 34,825	\$ (60)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	25,332	22,075	3,257
Fringe benefits	9,553	8,325	1,228
Total expenditures	34,885	30,400	4,485
Net change in fund balance	-	4,425	4,425
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 4,425	\$ 4,425

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Miscellaneous Federal Grants Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	6,322	6,322	-
Fringe benefits	1,606	1,606	-
Total instruction	7,928	7,928	-
Support services:			
Instructional staff:			
Salaries and wages	1,000	1,000	-
Purchased services	317	317	-
Total support services	1,317	1,317	-
Total expenditures	9,245	9,245	-
Net change in fund balance	(9,245)	(9,245)	-
Fund balance at beginning of year	9,245	9,245	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Bond Retirement Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 55,661	\$ 55,661	\$ -
<u>Expenditures:</u>			
Debt service:			
Principal retirement	43,790	43,400	390
Interest and fiscal charges	16,574	12,261	4,313
Total expenditures	60,364	55,661	4,703
Net change in fund balance	(4,703)	-	4,703
Fund balance at beginning of year	4,703	4,703	-
Fund balance at end of year	\$ -	\$ 4,703	\$ 4,703

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 584,434	\$ 590,824	\$ 6,390
Intergovernmental	82,477	76,572	(5,905)
Total revenues	<u>666,911</u>	<u>667,396</u>	<u>485</u>
Expenditures:			
Current:			
Instruction:			
Special:			
Capital outlay - new	<u>4,425</u>	<u>4,425</u>	<u>-</u>
Support services:			
Fiscal:			
Other	<u>9,097</u>	<u>9,097</u>	<u>-</u>
Operation and maintenance of plant:			
Capital outlay - new	11,600	11,600	-
Capital outlay - replacement	<u>1,150</u>	<u>1,150</u>	<u>-</u>
Total operation and maintenance of plant	<u>12,750</u>	<u>12,750</u>	<u>-</u>
Pupil transportation:			
Capital outlay - new	103,762	103,762	-
Capital outlay - replacement	<u>54,295</u>	<u>36,906</u>	<u>17,389</u>
Total pupil transportation	<u>158,057</u>	<u>140,668</u>	<u>17,389</u>
Total support services	<u>179,904</u>	<u>162,515</u>	<u>17,389</u>
Capital outlay:			
Site improvement services:			
Capital outlay - new	475,275	475,193	82
Capital outlay - replacement	<u>13,811</u>	<u>13,811</u>	<u>-</u>
Total site improvement services	<u>489,086</u>	<u>489,004</u>	<u>82</u>
Other Facilities acquisition and construction services:			
Capital outlay - new	32,816	32,816	-
Capital outlay - replacement	<u>497,420</u>	<u>497,344</u>	<u>76</u>
Total other facilities acquisition and construction services	<u>530,236</u>	<u>530,160</u>	<u>76</u>
Total capital outlay	<u>1,019,322</u>	<u>1,019,164</u>	<u>158</u>
Total expenditures	<u>1,203,651</u>	<u>1,186,104</u>	<u>17,547</u>
Net change in fund balance	(536,740)	(518,708)	18,032
Fund balance at beginning of year	490,552	490,552	-
Prior year encumbrances appropriated	46,188	46,188	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 18,032</u>	<u>\$ 18,032</u>

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 SchoolNet Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	224	224	-
Materials and supplies	5,157	5,157	-
Capital outlay - new	119,339	119,339	-
Total instruction	124,720	124,720	-
Capital outlay:			
Facilities acquisition and construction services:			
Site improvement services:			
Capital outlay - new	42,395	42,395	-
Total expenditures	167,115	167,115	-
Net change in fund balance	(167,115)	(167,115)	-
Fund balance at beginning of year	86,387	86,387	-
Prior year encumbrances appropriated	80,728	80,728	-
Fund balance at end of year	\$ -	\$ -	\$ -

Norton City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 Self Insurance Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 2,011,555	\$ 2,226,315	\$ 214,760
Interest	14,300	18,832	4,532
Total revenues	<u>2,025,855</u>	<u>2,245,147</u>	<u>219,292</u>
<u>Expenses:</u>			
Purchased services:			
Central support services	<u>2,924,143</u>	<u>2,075,265</u>	<u>848,878</u>
Net change in fund balance	(898,288)	169,882	1,068,170
Fund balance at beginning of year	<u>898,288</u>	<u>898,288</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,068,170</u>	<u>\$ 1,068,170</u>

Norton City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) and Actual
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 583	\$ 7,696	\$ 7,113
Gifts and donations	51,415	51,415	-
Total revenues	<u>51,998</u>	<u>59,111</u>	<u>7,113</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Other	<u>87,765</u>	<u>11,800</u>	<u>75,965</u>
Net change in fund balance (restated)	(35,767)	47,311	83,078
Fund balance at beginning of year	<u>35,767</u>	<u>35,767</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 83,078</u>	<u>\$ 83,078</u>

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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, 2002	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999
Revenues:				
Taxes	\$ 7,378,369	\$ 7,368,737	\$ 6,931,423	\$ 7,088,311
Intergovernmental	10,221,987	8,787,464	8,556,448	7,930,250
Interest	136,929	320,425	321,810	247,073
Tuition and fees	265,164	355,139	146,249	232,262
Extracurricular activities	238,837	193,290	180,012	158,845
Gifts and donations	26,243	71,967	13,305	-
Charges for services	539,641	-	-	-
Rent	2,415	9,073	-	-
Miscellaneous	124,778	76,745	99,517	169,596
Total revenues	\$ 18,934,363	\$ 17,182,840	\$ 16,248,764	\$ 15,826,337
Expenditures:				
Current:				
Instruction:				
Regular	\$ 8,697,751	\$ 8,259,175	\$ 7,325,399	\$ 6,813,089
Special	1,381,199	1,313,992	1,113,521	1,052,907
Vocational	722,660	640,602	507,387	611,958
Adult/continuing	4,146	17,189	15,835	9,672
Other	35,787	34,532	27,373	-
Support services:				
Pupils	934,375	710,539	634,511	512,235
Instructional staff	750,519	632,444	730,814	473,678
Board of education	28,098	15,006	24,176	19,081
Administration	1,456,769	1,312,524	1,178,060	1,128,782
Fiscal	496,683	430,129	470,814	403,386
Business	297,993	388,122	258,196	281,573
Operation and maintenance of plant	1,772,897	1,674,486	1,636,887	1,333,538
Pupil transportation	1,179,126	875,637	899,240	741,979
Central	59,904	49,219	7,195	7,119
Operation of non-instructional services	1,694	13,484	11,570	9,347
Extracurricular activities	439,060	424,299	386,554	346,942
Operation of food services	720,204	-	-	-
Capital outlay	931,824	538,950	1,003,816	511,031
Debt service	91,460	93,911	60,565	63,017
Total expenditures	\$ 20,002,149	\$ 17,424,240	\$ 16,291,913	\$ 14,319,334

Source: School District financial records.

Note: General Governmental includes all governmental funds and expendable trust fund (FY1993-FY2001).

General Governmental includes all governmental funds (FY2002), which have been redefined with the implementation of GASB Statement No. 34.

Governmental fund types include the General, Special Revenue, Debt Service and Capital Projects fund types.

(1) 1993 through 1996 reported on a cash basis, 1997-2002 on a modified accrual GAAP basis.

Full accrual basis will be reported when there are enough years of information available to make comparisons.

Fiscal Year Ended June 30, 1998	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
\$ 6,701,222	\$ 6,432,707	\$ 5,720,534	\$ 5,079,251	\$ 4,893,367	\$ 4,740,783
7,413,515	7,014,244	6,282,663	5,669,661	5,526,745	5,341,920
157,888	118,911	111,639	102,587	66,286	63,968
197,069	175,239	13,975	80,380	80,054	92,905
146,710	152,561	110,193	92,749	96,485	80,421
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
160,730	111,102	158,610	79,407	61,986	49,034
<u>\$ 14,777,134</u>	<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>
\$ 6,932,488	\$ 6,281,782	\$ 5,779,762	\$ 5,536,567	\$ 5,212,505	\$ 4,779,140
982,493	1,013,884	940,604	851,512	803,454	715,625
677,539	650,805	636,943	585,837	572,304	557,024
17,318	1,818	-	-	-	-
-	-	-	-	-	-
480,932	479,455	407,180	418,952	387,504	324,189
351,553	331,534	255,535	207,974	220,241	202,803
14,456	23,144	15,906	23,211	16,995	11,431
993,579	963,244	842,648	843,687	754,797	743,356
390,357	298,796	336,653	284,312	378,315	354,581
165,808	226,293	228,129	282,696	267,947	274,216
1,374,875	1,245,964	1,186,926	1,227,119	1,177,755	1,100,479
775,043	663,761	685,048	515,462	603,759	579,763
6,802	6,596	6,751	6,282	5,904	5,789
22,880	8,473	8,587	2,532	2,470	2,440
285,750	326,543	244,445	205,006	213,766	198,993
-	-	-	-	-	-
112,200	885,275	704,021	213,227	149,717	88,443
65,469	68,738	-	51,500	54,500	57,500
<u>\$ 13,649,542</u>	<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>

Norton City School District

Property Tax Levies and Collections (1)

Last Ten Calendar Years

<u>Year (2)</u>	<u>Current Levy</u>	<u>Delinquent Levy (3)</u>	<u>Total Levy</u>	<u>Current Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection as a Percent of Total Levy</u>	<u>Delinquent Taxes Receivable</u>
2001	\$ 8,400,858	\$ 633,570	\$ 9,034,428	\$ 8,113,663	96.58%	\$ 264,795	\$ 8,378,458	92.74%	\$ 655,970
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

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

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

(2) Represents collection year. 2002 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
2002	\$ 218,902,330	\$ 625,435,229	\$ 8,294,520	\$ 9,425,591	\$ 20,398,661	\$ 81,594,644	\$ 247,595,511	\$ 716,455,463
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

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

- (1) 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 25% of actual value.

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>
2002	55.00	10.00	14.65	13.07	1.35	94.07
2001	55.00	10.00	14.65	13.07	1.39	94.11
2000	55.00	10.00	14.65	12.27	1.39	93.31
1999	55.00	10.00	14.65	12.27	1.79	93.71
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

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

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

(2) The City of Barberton now has overlapping valuations, therefore this includes 6.5 from the City of Norton and 3.5 from the City of Barberton (1999-2002 only).

Norton City School District

Computation of Legal Debt Margin

June 30, 2002

Assessed Valuation (2001)	<u>\$ 247,595,511</u>
Bonded Debt Limit - 9% of Assessed Value (1)	22,283,596
Outstanding debt:	
Energy Conservation Bonds	173,600
Amount of debt applicable to debt limit	173,600
Voted Debt Margin	<u>\$ 22,109,996</u>
Bonded Debt Limit - .10% of Assessed Value (1)	247,596
Outstanding debt:	
Energy Conservation Bonds	173,600
Less exemptions:	
Energy Conservation Bonds	<u>173,600</u>
Amount of debt applicable to debt limit	-
Unvoted Debt Margin	<u>\$ 247,596</u>

Source: Summit County Fiscal Officer 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</u>	<u>Assessed Value</u>	<u>Population (1)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2002	\$ 168,897	\$ 247,595,511	11,523	0.07%	\$14.66
2001	212,297	246,258,161	11,523	0.09%	18
2000	255,697	242,998,049	11,523	0.11%	22.19
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

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

(1) Population data for 1993 through 1999 was assumed to be the same as the 1990 census.
Population data for 2001 through 2002 was assumed to be the same as the 2000 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

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Governmental Expenditures (Percentages)
2002	\$ 43,400	\$ 12,261	\$ 55,661	\$ 20,002,149	0.28%
2001	43,400	14,713	58,113	17,424,240	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%

Source: School District records and School District audit reports.

Note: Total Governmental Expenditures are reported on the modified accrual GAAP basis.

Full accrual basis will be reported when there are enough years of information available to make comparisons.

Total Governmental includes all governmental funds and expendable trust fund (FY1993-FY2001).

Total Governmental includes all governmental funds (FY2002), which have been redefined with the implementation of GASB Statement No. 34.

Governmental fund types include the General, Special Revenue, Debt Service and Capital Projects fund types.

Norton City School District

Demographic Statistics

<u>Selected Population Characteristic</u>	<u>2000</u>	<u>1990</u>
<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

<u>Year</u>	<u>Total Assessed Values</u>	<u>Certified Bank Deposits</u>	<u>Value of Building Permits Issued</u>
2001	\$ 247,595,511	\$ 7,870,201,000	\$ 5,761,270
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

Sources:

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

Norton City School District

Principal Taxpayers

Top Taxpayers	Assessed Valuations					Percent of Total	Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total			Real Property	Tangible Personal	Public Utility (1)	Total
Fred Martin Motor Company	\$ -	\$ 3,679,870	\$ -	\$ 3,679,870	1.49%	\$ -	\$ 4,181,670	\$ -	\$ 4,181,670	
Ohio Edison	-	-	3,513,590	3,513,590	1.42%	-	-	14,054,360	14,054,360	
PPG Industries	-	3,340,720	-	3,340,720	1.35%	-	3,796,273	-	3,796,273	
B&C Corp	1,333,230	1,965,870	-	3,299,100	1.33%	3,809,229	2,233,943	-	6,043,172	
Columbia Woods Apt. LL	2,027,170	-	-	2,027,170	0.82%	5,791,914	-	-	5,791,914	
Albrecht, Inc.	1,866,550	-	-	1,866,550	0.75%	5,333,000	-	-	5,333,000	
Mack W. Seal	1,558,160	-	-	1,558,160	0.63%	4,451,886	-	-	4,451,886	
Ohio Bell Telephone	-	-	1,237,370	1,237,370	0.50%	-	-	4,949,480	4,949,480	
East Ohio Gas	-	-	1,088,690	1,088,690	0.44%	-	-	4,354,760	4,354,760	
Fomo Products, Inc.	-	1,048,710	-	1,048,710	0.42%	-	1,191,716	-	1,191,716	
Total Top Ten Taxpayers	\$ 6,785,110	\$ 10,035,170	\$ 5,839,650	\$ 22,659,930	9.15%	\$ 19,386,029	\$ 11,403,602	\$ 23,358,600	\$ 54,148,231	
Total All Assessed Valuations	\$ 218,902,330	\$ 20,398,661	\$ 8,294,520	\$ 247,595,511						

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Source: Summit County Fiscal Officer

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

Norton City School District

Computation of Direct and Overlapping Debt

June 30, 2002

	<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	\$ 247,595,511	<u>\$ 168,897</u>	100.00%	<u>\$ 168,897</u>
Overlapping:				
City of Norton	208,859,130	2,659,525	95.90%	2,550,484
Franklin Township	37,946,521	-	15.10%	-
City of Barberton	362,110,231	5,619,782	0.12%	6,744
Summit County	247,595,511	89,646,628	2.32%	2,079,802
Metro Regional Transit Authority	247,595,511	<u>1,765,000</u>	2.32%	<u>40,948</u>
Total overlapping:		<u>99,690,935</u>		<u>4,677,978</u>
Total direct and overlapping debt:		<u>\$ 99,859,832</u>		<u>\$ 4,846,875</u>

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

- (1) All valuations are reported as of December 31, 2001 which is the latest information available.
- (2) All debt reported is as of December 31, 2001, except for Norton City School District, which is reported as of June 30, 2002.
- (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, 2002</u>	<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>	<u>Fiscal Year Ended June 30, 1999</u>
Fall Enrollment	2,592	2,552	2,564	2,506
Average Teacher Salary	43,225	42,303	44,931	38,720
Percent of Teachers With No Degree	-	-	-	0.72
Percent of Teachers With Bachelor Degree	53.60	53.40	56.60	18.24
Percent of Teachers With Masters Degree	46.40	46.60	43.40	40.89
Average Teacher Experience (yrs.)	12.50	13.50	13.43	13.60
Pupil Attendance Rate	95.00	95.20	95.10	95.10
Graduation Rate	92.90	88.80	87.60	87.60
Honors Diplomas	24.00	19.90	-	-
College Prep Award of Merit	28.57	25.10	-	-

Source: Ohio Department of Education/School District records.

(1) Honors Diplomas and College Prep Award of Merit information was not available for 1993 through 2000.

<u>Fiscal Year Ended June 30, 1998</u>	<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>
2,553	2,453	2,402	2,428	2,465	2,435
39,419	39,039	38,811	37,798	36,640	34,752
-	2.20	2.23	2.28	2.38	1.61
17.43	17.20	14.12	15.20	13.70	42.34
35.58	40.34	37.22	35.71	36.42	22.40
14.10	15.70	16.60	16.30	22.20	20.30
95.15	95.22	95.30	94.76	95.10	95.11
89.22	87.72	86.57	84.68	80.47	89.00
-	-	-	-	-	-
-	-	-	-	-	-

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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, 2002, and have issued our report thereon dated March 25, 2003. 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.

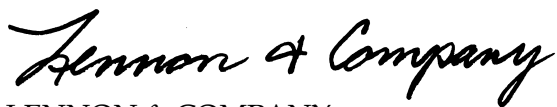
Compliance

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
March 25, 2003

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, 2002. 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.

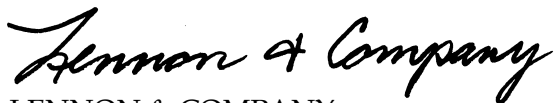
In our opinion, Norton City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

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

March 25, 2003

Norton City School District

Summit County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2002

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	\$ -	\$ 47,401	-	\$ 47,848
National School Lunch Program	N/A	10.555	130,747	-	130,747	-
Total U.S. Department of Agriculture - Nutrition Cluster			130,747	47,401	130,747	47,848
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Title VI-B Educationally Handicapped	6B-SF-01 P	84.027	-	-	727	-
	6B-SF-02 P		157,181	-	148,812	-
EHA Preschool Grants for the Handicapped	PG-S1-01	84.173	4,032	-	4,717	-
	PG-S1-02		4,066	-	4,013	-
Total Special Education Cluster			165,279	-	158,269	-
Title VI-R Class Size Reduction	CR-S1-01	84.340	-	-	9,245	-
	CR-S1-02		34,825	-	30,400	-
			34,825	-	39,645	-
Title I ESEA	C1-S1-01	84.010	-	-	1,476	-
	C1-S1-02		130,424	-	126,261	-
			130,424	-	127,737	-
Drug Free Schools	DR-S1-01	84.186	-	-	175	-
	DR-S1-02		9,662	-	6,646	-
			9,662	-	6,821	-
Title II IASA Eisenhower Grant	MS-S1-01	84.281	-	-	3,114	-
	MS-S1-02		9,281	-	9,066	-
			9,281	-	12,180	-
Title VI Innovative Programs	C2-S1-01	84.298	6,282	-	13,852	-
	C2-S1-02		7,511	-	6,475	-
			13,793	-	20,327	-
Total U.S. Department of Education			363,264	-	364,979	-
TOTAL FEDERAL ASSISTANCE			\$ 494,011	\$ 47,401	495,726	\$ 47,848

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, 2002

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, 2002, 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, 2002**

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):	Nutrition Cluster CFDAs 10.550, 10.555
<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



**Auditor of State
Betty Montgomery**

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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
MAY 8, 2003**