

CITY OF NORTON, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

City Council
City of Norton
4060 Columbia Wood Drive
Norton, Ohio 44203

We have reviewed the *Independent Auditor's Report* of the City of Norton, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 9, 2006

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CITY OF NORTON, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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Ohio Society of Certified Public Accountants

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the City of Norton, Ohio's basic financial statements and have issued our report thereon dated August 11, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

However, we noted a certain matter that we have reported to the management of the City of Norton, Ohio, in a separate letter dated August 11, 2006.

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

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

August 11, 2006

City of Norton, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2005

Issued by:

City of Norton
Department of Finance

John P. Moss
Finance Director

City of Norton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005
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City of Norton

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August 11, 2006

Members of City Council and
Citizens of Norton

The Comprehensive Annual Financial Report (CAFR) of the City of Norton, Ohio (City) is hereby presented. This CAFR represents the official report of the City of Norton's operations and financial position for the year ended December 31, 2005, and has been developed to accurately detail the status of City finances to Norton residents and elected officials, investment banks and underwriters and all other interested parties. This report is presented in compliance with GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments".

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

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

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

THE REPORTING ENTITY

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

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

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

THE CITY OF NORTON

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

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

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

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

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

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

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

CITY GOVERNMENT

The City of Norton was organized as a City effective January 11, 1961; the City is a home-rule municipal corporation operating under the laws of the State of Ohio. The original charter was adopted on November 6, 1962. The Charter was readopted by the voters in its entirety on November 5, 1991. The Charter was last amended in 1994.

Legislative authority is vested in a seven member Council, four of which are elected from wards and three elected at-large. Council's term of office begins January 1st following the election, and runs for four years. Council holds an organizational meeting the second day of January of each year, or if such date is a Saturday or Sunday then on the following Monday. The prior President of Council presides over the meeting until the members of Council elect a President of Council.

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

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

ECONOMIC CONDITIONS AND OUTLOOK

The City continues to grow both in the areas of commercial and residential development. During 2005, 365 permits were issued for a total value of \$10,170,412.

Several commercial projects were completed in 2005. The Trinity Broadcasting Network relocated and constructed their new church, television station and radio station at a cost of about \$1.5 million. Custom Comfort completed a new 7,400 square foot facility to house their growing heating, ventilation and air conditioning service business and added 16 new employees. North Akron Savings completed and moved into their new branch office. Albrecht Incorporated (ACME) completed a 24,000 square foot plaza containing 14 retail units on Greenwich Road about on quarter mile west of Cleveland Massillon Road.

A large residential project was completed in 2005. Knollbrook was substantially finished in 2004 and fully completed in 2005, adding 40 new lots with 19 completed. Phase I of Stonewyck by Ryan Homes consisting of 52 new home sites for homes projected to be worth \$7.5 million was finished, including water, sanitary sewer, curbs and gutters. About 22 of the new homes were completed in 2005. Stonewyck is currently in the engineering process to construct phase II of the development.

Summit Ridge Development Phase I is expected to be completed in 2006, adding 78 new home sites out of the total 514 sites.

New commercial projects are proceeding. Strickland's Ice Cream is scheduled to open for the summer of 2006. Petit's Car Wash is building a completely new facility. Norton City Hall is planning the construction of a new force main sewer line to service City Hall and the Community Center.

In November 2004, the voters of Norton approved a .5 percent increase for City income tax. The income tax rate of two percent went into effect as of January 1, 2005. In 2005, Norton saw an increase of total income tax revenue in the amount of \$748,937 or a 27.83 percent increase. Total income tax revenue for 2005 was \$3,470,775. Of the dollars collected, 87 percent was from businesses in the form of withholding and net profit returns and 13 percent was from residents. As the new tax rate remains in effect, the additional dollars together with annual growth is expected again in 2006 and thereafter.

MAJOR INIATIVES

Current Projects

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

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

FINANCIAL INFORMATION

Introduction

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

Internal Accounting Controls

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

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

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

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

Budgetary Controls

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

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

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

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

Financial Reporting

The City prepares financial statements following GASB Statement No. 34 – "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments." GASB Statement No. 34 provides basic financial statements for reporting on the City's financial activities as follows:

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

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

Statement of budgetary comparison: Statements which present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of the new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City's finances for 2005 and a discussion of current issues affecting the City.

CASH MANAGEMENT

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

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

RISK MANAGEMENT

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

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

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

INDEPENDENT AUDIT

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The accounting firm of James G. Zupka, C.P.A., Inc. rendered an opinion on the City's financial statements as of December 31, 2005, and the Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norton for its Comprehensive Annual Financial Reports for the year ended December 31, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

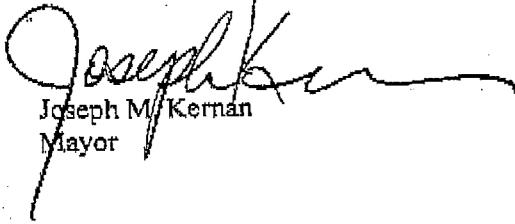
ACKNOWLEDGEMENTS

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

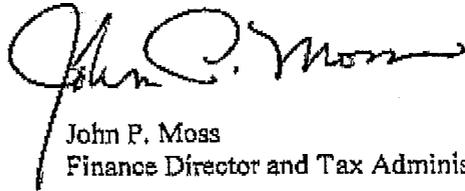
The employees of the City of Norton are dedicated to serve its citizens. The preparation of a report of this scope depends upon the dedication of many employees, but especially to the employees in the Department of Finance and to Local Government Services for their assistance and guidance in the preparation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

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

Respectfully submitted,



Joseph M. Kernan
Mayor



John P. Moss
Finance Director and Tax Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norton,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

City of Norton, Ohio

Principal Officials

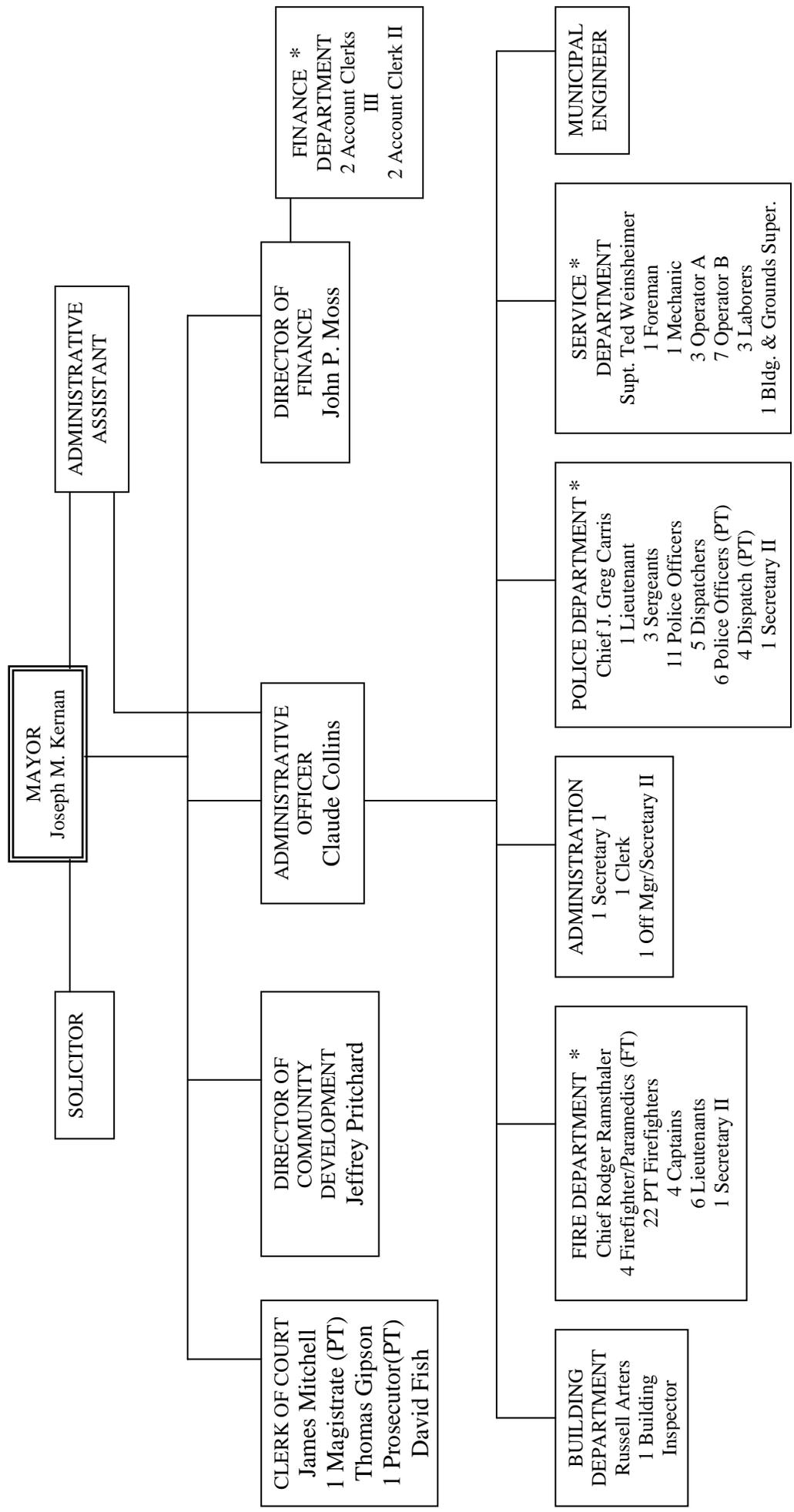
Elected Officials

Joseph M. Kernan	Mayor
Tom Jones	City Council, Ward 1
Dennis McGlone	City Council, Ward 2
William Mowery	City Council, Ward 3
Ken Braman	City Council, Ward 4
James Price	City Council, At-Large
Scott Pelot	City Council At-Large
Michael Zita	City Council, President, At-Large

Administrators

Claude Collins	Administrative Officer
John P. Moss	Director of Finance and Tax Administrator
Michael Lyons	Director of Law
Jeffrey Pritchard	Director of Community Development
J. Greg Carris	Chief of Police
James Caldo	Chief of Fire/EMS
Russ Arters	Superintendent of Buildings and Zoning Inspector
James Mitchell	Clerk of Mayor's Court
Thomas Gipson	Court Magistrate
Karla Richards	Clerk

CITY OF NORTON



* AUTHORIZED STRENGTH

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Garfield Hts., Ohio 44125

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INDEPENDENT AUDITOR'S REPORT

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

The Honorable Betty Montgomery
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Ohio, as of December 31, 2005, and the respective changes in financial position, thereof, and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2006 on our consideration of the City of Norton, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



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

August 11, 2006

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The discussion and analysis for the City of Norton's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2005. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the transmittal letter as well as the basic financial statements.

Financial Highlights

Financial Highlights for 2005 are as follows:

- Total net assets increased \$1,702,341, or a 19.15 percent increase over 2004.
- Total assets of governmental activities increased \$1,214,626, which represents a 7.30 percent increase over 2004.
- Total liabilities decreased by \$487,715, which represents a 6.29 percent decrease over 2004.
- Total invested in capital assets, net of debt increased \$275,024, an increase of 6.51 percent from 2004.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2005 and how they affected the City of Norton's operations. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City of Norton as a Whole

Statement of Net Assets and the Statement of Activities

This financial view of the City as a whole considers all transactions and answers the question of how the City of Norton performed financially during 2005. The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses

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

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

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

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

Reporting the City of Norton's Most Significant Funds

Fund Financial Statements

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

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

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

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

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The City of Norton as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2005 as they compare to 2004.

Table 1
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Current and Other Assets	\$8,441,409	\$7,001,296
Capital Assets, Net	9,420,566	9,646,053
Total Assets	17,861,975	16,647,349
Liabilities		
Current and Other Liabilities	2,206,503	2,477,855
Long-Term Liabilities:		
Due Within One Year	655,282	503,589
Due in More than One Year	4,409,940	4,777,996
Total Liabilities	7,271,725	7,759,440
Net Assets		
Invested in Capital Assets		
Net of Related Debt	4,500,521	4,225,497
Restricted:		
Capital Projects	2,146,426	1,877,579
Debt Service	861,303	915,517
Other Purposes	1,449,491	991,074
Unrestricted	1,632,509	878,242
Total Net Assets	\$10,590,250	\$8,887,909

Total assets increased by \$1,214,626 from 2004 to 2005. This increase was the result of an increase in current assets of \$1,440,113. The current assets increase was due in part to an increase in intergovernmental receivable and material and supplies inventory.

Total liabilities decreased by \$487,715 for the year. This decrease is due to paying down debt.

Total net assets increased by \$1,702,341. Some factors partly responsible for this increase included the higher intergovernmental receivable along with an overall reduction in liabilities.

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Table 2 shows the changes in net assets for the year ended December 31, 2005.

Table 2
Changes in Net Assets

	Governmental Activities	
	2005	2004
<i>Revenues</i>		
Program Revenues:		
Charges for Services and Sales	\$1,117,026	\$906,496
Operating Grants and Contributions	806,545	684,941
Capital Grants and Contributions	134,890	61,654
Total Program Revenues	<u>2,058,461</u>	<u>1,653,091</u>
General Revenues:		
Property Taxes	1,154,096	1,081,150
Municipal Income Tax	3,470,775	2,715,198
Grants and Entitlements	1,278,637	1,096,348
Interest	113,769	55,784
Gain on Sale of Capital Assets	0	26,184
Other	99,565	112,326
Total General Revenues	<u>6,116,842</u>	<u>5,086,990</u>
<i>Total Revenues</i>	<u>8,175,303</u>	<u>6,740,081</u>
 <i>Program Expenses</i>		
General Government	\$1,670,256	\$1,496,946
Security of Persons and Property:		
Police	1,859,217	1,894,423
Fire/EMS	990,368	1,013,332
Transportation	1,230,347	1,306,330
Community Environment	248,559	251,646
Public Health Services	128,117	86,907
Leisure Time Activities	179,714	149,725
Interest and Fiscal Charges	166,384	167,244
<i>Total Expenses</i>	<u>6,472,962</u>	<u>6,366,553</u>
<i>Increase in Net Assets</i>	1,702,341	373,528
Net Assets Beginning of Year	<u>8,887,909</u>	<u>8,514,381</u>
Net Assets End of Year	<u><u>\$10,590,250</u></u>	<u><u>\$8,887,909</u></u>

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Governmental Activities

Several revenue sources fund governmental activities with the City of Norton's municipal income tax being the largest contributor. The income tax rate of 1 percent was created by City Charter adopted November 6, 1962 and re-adopted in its entirety by the voters at a general election held on November 5, 1992. The City allows a 100 percent credit of taxes paid to other municipalities, up to 1 percent of income. The 1 percent tax created by the Charter remained in effect until July 1, 1974, when Norton's electorate increased the income tax rate to 1.50 percent, with a 100 percent credit of taxes paid to other municipalities up to 1.50 percent of income. The 1.50 percent tax remained in effect until November 4, 2004, when Norton's electorate increased the income tax rate effective January 1, 2005 to 2 percent, with a 100 percent credit of taxes paid to other municipalities up to 2 percent of income. Council adopted a resolution of intent effective January 1, 2005 for the distribution of income tax funds. The allocations of tax funds collected are: first, to defray all tax collection and enforcement expenses. The net income tax collections are distributed 71.85 percent to defray expenses of the General Fund, 17.95 percent to defray Service Fund expenses, 8.25 percent for Debt Service, 1.20 percent for future equipment purchases, and .75 percent to be set aside for the future purchase of a Service Garage in January 2008. On a full accrual basis, the City received income tax revenues of \$3,470,775, in 2005.

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

The operations of the City's safety forces account for the largest expense in governmental activities, representing 44.3 percent of the total governmental activity expenses. The police service for the City of Norton is a full time, 24-hour per day, 365 days per year operation. The staff consists of a full time chief, one full time lieutenant, three full time sergeants, twelve full time patrol officers, six part time patrol officers, and one full time secretary. The police operations also include dispatch for police, fire and EMS, with four full time dispatchers, and three part time dispatchers.

The fire/paramedic division is a full-time, 24-hour per day, 365-days per year operation utilizing two fire stations. The staff consists of a full time chief, three full time fire/paramedics, 33 part time fire/paramedics and one full time secretary.

The City's Funds

Information about the City's governmental funds begins on page 14. These funds are accounted for by using the modified accrual method of accounting. All governmental funds had total revenues of \$7,505,891 and expenditures of \$6,607,837. The general fund had revenues of \$4,117,697 and expenditures of \$3,689,540. This surplus of \$428,157 is due an increase in tax and interest revenues. The street construction, maintenance and repair fund had revenues of \$1,141,734 and expenditures of \$1,069,487, leaving a surplus of \$72,247. This surplus is a result of an increase in income taxes revenues. The fire fund had revenues of \$418,103 and expenditures of \$301,980. This surplus of \$116,123 is a result of conservative spending caused by a slight decrease in revenue stream.

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General Fund Budgeting Highlights

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

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

For the General Fund, final budgeted revenues were \$4,275,589 and actual revenue collections were \$4,315,454. Of this \$39,865 difference, most is due to reduction in actual income tax revenues. The General Fund final budgeted expenditures were \$4,052,424 and the actual expenditures were \$3,877,885. This reduction of \$174,539 is due to an overall reduction in actual expenditures.

Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities	
	2005	2004
Land	\$330,122	\$330,122
Construction in Progress	109,071	0
Building and Improvements	942,475	963,139
Equipment, Furniture and Fixtures	1,185,573	1,324,871
Vehicles	1,443,374	1,558,803
Infrastructure		
Water Lines	1,834,671	1,856,231
Sanitary Sewer Lines	3,575,280	3,612,887
	\$9,420,566	\$9,646,053
<i>Totals</i>		

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Total Capital Assets for the City of Norton as of December 31, 2005, amounted to \$9,420,566, which was a decrease of \$225,487 from 2004. This decrease was a result of depreciation. For more information about the City's capital assets, see Note 9 in the basic financial statements.

Debt

As of December 31, 2005, the City of Norton had \$4,915,800 in outstanding debt.

Table 4
 Outstanding Debt at Year End

	Governmental Activities	
	2005	2004
General Obligation Bonds	\$3,192,041	\$3,371,668
Special Assessment Bonds	882,959	923,332
Notes Payable	840,800	1,116,000
	\$4,915,800	\$5,411,000

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

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

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

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

Current Financial Related Issues

Effective January 1, 2005 the electorate of Norton approved a .5 percent City income tax increase. This increase was to provide funds for general municipal operations, new equipment, debt service, purchase of a City Service Garage, an annual road program and the overall commitment of municipal services. As a result of the rate change income tax revenue increased by \$724,203 on modified accrual basis. Since this increased rate remains in place the City expects to receive this increase in revenue in successive years plus increases based on normal economic growth.

As the City of Norton continues to grow, meeting the financial challenges to provide services and infrastructure needs in the community without increasing real estate taxes is a primary goal.

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Through the Administration's strong fiscal management and City Council's strict budget supervision, the City has been able to hold general operating expenditures in check while maintaining City services at a high level. Financial planning -- whereby all equipment as well as facility improvements and acquisitions and other necessary major purchases have been paid for in cash -- will continue in the future. The City has kept the work force size at a financially manageable level and still has met the needs of City residents.

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

Contacting the City of Norton's Finance Department

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

Basic Financial Statements

City of Norton, Ohio
Statement of Net Assets
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,166,190
Materials and Supplies Inventory	48,991
Accounts Receivable	162,634
Accrued Interest Receivable	24,194
Intergovernmental Receivable	1,138,798
Taxes Receivable	2,082,145
Special Assessments Receivable	818,457
Nondepreciable Capital Assets	439,193
Depreciable Capital Assets, Net	8,981,373
<i>Total Assets</i>	17,861,975
Liabilities	
Accounts Payable	28,418
Accrued Wages and Benefits	114,016
Intergovernmental Payable	301,392
Notes Payable	585,800
Claims Payable	44,776
Deferred Revenue	1,113,135
Accrued Interest Payable	18,966
Long-Term Liabilities:	
Due Within One Year	655,282
Due in More Than One Year	4,409,940
<i>Total Liabilities</i>	7,271,725
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,500,521
Restricted for:	
Capital Projects	2,146,426
Debt Service	861,303
Police	46,168
Fire and EMS	340,123
Transportation	557,757
Utility Services	484,483
Other Purposes	20,960
Unrestricted	1,632,509
<i>Total Net Assets</i>	\$10,590,250

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Activities
For the Year Ended December 31, 2005

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets	
Governmental Activities				Governmental Activities	
General Government	\$1,670,256	\$305,010	\$29,435	\$0	(\$1,335,811)
Security of Persons and Property:					
Police	1,859,217	126,166	99,048	0	(1,634,003)
Fire/EMS	990,368	300,850	40,017	0	(649,501)
Transportation	1,230,347	19,795	635,167	134,890	(440,495)
Community Environment	248,559	0	2,878	0	(245,681)
Public Health Services	128,117	317,382	0	0	189,265
Leisure Time Activities	179,714	47,823	0	0	(131,891)
Interest and Fiscal Charges	166,384	0	0	0	(166,384)
Totals	\$6,472,962	\$1,117,026	\$806,545	\$134,890	(4,414,501)

General Revenues

Property Taxes Levied for:

General Purposes	391,304
Fire	387,997
EMS	301,426
Police Pension	73,369

Income Taxes Levied for:

General Purposes	2,548,525
Debt Service	259,260
Capital Projects	60,989
Street Repair and Maintenance	602,001

Grants and Entitlements not Restricted
to Specific Programs

to Specific Programs	1,278,637
Interest	113,769
Other	99,565

Total General Revenues 6,116,842

Change in Net Assets 1,702,341

Net Assets Beginning of Year 8,887,909

Net Assets End of Year \$10,590,250

See accompanying notes to the basic financial statements

City of Norton, Ohio
Balance Sheet
Governmental Funds
December 31, 2005

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement
Assets					
Equity in Pooled Cash and Cash Equivalents	\$843,346	\$234,698	\$225,672	\$103,358	\$9,945
Materials and Supplies Inventory	1,171	47,820	0	0	0
Accounts Receivable	17,962	1,427	0	0	0
Accrued Interest Receivable	24,194	0	0	69,257	0
Intergovernmental Receivable	844,735	226,551	24,725	19,591	0
Taxes Receivable	1,053,403	160,741	403,525	319,399	0
Special Assessments Receivable	0	0	0	0	805,199
<i>Total Assets</i>	<u>\$2,784,811</u>	<u>\$671,237</u>	<u>\$653,922</u>	<u>\$511,605</u>	<u>\$815,144</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$14,292	\$9,429	\$0	\$2,200	\$0
Accrued Wages and Benefits	77,191	20,208	4,694	11,923	0
Intergovernmental Payable	230,575	33,774	10,249	24,237	0
Notes Payable	0	0	0	0	0
Accrued Interest Payable	0	0	0	0	0
Deferred Revenue	1,482,996	253,497	428,250	338,990	805,199
<i>Total Liabilities</i>	<u>1,805,054</u>	<u>316,908</u>	<u>443,193</u>	<u>377,350</u>	<u>805,199</u>
Fund Balances (Deficit)					
Reserved for Encumbrances	188,067	39,535	2,163	3,399	0
Reserved for Unclaimed Money	4,457	0	0	0	0
Unreserved, Undesignated, Reported in:					
General Fund	787,233	0	0	0	0
Special Revenue Funds	0	314,794	208,566	130,856	0
Debt Service Funds	0	0	0	0	9,945
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>979,757</u>	<u>354,329</u>	<u>210,729</u>	<u>134,255</u>	<u>9,945</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,784,811</u>	<u>\$671,237</u>	<u>\$653,922</u>	<u>\$511,605</u>	<u>\$815,144</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2005*

The Meadows at Johnson	Other Governmental Funds	Total Governmental Funds		
			Total Governmental Fund Balances	\$3,730,893
			<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$395,580	\$2,112,781	\$3,925,380	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,420,566
0	0	48,991		
0	73,988	93,377		
0	0	93,451	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
0	23,196	1,138,798	Delinquent Property Taxes	96,652
0	145,077	2,082,145	Income Tax	365,921
0	13,258	818,457	Special Assessments	818,457
			Grants	1,038,760
			Charges for Services	1,427
\$395,580	\$2,368,300	\$8,200,599	Total	2,321,217
\$0	\$2,497	\$28,418	In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
0	0	114,016	Accrued Interest Payable	(13,238)
0	2,557	301,392	An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of activities.	196,034
535,800	50,000	585,800		
4,266	1,462	5,728	Long-term liabilities, including notes and bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
0	125,420	3,434,352	General Obligation Bonds	(3,192,041)
540,066	181,936	4,469,706	Special Assessment Bonds	(882,959)
			Capital Leases	(4,245)
395,580	700,002	1,328,746	Notes	(255,000)
0	0	4,457	Compensated Absences	(730,977)
0	0	787,233	Total	(5,065,222)
0	615,699	1,269,915		
0	46,698	56,643		
(540,066)	823,965	283,899		
(144,486)	2,186,364	3,730,893		
\$395,580	\$2,368,300	\$8,200,599	<i>Net Assets of Governmental Activities</i>	\$10,590,250

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service	Special Assessment Bond Retirement
Revenues					
Property and Other Taxes	\$371,768	\$0	\$369,241	\$292,060	\$0
Municipal Income Tax	2,475,868	566,009	0	0	82,999
Charges for Services	90,665	18,368	0	300,850	0
Special Assessments	0	0	0	0	72,047
Licenses, Permits and Fees	125,671	0	0	0	0
Fines and Forfeitures	129,808	0	0	0	0
Intergovernmental	792,180	531,418	48,412	40,866	0
Interest	113,769	0	0	0	0
Other	17,968	25,939	450	1,190	1,668
<i>Total Revenues</i>	<u>4,117,697</u>	<u>1,141,734</u>	<u>418,103</u>	<u>634,966</u>	<u>156,714</u>
Expenditures					
Current:					
General Government	1,497,323	0	0	0	3,003
Security of Persons and Property:					
Police	1,808,282	0	0	0	0
Fire/EMS	0	0	262,498	610,720	0
Transportation	0	1,063,538	0	0	0
Community Environment	254,041	0	0	0	0
Public Health Services	0	0	0	0	0
Leisure Time Activities	129,894	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	0	5,311	35,000	0	100,000
Principal Retirement - Current Refunding	0	0	0	0	0
Interest and Fiscal Charges	0	638	4,482	0	78,850
<i>Total Expenditures</i>	<u>3,689,540</u>	<u>1,069,487</u>	<u>301,980</u>	<u>610,720</u>	<u>181,853</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>428,157</u>	<u>72,247</u>	<u>116,123</u>	<u>24,246</u>	<u>(25,139)</u>
Other Financing Sources (Uses)					
Notes Issued	0	0	0	0	0
Current Refunding	0	0	0	0	0
Transfers In	0	17,007	0	0	26,082
Transfers Out	(243,324)	0	(30,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(243,324)</u>	<u>17,007</u>	<u>(30,000)</u>	<u>0</u>	<u>26,082</u>
<i>Net Change in Fund Balances</i>	184,833	89,254	86,123	24,246	943
<i>Fund Balances (Deficit) Beginning of Year -</i>	<u>794,924</u>	<u>265,075</u>	<u>124,606</u>	<u>110,009</u>	<u>9,002</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$979,757</u>	<u>\$354,329</u>	<u>\$210,729</u>	<u>\$134,255</u>	<u>\$9,945</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005*

The Meadows at Johnson	Other Governmental Funds	Total Governmental Funds		
			Net Change in Fund Balances -Total Governmental Funds	\$898,054
			<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
			Governmental funds report capital outlays as expenditures.	
			However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
\$0	\$69,706	\$1,102,775	Capital Asset Additions	229,423
0	240,878	3,365,754	Current Year Depreciation	(408,766)
0	359,029	768,912		
0	28,786	100,833		
0	0	125,671		
0	31,164	160,972		
0	254,764	1,667,640		
0	0	113,769		
0	52,350	99,565		
0	1,036,677	7,505,891		
			Total	(179,343)
			Government Funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(46,144)
			Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
0	43,238	1,543,564	Delinquent Property Taxes	51,321
0	98,956	1,907,238	Income Tax	105,021
0	0	873,218	Special Assessments	(40,789)
0	111,251	1,174,789	Grants	552,432
0	344	254,385	Charges for Services	1,427
0	35,125	35,125		
0	36,000	165,894		
4,757	176,558	181,315		
0	120,000	260,311		
0	50,000	50,000		
13,961	64,067	161,998		
18,718	735,539	6,607,837		
(18,718)	301,138	898,054		
0	185,000	185,000	Repayment of bond, lease and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	495,311
0	(185,000)	(185,000)		
0	417,162	460,251	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(4,386)
0	(186,927)	(460,251)		
0	230,235	0	Proceeds of debt is an other financing source in the governmental funds, but increases liabilities in governmental activities.	(185,000)
(18,718)	531,373	898,054	Notes	
(125,768)	1,654,991	2,832,839	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(93,948)
(\$144,486)	\$2,186,364	\$3,730,893	Compensated Absences	
			The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.	
			The change for governmental funds is reported for the year.	148,385
			<i>Change in Net Assets of Governmental Activities</i>	<u>\$1,702,341</u>

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$313,593	\$370,390	\$371,768	\$1,378
Municipal Income Tax	2,021,328	2,472,700	2,567,901	95,201
Charges for Services	76,478	104,550	90,665	(13,885)
Licenses, Permits and Fees	90,855	106,700	107,709	1,009
Fines and Forfeitures	123,247	183,500	146,111	(37,389)
Intergovernmental	725,303	927,349	920,940	(6,409)
Interest	77,934	91,850	92,392	542
Other	15,156	18,550	17,968	(582)
<i>Total Revenues</i>	<u>3,443,894</u>	<u>4,275,589</u>	<u>4,315,454</u>	<u>39,865</u>
Expenditures				
Current:				
General Government	1,702,015	1,692,675	1,614,975	77,700
Security of Persons and Property	1,906,899	1,907,313	1,836,733	70,580
Community Environment	295,825	300,666	293,791	6,875
Leisure Time Activities	155,501	151,770	132,386	19,384
<i>Total Expenditures</i>	<u>4,060,240</u>	<u>4,052,424</u>	<u>3,877,885</u>	<u>174,539</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(616,346)	223,165	437,569	214,404
Other Financing Uses				
Transfers Out	(321,932)	(285,815)	(243,324)	42,491
<i>Net Change in Fund Balance</i>	(938,278)	(62,650)	194,245	256,895
<i>Fund Balance Beginning of Year</i>	348,347	348,347	348,347	0
Prior Year Encumbrances Appropriated	53,124	53,124	53,124	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$536,807)</u>	<u>\$338,821</u>	<u>\$595,716</u>	<u>\$256,895</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Tax	\$510,637	\$589,001	\$589,001	\$0
Charges for Services	19,011	22,500	21,911	(589)
Intergovernmental	507,675	580,147	585,109	4,962
Other	22,506	24,924	25,939	1,015
<i>Total Revenues</i>	1,059,829	1,216,572	1,221,960	5,388
Expenditures				
Current:				
Transportation	1,170,774	1,191,840	1,136,463	55,377
<i>Excess of Revenues Over (Under) Expenditures</i>	(110,945)	24,732	85,497	60,765
Other Financing Sources				
Transfers In	15,171	17,499	17,007	(492)
<i>Net Change in Fund Balance</i>	(95,774)	42,231	102,504	60,273
<i>Fund Balance Beginning of Year</i>	63,078	63,078	63,078	0
Prior Year Encumbrances Appropriated	29,581	29,581	29,581	0
<i>Fund Balance (Deficit) End of Year</i>	(\$3,115)	\$134,890	\$195,163	\$60,273

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$356,492	\$365,060	\$369,241	\$4,181
Intergovernmental	48,092	51,057	49,812	(1,245)
Other	434	520	450	(70)
<i>Total Revenues</i>	405,018	416,637	419,503	2,866
Expenditures				
Current:				
Security of Persons and Property	344,481	301,353	269,800	31,553
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	4,494	4,494	4,482	12
Total Debt Service	39,494	39,494	39,482	12
<i>Total Expenditures</i>	383,975	340,847	309,282	31,565
<i>Excess of Revenues Over Expenditures</i>	21,043	75,790	110,221	34,431
Other Financing Uses				
Transfers Out	0	(30,000)	(30,000)	0
<i>Net Change in Fund Balance</i>	21,043	45,790	80,221	34,431
<i>Fund Balance Beginning of Year</i>	142,853	142,853	142,853	0
Prior Year Encumbrances Appropriated	434	434	434	0
<i>Fund Balance End of Year</i>	\$164,330	\$189,077	\$223,508	\$34,431

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$280,865	\$288,912	\$292,060	\$3,148
Charges for Services	222,716	218,650	231,593	12,943
Intergovernmental	39,300	41,080	40,866	(214)
Other	1,144	1,500	1,190	(310)
<i>Total Revenues</i>	544,025	550,142	565,709	15,567
Expenditures				
Current:				
Security of Persons and Property	670,986	660,605	632,842	27,763
<i>Net Change in Fund Balance</i>	(126,961)	(110,463)	(67,133)	43,330
<i>Fund Balance Beginning of Year</i>	165,412	165,412	165,412	0
Prior Year Encumbrances Appropriated	1,680	1,680	1,680	0
<i>Fund Balance End of Year</i>	<u>\$40,131</u>	<u>\$56,629</u>	<u>\$99,959</u>	<u>\$43,330</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Fund Net Assets
Internal Service Fund
December 31, 2005

Assets

Equity in Pooled Cash and Cash Equivalents	\$240,810
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Liabilities

Claims Payable	<u>44,776</u>
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Net Assets

Unrestricted	<u>\$196,034</u>
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See accompanying notes to the basic financial statements

City of Norton, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Year Ended December 31, 2005*

Operating Revenues	
Charges for Services	\$623,048
Other	566
	<hr/>
<i>Total Operating Revenues</i>	<i>623,614</i>
	<hr/>
Operating Expenses	
Purchased Services	199,073
Claims	276,156
	<hr/>
<i>Total Operating Expenses</i>	<i>475,229</i>
	<hr/>
<i>Operating Income</i>	<i>148,385</i>
	<hr/>
<i>Net Assets Beginning of Year</i>	<i>47,649</i>
	<hr/>
<i>Net Assets End of Year</i>	<i>\$196,034</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2005

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$623,048
Cash Received from Other	566
Cash Payments for Goods and Services	(199,073)
Cash Payments for Claims	(299,922)
	<hr/>
<i>Net Increase in Cash and Cash Equivalents</i>	124,619
<i>Cash and Cash Equivalents Beginning of Year</i>	<hr/> 116,191
<i>Cash and Cash Equivalents End of Year</i>	<hr/> <hr/> \$240,810
<i>Reconciliation of Operating Income to</i>	
<i>Net Cash Provided by Operating Activities</i>	
<i>Operating Income</i>	\$148,385
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Increase/(Decrease) in Liabilities:	
Claims Payable	(23,766)
	<hr/>
<i>Net Cash Provided by Operating Activities</i>	<hr/> <hr/> \$124,619

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2005

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$90,906</u></u>
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Liabilities

Undistributed Assets	<u><u>\$90,906</u></u>
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See accompanying notes to the basic financial statements

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the City that are governmental and those that are considered business-type; the City, however, has no business-type activities.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

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

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

B. Fund Accounting

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

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

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

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

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

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

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

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

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

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

C. Measurement Focus

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

During 2005, the City of Norton had no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue is distributed to the general fund, certain special revenue funds, debt service funds and certain capital projects funds. Interest revenue credited to the general fund during 2005 amounted to \$113,769, which includes \$92,526 assigned from other City funds.

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

G. Inventory

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

H. Capital Assets

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

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

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

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

The City's infrastructure consists of water lines and sanitary sewer lines and includes infrastructure acquired prior to December 31, 1980. For 2004, the City reported governmental activities infrastructure for the first time. The City only reports amounts acquired after 2003. The City plans to phase in the prior year amounts in future years.

I. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables".

J. Compensated Absences

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

policy. The City records a liability for accumulated unused sick leave for employees after ten years of service with the City.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

M. Operating Revenues and Expenses

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

N. Interfund Activity

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

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$4,457,220 of restricted net assets, of which \$853,077 is restricted by enabling legislation. Net assets restricted for other purposes include the computerization of the mayor's court and federal emergency management services.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

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

P. Extraordinary and Special Items

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

Q. Estimates

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

Note 3 – Accountability and Compliance

A. Accountability

The Community Center special revenue fund, the The Meadows at Johnson capital projects fund and the Waterlines capital projects fund had deficit fund balances of \$600, \$144,486, and \$25,731, respectively. The deficit fund balances in the special revenue fund is due to the recognition of accrued liabilities. The general fund is liable for any deficit balance and provides operating transfers when cash is required, not when accruals occur. The deficit fund balances in the capital projects funds are a result of the issuance of short-term notes. The deficit will be eliminated once bonds are issued and the notes are paid.

B. Compliance

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

	Estimated Revenue Plus Carryover Balances	Original Appropriations	Excess
General Fund	\$4,821,892	\$5,358,699	(\$536,807)
<i>Special Revenue Fund:</i>			
Street Construction, Maintenance and Repair	1,167,659	1,170,774	(3,115)
Special Premissive Community Center	63,326	63,369	(43)
	44,058	47,945	(3,887)
<i>Debt Service Fund:</i>			
General Obligation Bond Retirement	1,196,541	1,208,614	(12,073)
<i>Capital Projects Funds:</i>			
Storm Sewer	25,809	68,659	(42,850)
Gardner Phase II	0	705,860	(705,860)

Although these budgetary violations were corrected by year end, management has indicated that appropriations will be closely monitored to ensure no further violations.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

Note 4 – Change in Accounting Principles

For 2005, The City has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures” and GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries.”

GASB Statement No. 40 establishes new disclosure requirements for risks associated with deposits and investments.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries. The implementation of GASB No. 42 did not affect the presentation of the financial statements of the City.

Note 5 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balances

	General	Street Construction, Maintenance and Repair	Fire	Emergency Medical Service
GAAP Basis	\$184,833	\$89,254	\$86,123	\$24,246
Net Adjustment for Revenue Accruals	197,757	80,226	1,400	(69,257)
Net Adjustment for Expenditure Accruals	(278)	(27,441)	(5,138)	(18,723)
Adjustments for Encumbrances	(188,067)	(39,535)	(2,164)	(3,399)
Budget Basis	<u>\$194,245</u>	<u>\$102,504</u>	<u>\$80,221</u>	<u>(\$67,133)</u>

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

Note 6 - Deposits and Investments

State statutes classify monies held by the City into three categories.

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

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

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

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$4,197,533 and the bank balance was \$4,330,326. Of the bank balance \$300,000 was covered by federal depository insurance and \$4,030,326 was exposed to custodial credit risk because it was collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the City's name.

The City has no policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

The City had no investments as of year end.

Note 7 - Receivables

Receivables at December 31, 2005, consisted primarily of municipal income taxes, property and other taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, and interest.

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

Special assessments expected to be collected in more than one year amount to \$754,519 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is \$27,974.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility real and tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventories.

The full tax rate for all City operations for the year ended December 31, 2005, was \$6.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Estate	\$252,333,400
Public Utility Property	6,562,270
Tangible Personal	<u>17,925,833</u>
Total Assessed Value	<u><u>\$276,821,503</u></u>

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

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

The Summit County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Norton. The County Fiscal Officer periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis,

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

collectible delinquent property taxes have been recorded as a receivable and a revenue while the remainder of the receivable is deferred.

B. Income Tax

The City levies a municipal income tax of 2.00 percent on salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. Residents of the City are granted a credit of one hundred percent for taxes paid to other municipalities.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds for 2005, after income tax department expenditures, are credited to the general fund. Beginning in 2005, income tax proceeds, after income tax department expenditures, will be credited to the following funds: 71.85 percent to the general fund, 17.95 percent to the street construction, maintenance and repair special revenue fund, 8.25 percent to the general obligation bond retirement debt service fund, 1.20 percent to the equipment capital projects fund and .75 percent to the buildings capital projects fund.

C. Intergovernmental Receivables

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

	<u>Amounts</u>
Estate Tax	\$425,268
Local Government	387,226
Gasoline Tax	195,432
Homestead and Rollback	63,392
Motor Vehicle License Registration	34,562
Permissive Motor Vehicle License Tax	14,930
Public Utilities	11,470
Grants	6,518
Total	<u><u>\$1,138,798</u></u>

Note 8 - Contingencies

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2005.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

B. Litigation

The City is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City except for a City of Barberton claim for income tax sharing under its 1997 water and sewer service agreement with the City of Norton under a Joint Economic Development Zone Agreement for a share of income tax collected by the City of Norton on businesses that are located in certain Joint Economic Development Zones after May, 1997. There is potential for significant financial exposure, in excess of \$200,000 for amounts unpaid from the time the agreement was executed in 1997. However it is difficult at this time to make an estimate of the potential exposure.

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance 12/31/04	Additions	Deletions	Balance 12/31/05
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$330,122	\$0	\$0	\$330,122
Construction in Progress	0	109,071	0	109,071
<i>Total Capital Assets, not being depreciated</i>	<u>330,122</u>	<u>109,071</u>	<u>0</u>	<u>439,193</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	1,549,803	0	0	1,549,803
Equipment, Furniture and Fixtures	2,207,264	45,820	0	2,253,084
Vehicles	2,363,166	74,532	(94,750)	2,342,948
Infrastructure				
Water Lines	2,155,935	0	0	2,155,935
Sanitary Sewer Lines	3,760,653	0	0	3,760,653
<i>Total Capital Assets, being depreciated</i>	<u>12,036,821</u>	<u>120,352</u>	<u>(94,750)</u>	<u>12,062,423</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(586,664)	(20,664)	0	(607,328)
Equipment, Furniture and Fixtures	(882,393)	(185,118)	0	(1,067,511)
Vehicles	(804,363)	(143,817)	48,606	(899,574)
Infrastructure				
Water Lines	(299,704)	(21,560)	0	(321,264)
Sanitary Sewer Lines	(147,766)	(37,607)	0	(185,373)
Total Accumulation Depreciation	<u>(2,720,890)</u>	<u>(408,766) *</u>	<u>48,606</u>	<u>(3,081,050)</u>
Total Capital Assets being depreciated, net	<u>9,315,931</u>	<u>(288,414)</u>	<u>(46,144)</u>	<u>8,981,373</u>
Governmental Activities Capital Assets, Net	<u>\$9,646,053</u>	<u>(\$179,343)</u>	<u>(\$46,144)</u>	<u>\$9,420,566</u>

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

* Depreciation expense was charged to governmental functions as follows:

General Government	\$73,985
Security of Persons and Property:	
Police	35,357
Fire/EMS	127,013
Transportation	92,992
Community Environment	821
Public Health Services	60,533
Leisure Time Activities	18,065
Total Depreciation Expense	\$408,766

Note 10 – Notes Payable

A summary of the note transactions for the year ended December 31, 2005, follows:

	Outstanding 12/31/2004	Issued	Retired	Outstanding 12/31/2005
The Meadows at Johnson Notes	\$524,000	\$535,800	\$524,000	\$535,800
Johnson Waterline Notes	67,000	25,000	67,000	25,000
Service Equipment Notes	25,000	25,000	25,000	25,000
Gardner Phase I Notes	160,000	0	160,000	0
Total	\$776,000	\$585,800	\$776,000	\$585,800

All of the notes are bond anticipation notes which are backed by the full faith and credit of the City. The Meadows at Johnson notes mature October 31, 2006, and the Johnson Waterline and Service Equipment notes mature February 20, 2006. The note liability is reflected in the fund which received the proceeds and will repay the debt.

Note 11 - Long-Term Obligations

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds</i>				
Street Improvement	2003	2.00 %	\$570,000	December 1, 2018
Police Cruisers	2003	2.00	55,000	December 1, 2008
Police Radio System	2003	2.00	415,000	December 1, 2018
Road Program	2003	2.00	520,000	December 1, 2018
Ballfields	2003	2.00	260,000	December 1, 2023
Gardner Engineering	2003	2.00	215,000	December 1, 2023
Barber Road Sanitary Sewer	2003	2.00	1,496,940	December 1, 2023

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
Special Assessment Bonds				
1996 Special Assessments	1996	6.60	\$122,000	December 1, 2016
Barber Road Special Assessments	2003	2.00	888,060	December 1, 2023
Long-Term Notes				
Johnson Waterline	2004	2.09	110,000	February 20, 2006
Fire Pumper	2002	4.28	175,000	October 31, 2007
Service Equipment	2004	2.09	125,000	February 20, 2006

A schedule of changes in bonds and other long-term obligations of the City during 2005 follows:

	Amounts Outstanding 12/31/04	Additions	Reductions	Amounts Outstanding 12/31/05	Amounts Due in One Year
<i>General Obligation Bonds:</i>					
Street Improvement	\$540,000	\$0	(\$35,000)	\$505,000	\$35,000
Police Cruisers	45,000	0	(10,000)	35,000	10,000
Police Radio System	390,000	0	(25,000)	365,000	25,000
Road Program	490,000	0	(30,000)	460,000	30,000
Ballfields	250,000	0	(10,000)	240,000	10,000
Gardner Engineering	205,000	0	(10,000)	195,000	10,000
Barber Road Sanitary Sewer	1,451,668	0	(59,627)	1,392,041	59,036
<i>Total General Obligation Bonds</i>	<u>3,371,668</u>	<u>0</u>	<u>(179,627)</u>	<u>3,192,041</u>	<u>179,036</u>
<i>Long-Term Notes:</i>					
Fire Pumper	105,000	0	(35,000)	70,000	35,000
Johnson Waterline	110,000	85,000	(110,000)	85,000	85,000
Service Equipment	125,000	100,000	(125,000)	100,000	100,000
<i>Total Long-Term Notes</i>	<u>340,000</u>	<u>185,000</u>	<u>(270,000)</u>	<u>255,000</u>	<u>220,000</u>
<i>Special Assessment Bonds</i>					
<i>with Governmental Commitment:</i>					
1996 Special Assessment	80,000	0	(5,000)	75,000	5,000
Barber Road Special Assessment	843,332	0	(35,373)	807,959	35,964
<i>Total Special Assessment Bonds</i>	<u>923,332</u>	<u>0</u>	<u>(40,373)</u>	<u>882,959</u>	<u>40,964</u>
Capital Leases	9,556	0	(5,311)	4,245	3,882
Compensated Absences	637,029	278,177	(184,229)	730,977	211,400
<i>Total Governmental Long-Term Liabilities</i>	<u>\$5,281,585</u>	<u>\$463,177</u>	<u>(\$679,540)</u>	<u>\$5,065,222</u>	<u>\$655,282</u>

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

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

The City's overall debt margin was \$25,080,115 and the unvoted legal debt margin was \$11,239,040 at December 31, 2005. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2005, are as follows:

	General Obligation Bonds		Special Assessment Bonds		Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$179,036	\$97,675	\$40,964	\$31,995	\$220,000	\$2,996
2007	182,765	94,647	42,235	30,393	35,000	1,498
2008	187,765	90,247	42,235	30,063	0	0
2009	177,174	86,337	42,826	29,143	0	0
2010	180,903	82,232	44,097	27,542	0	0
2011-2015	987,260	333,682	252,740	114,514	0	0
2016-2020	892,572	167,823	262,428	63,276	0	0
2021-2024	404,566	31,786	155,434	13,614	0	0
Total	\$3,192,041	\$984,429	\$882,959	\$340,540	\$255,000	\$4,494

Note 12 – Capital Lease

The City entered into capital leases for an airlift jack and a tire changer. The City's lease obligations meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases." Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized and depreciated as follows as of December 31, 2005:

Governmental Activities

Capital Assets, being depreciated:

Equipment, Furniture and Fixtures	\$18,728
Less Accumulated Depreciation:	
Equipment, Furniture and Fixtures	(4,273)
<i>Capital Assets, Net</i>	<u>\$14,455</u>

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2005.

Year Ending December 30,	Governmental Activities
2006	\$4,083
2007	366
Total Minimum Lease Payments	4,449
Less: Amounts Representing Interest	(204)
Present Value of Minimum Lease Payments	\$4,245

Note 13 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2005, the City contracted with Fidelity Insurance Company for various types of insurance. The coverage and deductible are as follows:

Company	Type of Coverage	Deductible	Coverage
Fidelity Insurance	Bond - Public Employees	\$0	25,000
	Bond - Finance Director	0	100,000
	Bond - Mayor	0	25,000
	Bond - Administrator	0	50,000
	Bond - Clerk of Mayor's Court	0	75,000
	Public Officials Liability	25,000	1,000,000
	Law Enforcement Liability	25,000	1,000,000
	Commercial Property	1,000	5,000,000
	Inland Marine	1,000	1,000,000
	General Liability	1,000	1,000,000
	Commercial Crime	500	1,000,000
	Ambulance and EMT Liability	0	1,000,000
	Firemen's Errors and Omissions	0	1,000,000
	Automobile Liability	0	1,000,000
	Automobile Comprehensive	500	1,000,000
	Automobile Collision	500	1,000,000
	Umbrella Liability	0	2,000,000

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

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

The City manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health coverage through Benefit Service Claims, the third party administrators of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$20,000 per employee, per year. The premium was \$932 per employee per month.

City of Norton, Ohio
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The claims liability of \$44,776 reported in the self-insurance fund at December 31, 2005, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2004	\$130,102	\$243,031	\$304,591	\$68,542
2005	68,542	276,156	299,922	44,776

Note 14 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System (OPERS)

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

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$156,609, \$156,729 and \$135,659, respectively;

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

97.12 percent has been contributed for 2005 and 100 percent for 2004 and 2003. There were no contributions made to the member-directed plan for 2005.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$117,104 and \$36,620 for the year ended December 31, 2005, \$116,653 and \$36,114 for the year ended December 31, 2004 and \$172,637 and \$48,857 for the year ended December 31, 2003 equal to the required contributions for each year. The full amount has been contributed for 2004 and 2003. 94.90 percent and 88.08 percent, respectively, have been contributed for 2005.

Note 15 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$65,595. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$77,239 for police and \$17,465 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004, (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

Note 16 – Compensated Absences

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December, 31, 2005

Note 17 - Interfund Transfers and Balances

A. Transfers

Interfund transfers for the year ended December 31, 2005, consisted of the following:

Transfer To	Transfer From			Totals
	<u>General</u>	<u>Fire</u>	<u>Nonmajor</u>	
<i>Governmental Activities</i>				
Street Construction,				
Maintenance and Repair	\$17,007	\$0	\$0	\$17,007
Special Assessment Bond Retirement	14,820	0	11,262	26,082
Nonmajor Funds	211,497	30,000	175,665	417,162
Total	<u>\$243,324</u>	<u>\$30,000</u>	<u>\$186,927</u>	<u>\$460,251</u>

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

Note 18 – Joint Economic Development Zones

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

Note 19 – Subsequent Events

On February 20, 2006, the City refinanced \$185,000 in bond anticipation notes. The proceeds were used to repay the \$110,000 Johnson waterline note and the \$125,000 service equipment note \$25,000 was paid down on each note. One note was issued for the two parts, \$85,000 was issued for the Johnson waterline construction project, and \$100,000 was issued to purchase equipment for the street department. The note had a 4.48 percent interest rate and matures on February 17, 2007.

**Combining Statements and
Individual Fund Schedules**

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

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

Water System Fund To account for water line maintenance fees.

Sanitary Sewer Fund To account for sewer line maintenance fees.

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

Nonmajor Debt Service Fund

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

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

Nonmajor Capital Projects Funds

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

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

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

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

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

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

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

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

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$562,519	\$4,232	\$1,546,030	\$2,112,781
Accounts Receivable	58,358	0	15,630	73,988
Intergovernmental Receivable	23,196	0	0	23,196
Taxes Receivable	76,873	55,165	13,039	145,077
Special Assessments Receivable	0	0	13,258	13,258
<i>Total Assets</i>	<u>\$720,946</u>	<u>\$59,397</u>	<u>\$1,587,957</u>	<u>\$2,368,300</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$2,497	\$0	\$0	\$2,497
Intergovernmental Payable	957	0	1,600	2,557
Notes Payable	0	0	50,000	50,000
Accrued Interest Payable	0	0	1,462	1,462
Deferred Revenue	96,462	12,699	16,259	125,420
<i>Total Liabilities</i>	<u>99,916</u>	<u>12,699</u>	<u>69,321</u>	<u>181,936</u>
Fund Balances				
Reserved for Encumbrances	5,331	0	694,671	700,002
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	615,699	0	0	615,699
Debt Service Fund	0	46,698	0	46,698
Capital Projects Funds	0	0	823,965	823,965
<i>Total Fund Balances</i>	<u>621,030</u>	<u>46,698</u>	<u>1,518,636</u>	<u>2,186,364</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$720,946</u>	<u>\$59,397</u>	<u>\$1,587,957</u>	<u>\$2,368,300</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$69,706	\$0	\$0	\$69,706
Municipal Income Tax	0	179,195	61,683	240,878
Charges for Services	313,466	0	45,563	359,029
Special Assessments	0	22,214	6,572	28,786
Fines and Forfeitures	31,164	0	0	31,164
Intergovernmental	119,874	0	134,890	254,764
Other	19,168	3,254	29,928	52,350
<i>Total Revenues</i>	<u>553,378</u>	<u>204,663</u>	<u>278,636</u>	<u>1,036,677</u>
Expenditures				
Current:				
General Government	43,238	0	0	43,238
Security of Persons and Property:				
Police	98,956	0	0	98,956
Transportation	111,251	0	0	111,251
Community Environment	344	0	0	344
Public Health Services	35,125	0	0	35,125
Leisure Time Activities	36,000	0	0	36,000
Capital Outlay	0	0	176,558	176,558
Debt Service:				
Principal Retirement	0	120,000	0	120,000
Principal Retirement - Current Refunding	0	50,000	0	50,000
Interest and Fiscal Charges	0	60,918	3,149	64,067
<i>Total Expenditures</i>	<u>324,914</u>	<u>230,918</u>	<u>179,707</u>	<u>735,539</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>228,464</u>	<u>(26,255)</u>	<u>98,929</u>	<u>301,138</u>
Other Financing Sources (Uses)				
Notes Issued	0	185,000	0	185,000
Current Refunding	0	(185,000)	0	(185,000)
Transfers In	61,765	16,551	338,846	417,162
Transfers Out	(60,050)	0	(126,877)	(186,927)
Total Other Financing Sources (Uses)	<u>1,715</u>	<u>16,551</u>	<u>211,969</u>	<u>230,235</u>
<i>Net Change in Fund Balances</i>	230,179	(9,704)	310,898	531,373
<i>Fund Balances Beginning of Year</i>	<u>390,851</u>	<u>56,402</u>	<u>1,207,738</u>	<u>1,654,991</u>
<i>Fund Balances End of Year</i>	<u><u>\$621,030</u></u>	<u><u>\$46,698</u></u>	<u><u>\$1,518,636</u></u>	<u><u>\$2,186,364</u></u>

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$16,093	\$61,683	\$2,849	\$927
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	18,373	0	0	0
Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$34,466</u>	<u>\$61,683</u>	<u>\$2,849</u>	<u>\$927</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	14,766	0	0	0
<i>Total Liabilities</i>	<u>14,766</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	0	2,294	0	0
Unreserved, Undesignated (Deficit)	19,700	59,389	2,849	927
<i>Total Fund Balances (Deficit)</i>	<u>19,700</u>	<u>61,683</u>	<u>2,849</u>	<u>927</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$34,466</u>	<u>\$61,683</u>	<u>\$2,849</u>	<u>\$927</u>

Law Enforcement	DWI Enforcement and Education	Community Center	Greenwich Road	Cemetery
\$12,560	\$21,659	\$68	\$538	\$3,666
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$12,560</u>	<u>\$21,659</u>	<u>\$68</u>	<u>\$538</u>	<u>\$3,666</u>
\$0	\$0	\$547	\$0	\$0
0	0	121	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>668</u>	<u>0</u>	<u>0</u>
0	0	0	503	0
12,560	21,659	(600)	35	3,666
<u>12,560</u>	<u>21,659</u>	<u>(600)</u>	<u>538</u>	<u>3,666</u>
<u>\$12,560</u>	<u>\$21,659</u>	<u>\$68</u>	<u>\$538</u>	<u>\$3,666</u>

(continued)

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
December 31, 2005

	Special Event	Recycling	Scrap Tire	Police and Fire Disability and Pension
Assets				
Equity in Pooled Cash and Cash Equivalents	\$268	\$3,895	\$1,286	\$1,103
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	4,823
Taxes Receivable	0	0	0	76,873
<i>Total Assets</i>	<u>\$268</u>	<u>\$3,895</u>	<u>\$1,286</u>	<u>\$82,799</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	0	0	81,696
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>81,696</u>
Fund Balances:				
Reserved for Encumbrances	0	2,534	0	0
Unreserved, Undesignated (Deficit)	268	1,361	1,286	1,103
<i>Total Fund Balances (Deficit)</i>	<u>268</u>	<u>3,895</u>	<u>1,286</u>	<u>1,103</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$268</u>	<u>\$3,895</u>	<u>\$1,286</u>	<u>\$82,799</u>

Mayor's Court	Water System	Sanitary Sewer	Brentwood Water	Total Nonmajor Special Revenue Funds
\$6,946	\$113,783	\$315,071	\$124	\$562,519
2,853	30,260	25,245	0	58,358
0	0	0	0	23,196
0	0	0	0	76,873
<u>\$9,799</u>	<u>\$144,043</u>	<u>\$340,316</u>	<u>\$124</u>	<u>\$720,946</u>
\$1,950	\$0	\$0	\$0	\$2,497
836	0	0	0	957
0	0	0	0	96,462
<u>2,786</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>99,916</u>
0	0	0	0	5,331
<u>7,013</u>	<u>144,043</u>	<u>340,316</u>	<u>124</u>	<u>615,699</u>
7,013	144,043	340,316	124	621,030
<u>\$9,799</u>	<u>\$144,043</u>	<u>\$340,316</u>	<u>\$124</u>	<u>\$720,946</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	410	265
Intergovernmental	42,678	64,608	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>42,678</u>	<u>64,608</u>	<u>410</u>	<u>265</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property:				
Police	0	0	397	0
Transportation	45,000	66,251	0	0
Community Environment	0	0	0	0
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>45,000</u>	<u>66,251</u>	<u>397</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,322)</u>	<u>(1,643)</u>	<u>13</u>	<u>265</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(2,322)	(1,643)	13	265
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>22,022</u>	<u>63,326</u>	<u>2,836</u>	<u>662</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$19,700</u></u>	<u><u>\$61,683</u></u>	<u><u>\$2,849</u></u>	<u><u>\$927</u></u>

<u>Law Enforcement</u>	<u>DWI Enforcement and Education</u>	<u>Community Center</u>	<u>Greenwich Road</u>	<u>Cemetery</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	39
1,662	5,513	0	0	0
0	0	0	0	0
0	0	9,550	1,988	0
<u>1,662</u>	<u>5,513</u>	<u>9,550</u>	<u>1,988</u>	<u>39</u>
0	0	0	0	0
5,590	6,702	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	7,328
0	0	32,550	3,450	0
<u>5,590</u>	<u>6,702</u>	<u>32,550</u>	<u>3,450</u>	<u>7,328</u>
<u>(3,928)</u>	<u>(1,189)</u>	<u>(23,000)</u>	<u>(1,462)</u>	<u>(7,289)</u>
0	0	24,342	2,011	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>24,342</u>	<u>2,011</u>	<u>0</u>
(3,928)	(1,189)	1,342	549	(7,289)
<u>16,488</u>	<u>22,848</u>	<u>(1,942)</u>	<u>(11)</u>	<u>10,955</u>
<u>\$12,560</u>	<u>\$21,659</u>	<u>(\$600)</u>	<u>\$538</u>	<u>\$3,666</u>

(continued)

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2005

	Special Event	Recycling	Scrap Tire	Police and Fire Disability and Pension
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$69,706
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	2,878	0	9,710
Other	7,630	0	0	0
<i>Total Revenues</i>	<u>7,630</u>	<u>2,878</u>	<u>0</u>	<u>79,416</u>
Expenditures				
Current:				
General Government	7,680	0	0	0
Security of Persons and Property:				
Police	0	0	0	86,267
Transportation	0	0	0	0
Community Environment	0	344	0	0
Public Health Services	0	0	333	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>7,680</u>	<u>344</u>	<u>333</u>	<u>86,267</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(50)</u>	<u>2,534</u>	<u>(333)</u>	<u>(6,851)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(50)	2,534	(333)	(6,851)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>318</u>	<u>1,361</u>	<u>1,619</u>	<u>7,954</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$268</u></u>	<u><u>\$3,895</u></u>	<u><u>\$1,286</u></u>	<u><u>\$1,103</u></u>

Mayor's Court	Water System	Sanitary Sewer	Brentwood Water	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$69,706
0	138,789	174,638	0	313,466
23,314	0	0	0	31,164
0	0	0	0	119,874
0	0	0	0	19,168
<u>23,314</u>	<u>138,789</u>	<u>174,638</u>	<u>0</u>	<u>553,378</u>
35,558	0	0	0	43,238
0	0	0	0	98,956
0	0	0	0	111,251
0	0	0	0	344
0	6,406	775	20,283	35,125
0	0	0	0	36,000
<u>35,558</u>	<u>6,406</u>	<u>775</u>	<u>20,283</u>	<u>324,914</u>
<u>(12,244)</u>	<u>132,383</u>	<u>173,863</u>	<u>(20,283)</u>	<u>228,464</u>
0	0	0	35,412	61,765
0	(60,050)	0	0	(60,050)
<u>0</u>	<u>(60,050)</u>	<u>0</u>	<u>35,412</u>	<u>1,715</u>
(12,244)	72,333	173,863	15,129	230,179
<u>19,257</u>	<u>71,710</u>	<u>166,453</u>	<u>(15,005)</u>	<u>390,851</u>
<u>\$7,013</u>	<u>\$144,043</u>	<u>\$340,316</u>	<u>\$124</u>	<u>\$621,030</u>

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005

	Land and Land Improvements	Buildings	Equipment	Streets, Highways and Bridges
Assets				
Equity in Pooled Cash and Cash Equivalents	\$340,765	\$24,600	\$622,646	\$429,132
Cash and Cash Equivalents in Accounts Receivable	15,630	0	0	0
Taxes Receivable	0	5,015	8,024	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$356,395</u>	<u>\$29,615</u>	<u>\$630,670</u>	<u>\$429,132</u>
Liabilities and Fund Balances				
Liabilities				
Intergovernmental Payable	0	0	0	0
Notes Payable	0	0	0	25,000
Accrued Interest Payable	0	0	0	731
Deferred Revenue	0	1,154	1,847	0
<i>Total Liabilities</i>	<u>0</u>	<u>1,154</u>	<u>1,847</u>	<u>25,731</u>
Fund Balances				
Reserved for Encumbrances	235,740	0	436,000	0
Unreserved, Undesignated (Deficit)	120,655	28,461	192,823	403,401
<i>Total Fund Balances (Deficit)</i>	<u>356,395</u>	<u>28,461</u>	<u>628,823</u>	<u>403,401</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$356,395</u>	<u>\$29,615</u>	<u>\$630,670</u>	<u>\$429,132</u>

<u>Storm Sewers</u>	<u>Waterlines</u>	<u>Sanitary Sewers</u>	<u>Gardner Issue II</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$26,345	\$0	\$6,463	\$96,079	\$1,546,030
0	0	0	0	15,630
0	0	0	0	13,039
0	0	13,258	0	13,258
<u>\$26,345</u>	<u>\$0</u>	<u>\$19,721</u>	<u>\$96,079</u>	<u>\$1,587,957</u>
1,600	0	0	0	1,600
0	25,000	0	0	50,000
0	731	0	0	1,462
0	0	13,258	0	16,259
<u>1,600</u>	<u>25,731</u>	<u>13,258</u>	<u>0</u>	<u>69,321</u>
17,441	0	0	5,490	694,671
7,304	(25,731)	6,463	90,589	823,965
<u>24,745</u>	<u>(25,731)</u>	<u>6,463</u>	<u>96,079</u>	<u>1,518,636</u>
<u>\$26,345</u>	<u>\$0</u>	<u>\$19,721</u>	<u>\$96,079</u>	<u>\$1,587,957</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005

	Land and Land Improvements	Buildings	Equipment	Streets, Highways and Bridges
Revenues				
Municipal Income Tax	\$0	\$23,709	\$37,974	\$0
Charges for Services	45,563	0	0	0
Special Assessments	0	0	0	0
Intergovernmental	0	0	124,800	0
Other	15,630	0	14,298	0
<i>Total Revenues</i>	<u>61,193</u>	<u>23,709</u>	<u>177,072</u>	<u>0</u>
Expenditures				
Capital Outlay	29,630	0	86,695	4,235
Debt Service:				
Interest and Fiscal Charges	0	0	0	731
<i>Total Expenditures</i>	<u>29,630</u>	<u>0</u>	<u>86,695</u>	<u>4,966</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>31,563</u>	<u>23,709</u>	<u>90,377</u>	<u>(4,966)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	185,030	0
Transfers Out	(18,062)	0	0	0
Total Other Financing Sources (Uses)	<u>(18,062)</u>	<u>0</u>	<u>185,030</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	13,501	23,709	275,407	(4,966)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>342,894</u>	<u>4,752</u>	<u>353,416</u>	<u>408,367</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$356,395</u>	<u>\$28,461</u>	<u>\$628,823</u>	<u>\$403,401</u>

<u>Storm Sewers</u>	<u>Waterlines</u>	<u>Sanitary Sewers</u>	<u>Gardner Issue II</u>	<u>Gardner OPWC</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$0	\$0	\$0	\$0	\$0	\$61,683
0	0	0	0	0	45,563
0	0	6,572	0	0	6,572
0	0	0	0	10,090	134,890
0	0	0	0	0	29,928
0	0	6,572	0	10,090	278,636
16,732	8,345	102	17,182	13,637	176,558
0	926	0	0	1,492	3,149
16,732	9,271	102	17,182	15,129	179,707
(16,732)	(9,271)	6,470	(17,182)	(5,039)	98,929
25,000	43,424	0	0	85,392	338,846
0	(67,379)	(11,261)	(30,175)	0	(126,877)
25,000	(23,955)	(11,261)	(30,175)	85,392	211,969
8,268	(33,226)	(4,791)	(47,357)	80,353	310,898
16,477	7,495	11,254	143,436	(80,353)	1,207,738
<u>\$24,745</u>	<u>(\$25,731)</u>	<u>\$6,463</u>	<u>\$96,079</u>	<u>\$0</u>	<u>\$1,518,636</u>

Fund Descriptions - Fiduciary Funds

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

Agency Funds

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

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

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

City of Norton, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2005

	General Agency	Building Standards	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$90,881	\$25	\$90,906
Liabilities			
Undistributed Assets	\$90,881	\$25	\$90,906

City of Norton, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2005

	Beginning Balance 12/31/04	Additions	Deductions	Ending Balance 12/31/05
General Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$112,333	\$35,460	\$56,912	\$90,881
Liabilities				
Undistributed Assets	\$112,333	\$35,460	\$56,912	\$90,881
Building Standards				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$95	\$552	\$622	\$25
Liabilities				
Undistributed Assets	\$95	\$552	\$622	\$25
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$112,428	\$36,012	\$57,534	\$90,906
Liabilities				
Undistributed Assets	\$112,428	\$36,012	\$57,534	\$90,906

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

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$313,593	\$370,390	\$371,768	\$1,378
Municipal Income Tax	2,021,328	2,472,700	2,567,901	95,201
Charges for Services	76,478	104,550	90,665	(13,885)
Licenses, Permits and Fees	90,855	106,700	107,709	1,009
Fines and Forfeitures	123,247	183,500	146,111	(37,389)
Intergovernmental	725,303	927,349	920,940	(6,409)
Interest	77,934	91,850	92,392	542
Other	15,156	18,550	17,968	(582)
<i>Total Revenues</i>	3,443,894	4,275,589	4,315,454	39,865
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	24,168	24,168	24,150	18
Fringe Benefits	4,107	3,921	3,903	18
Purchased Services	3,000	2,900	1,868	1,032
Materials and Supplies	435	435	256	179
Capital Outlay	200	200	100	100
<i>Total Mayor</i>	31,910	31,624	30,277	1,347
City Council:				
Salaries and Wages	83,920	83,880	83,880	0
Fringe Benefits	25,377	24,646	24,588	58
Purchased Services	7,536	33,494	31,918	1,576
Materials and Supplies	2,700	2,913	2,209	704
<i>Total City Council</i>	119,533	144,933	142,595	2,338
Mayor's Court:				
Salaries and Wages	38,257	40,387	39,503	884
Fringe Benefits	12,685	13,284	13,167	117
Purchased Services	45	235	135	100
Materials and Supplies	260	710	498	212
<i>Total Mayor's Court</i>	\$51,247	\$54,616	\$53,303	\$1,313

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance Office:				
Salaries and Wages	\$92,614	\$113,919	\$113,500	\$419
Fringe Benefits	34,007	43,958	43,733	225
Purchased Services	7,531	7,416	6,596	820
Materials and Supplies	1,850	2,225	2,159	66
Capital Outlay	11,836	11,931	11,931	0
Total Finance Office	147,838	179,449	177,919	1,530
Income Tax:				
Salaries and Wages	88,950	69,336	69,335	1
Fringe Benefits	43,867	33,255	33,074	181
Purchased Services	151,534	165,101	165,098	3
Materials and Supplies	11,100	5,707	5,667	40
Capital Outlay	9,000	0	0	0
Total Income Tax	304,451	273,399	273,174	225
Law Director:				
Salaries and Wages	43,470	44,370	44,327	43
Fringe Benefits	6,756	7,168	7,095	73
Purchased Services	7,150	9,733	8,921	812
Total Law Director	57,376	61,271	60,343	928
Engineer:				
Salaries and Wages	4,992	5,012	5,003	9
Fringe Benefits	850	832	830	2
Purchased Services	169,310	167,690	122,849	44,841
Materials and Supplies	400	260	127	133
Total Engineer	\$175,552	\$173,794	\$128,809	\$44,985

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Administrative Officer:				
Salaries and Wages	\$90,979	\$86,910	\$86,804	\$106
Fringe Benefits	59,814	55,472	54,984	488
Purchased Services	14,800	14,900	14,002	898
Materials and Supplies	2,960	3,060	1,620	1,440
Capital Outlay	1,500	1,923	1,923	0
Total Administrative Officer	170,053	162,265	159,333	2,932
Planning Commission:				
Salaries and Wages	9,610	7,760	7,472	288
Fringe Benefits	1,640	1,235	1,213	22
Purchased Services	200	200	200	0
Materials and Supplies	700	570	316	254
Total Planning Commission	12,150	9,765	9,201	564
Record Retention:				
Salaries and Wages	57,635	42,270	41,059	1,211
Fringe Benefits	47,336	28,203	27,914	289
Purchased Services	409,821	399,755	386,911	12,844
Materials and Supplies	11,350	26,844	22,573	4,271
Capital Outlay	83,350	81,350	80,581	769
Total Record Retention	609,492	578,422	559,038	19,384
Parks and Recreation Board:				
Salaries and Wages	7,800	7,850	7,412	438
Fringe Benefits	1,327	1,192	1,178	14
Purchased Services	600	464	463	1
Materials and Supplies	80	80	38	42
Total Parks and Recreation Board	9,807	9,586	9,091	495
Building and Zoning Board:				
Salaries and Wages	7,800	8,200	7,772	428
Fringe Benefits	1,327	1,262	1,252	10
Purchased Services	200	200	200	0
Materials and Supplies	550	450	267	183
Total Building and Zoning Board	9,877	10,112	9,491	621
Health Advisory Board:				
Salaries and Wages	1,440	1,440	1,170	270
Fringe Benefits	216	216	200	16
Materials and Supplies	100	100	56	44
Total Health Advisory Board	\$1,756	\$1,756	\$1,426	\$330

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service Commission:				
Salaries and Wages	\$790	\$1,540	\$889	\$651
Fringe Benefits	123	83	79	4
Purchased Services	10	10	0	10
Materials and Supplies	50	50	7	43
Total Civil Service Commission	973	1,683	975	708
Total General Government	1,702,015	1,692,675	1,614,975	77,700
Security of Persons and Property:				
Police:				
Salaries and Wages	1,149,465	1,239,498	1,210,943	28,555
Fringe Benefits	520,500	440,376	431,747	8,629
Purchased Services	142,193	130,798	104,770	26,028
Materials and Supplies	71,341	69,175	62,380	6,795
Capital Outlay	23,400	27,466	26,893	573
Total Security of Persons and Property	1,906,899	1,907,313	1,836,733	70,580
Community Environment:				
Community Development:				
Salaries and Wages	57,245	57,445	57,168	277
Fringe Benefits	23,447	23,744	23,642	102
Purchased Services	40,160	39,413	39,021	392
Materials and Supplies	400	350	309	41
Total Community Development	121,252	120,952	120,140	812
Building:				
Salaries and Wages	96,149	96,481	96,360	121
Fringe Benefits	44,662	45,753	45,732	21
Purchased Services	29,262	31,453	27,961	3,492
Materials and Supplies	4,500	6,027	3,598	2,429
Total Building	174,573	179,714	173,651	6,063
Total Community Environment	\$295,825	\$300,666	\$293,791	\$6,875

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities:				
Recreation Center:				
Salaries and Wages	\$77,980	\$76,180	\$66,799	\$9,381
Fringe Benefits	30,321	29,274	29,122	152
Purchased Services	33,200	20,316	17,447	2,869
Materials and Supplies	2,000	14,000	9,492	4,508
Capital Outlay	12,000	12,000	9,526	2,474
Total Leisure Time Activities	155,501	151,770	132,386	19,384
<i>Total Expenditures</i>	4,060,240	4,052,424	3,877,885	174,539
<i>Excess of Revenues</i>				
<i>Over (Under) Expenditures</i>	(616,346)	223,165	437,569	214,404
Other Financing Uses				
Transfers Out	(321,932)	(285,815)	(243,324)	42,491
<i>Net Change in Fund Balance</i>	(938,278)	(62,650)	194,245	256,895
<i>Fund Balance Beginning of Year</i>	348,347	348,347	348,347	0
Prior Year Encumbrances Appropriated	53,124	53,124	53,124	0
<i>Fund Balance (Deficit) End of Year</i>	(\$536,807)	\$338,821	\$595,716	\$256,895

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Tax	\$510,637	\$589,001	\$589,001	\$0
Charges for Services	19,011	22,500	21,911	(589)
Intergovernmental	507,675	580,147	585,109	4,962
Other	22,506	24,924	25,939	1,015
<i>Total Revenues</i>	<u>1,059,829</u>	<u>1,216,572</u>	<u>1,221,960</u>	<u>5,388</u>
Expenditures				
Current:				
Transportation:				
Street Department:				
Salaries and Wages	473,160	468,860	454,907	13,953
Fringe Benefits	207,551	204,258	203,540	718
Purchased Services	143,518	155,784	142,202	13,582
Materials and Supplies	320,545	328,526	301,403	27,123
Capital Outlay	26,000	34,412	34,411	1
<i>Total Expenditures</i>	<u>1,170,774</u>	<u>1,191,840</u>	<u>1,136,463</u>	<u>55,377</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(110,945)	24,732	85,497	60,765
Other Financing Sources				
Transfers In	15,171	17,499	17,007	(492)
<i>Net Change in Fund Balance</i>	(95,774)	42,231	102,504	60,273
<i>Fund Balance Beginning of Year</i>	63,078	63,078	63,078	0
Prior Year Encumbrances Appropriated	29,581	29,581	29,581	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$3,115)</u>	<u>\$134,890</u>	<u>\$195,163</u>	<u>\$60,273</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$356,492	\$365,060	\$369,241	\$4,181
Intergovernmental	48,092	51,057	49,812	(1,245)
Other	434	520	450	(70)
<i>Total Revenues</i>	405,018	416,637	419,503	2,866
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Salaries and Wages	191,476	177,793	170,111	7,682
Fringe Benefits	53,155	47,900	44,862	3,038
Purchased Services	58,400	65,761	48,061	17,700
Materials and Supplies	10,450	8,235	5,102	3,133
Capital Outlay	31,000	1,664	1,664	0
Total Security of Persons and Property	344,481	301,353	269,800	31,553
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	4,494	4,494	4,482	12
Total Debt Service	39,494	39,494	39,482	12
<i>Total Expenditures</i>	383,975	340,847	309,282	31,565
<i>Excess of Revenues Over Expenditures</i>	21,043	75,790	110,221	34,431
Other Financing Uses				
Transfers Out	0	(30,000)	(30,000)	0
<i>Net Change in Fund Balance</i>	21,043	45,790	80,221	34,431
<i>Fund Balance Beginning of Year</i>	142,853	142,853	142,853	0
Prior Year Encumbrances Appropriated	434	434	434	0
<i>Fund Balance End of Year</i>	\$164,330	\$189,077	\$223,508	\$34,431

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$280,865	\$288,912	\$292,060	\$3,148
Charges for Services	222,716	218,650	231,593	12,943
Intergovernmental	39,300	41,080	40,866	(214)
Other	1,144	1,500	1,190	(310)
<i>Total Revenues</i>	<u>544,025</u>	<u>550,142</u>	<u>565,709</u>	<u>15,567</u>
Expenditures				
Current:				
Security of Persons and Property:				
Emergency Medical Services:				
Salaries and Wages	422,822	413,432	406,526	6,906
Fringe Benefits	126,351	130,663	130,192	471
Purchased Services	99,113	89,111	71,877	17,234
Materials and Supplies	22,200	22,534	19,382	3,152
Capital Outlay	500	4,865	4,865	0
<i>Total Expenditures</i>	<u>670,986</u>	<u>660,605</u>	<u>632,842</u>	<u>27,763</u>
<i>Net Change in Fund Balance</i>	(126,961)	(110,463)	(67,133)	43,330
<i>Fund Balance Beginning of Year</i>	165,412	165,412	165,412	0
Prior Year Encumbrances Appropriated	1,680	1,680	1,680	0
<i>Fund Balance End of Year</i>	<u>\$40,131</u>	<u>\$56,629</u>	<u>\$99,959</u>	<u>\$43,330</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Special Assessments	\$74,914	\$72,047	(\$2,867)
Municipal Income Tax	82,999	82,999	0
<i>Total Revenues</i>	<u>157,913</u>	<u>155,046</u>	<u>(2,867)</u>
Expenditures			
Current:			
General Government:			
Purchased Services	11,820	3,003	8,817
Debt Service:			
Principal Retirement:			
1996 Special Assessment	5,000	5,000	0
Barber Road Special Assessment	95,000	95,000	0
Total Principal Retirement	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Interest and Fiscal Charges:			
1996 Special Assessment	5,280	5,280	0
Barber Road Special Assessment	73,570	73,570	0
Total Interest and Fiscal Charges	<u>78,850</u>	<u>78,850</u>	<u>0</u>
Total Debt Service	<u>178,850</u>	<u>178,850</u>	<u>0</u>
<i>Total Expenditures</i>	<u>190,670</u>	<u>181,853</u>	<u>8,817</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(32,757)	(26,807)	5,950
Other Financing Sources			
Transfers In	26,082	27,750	1,668
<i>Net Change in Fund Balance</i>	(6,675)	943	7,618
<i>Fund Balance Beginning of Year</i>	<u>9,002</u>	<u>9,002</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,327</u>	<u>\$9,945</u>	<u>\$7,618</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
The Meadows at Johnson Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	<u>400,337</u>	<u>400,337</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(400,337)	(400,337)	0
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	<u>400,337</u>	<u>400,337</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Improvement Fund
For the Year Ended December 31, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$46,535	\$47,032	\$497
Expenditures			
Current:			
Transportation:			
State Highway:			
Materials and Supplies	45,000	45,000	0
<i>Net Change in Fund Balance</i>	1,535	2,032	497
<i>Fund Balance Beginning of Year</i>	14,061	14,061	0
<i>Fund Balance End of Year</i>	\$15,596	\$16,093	\$497

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Permissive License Plate Tax Fund
For the Year Ended December 31, 2005*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$64,627	\$64,608	(\$19)
Expenditures			
Current:			
Transportation:			
Special Permissive License Plate Tax:			
Purchased Services	<u>68,546</u>	<u>68,545</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	(3,919)	(3,937)	(18)
<i>Fund Balance Beginning of Year</i>	58,957	58,957	0
Prior Year Encumbrances Appropriated	<u>4,369</u>	<u>4,369</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$59,407</u></u>	<u><u>\$59,389</u></u>	<u><u>(\$18)</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DARE Program Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$500	\$410	(\$90)
Expenditures			
Current:			
Security of Persons and Property:			
Drug Abuse Resistance Education:			
Materials and Supplies	2,800	397	2,403
<i>Net Change in Fund Balance</i>	(2,300)	13	2,313
<i>Fund Balance Beginning of Year</i>	2,836	2,836	0
<i>Fund Balance End of Year</i>	\$536	\$2,849	\$2,313

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$500	\$265	(\$235)
Expenditures			
Current:			
Security of Persons and Property:			
Drug Law Enforcement:			
Purchased Services	500	0	500
<i>Net Change in Fund Balance</i>	0	265	265
<i>Fund Balance Beginning of Year</i>	662	662	0
<i>Fund Balance End of Year</i>	\$662	\$927	\$265

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Fines and Forfeitures	\$1,700	\$1,662	(\$38)
Expenditures			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	<u>9,000</u>	<u>5,590</u>	<u>3,410</u>
<i>Net Change in Fund Balance</i>	(7,300)	(3,928)	3,372
<i>Fund Balance Beginning of Year</i>	<u>16,488</u>	<u>16,488</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,188</u></u>	<u><u>\$12,560</u></u>	<u><u>\$3,372</u></u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DWI Enforcement and Education Fund
For the Year Ended December 31, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$5,735	\$5,513	(\$222)
Expenditures			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	9,000	6,702	2,298
<i>Net Change in Fund Balance</i>	(3,265)	(1,189)	2,076
<i>Fund Balance Beginning of Year</i>	22,848	22,848	0
<i>Fund Balance End of Year</i>	\$19,583	\$21,659	\$2,076

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Center Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$9,400	\$9,550	\$150
Expenditures			
Current:			
Leisure Time Activities:			
Community Recreation:			
Salaries and Wages	11,000	6,197	4,803
Purchased Services	22,789	19,868	2,921
Materials and Supplies	9,900	5,817	4,083
<i>Total Expenditures</i>	43,689	31,882	11,807
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(34,289)	(22,332)	11,957
Other Financing Sources			
Transfers In	44,342	24,342	(20,000)
<i>Net Change in Fund Balance</i>	10,053	2,010	(8,043)
<i>Fund Balance (Deficit) Beginning of Year</i>	(2,342)	(2,342)	0
Prior Year Encumbrances Appropriated	400	400	0
<i>Fund Balance End of Year</i>	\$8,111	\$68	(\$8,043)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Greenwich Road Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$1,993	\$1,988	(\$5)
Expenditures			
Current:			
Community Environment:			
Historical Greenwich Road:			
Purchased Services	3,993	3,953	40
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(2,000)	(1,965)	35
Other Financing Sources			
Transfers In	2,011	2,011	0
<i>Net Change in Fund Balance</i>	11	46	35
<i>Fund Balance (Deficit) Beginning of Year</i>	(11)	(11)	0
<i>Fund Balance End of Year</i>	\$0	\$35	\$35

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$2,600	\$39	(\$2,561)
Expenditures			
Current:			
Public Health:			
Cemetery:			
Salaries and Wages	2,044	1,908	136
Fringe Benefits	357	345	12
Materials and Supplies	5,300	5,075	225
<i>Total Expenditures</i>	7,701	7,328	373
<i>Net Change in Fund Balance</i>	(5,101)	(7,289)	(2,188)
<i>Fund Balance Beginning of Year</i>	10,955	10,955	0
<i>Fund Balance End of Year</i>	\$5,854	\$3,666	(\$2,188)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Event Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$7,660	\$7,630	(\$30)
Expenditures			
Current:			
General Government:			
Special Events:			
Purchased Services	5,500	5,500	0
Materials and Supplies	2,187	2,180	7
<i>Total Expenditures</i>	7,687	7,680	7
<i>Net Change in Fund Balance</i>	(27)	(50)	(23)
<i>Fund Balance Beginning of Year</i>	318	318	0
<i>Fund Balance End of Year</i>	\$291	\$268	(\$23)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recycling Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,878	\$2,878	\$0
Expenditures			
Current:			
Community Environment:			
Recycling:			
Purchased Services	3,878	2,878	1,000
<i>Net Change in Fund Balance</i>	(1,000)	0	1,000
<i>Fund Balance Beginning of Year</i>	1,361	1,361	0
<i>Fund Balance End of Year</i>	\$361	\$1,361	\$1,000

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Scrap Tire Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Community Environment:			
Scrap Tires:			
Purchased Services	1,000	333	667
<i>Net Change in Fund Balance</i>	(1,000)	(333)	667
<i>Fund Balance Beginning of Year</i>	1,619	1,619	0
<i>Fund Balance End of Year</i>	\$619	\$1,286	\$667

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police and Fire Disability and Pension Fund
For the Year Ended December 31, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property and Other Taxes	\$69,461	\$69,706	\$245
Intergovernmental	9,849	9,710	(139)
<i>Total Revenues</i>	<u>79,310</u>	<u>79,416</u>	<u>106</u>
Expenditures			
Current:			
General Government:			
Police and Fire Disability and Pension:			
Fringe Benefits	85,933	85,200	733
Purchased Services	1,067	1,067	0
<i>Total Expenditures</i>	<u>87,000</u>	<u>86,267</u>	<u>733</u>
<i>Net Change in Fund Balance</i>	(7,690)	(6,851)	839
<i>Fund Balance Beginning of Year</i>	<u>7,954</u>	<u>7,954</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$264</u>	<u>\$1,103</u>	<u>\$839</u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Fund
For the Year Ended December 31, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$27,000	\$22,721	(\$4,279)
Expenditures			
Current:			
General Government:			
Mayor's Court:			
Salaries and Wages	22,495	21,345	1,150
Fringe Benefits	8,334	8,222	112
Purchased Services	4,005	3,870	135
Materials and Supplies	450	292	158
<i>Total Expenditures</i>	35,284	33,729	1,555
<i>Net Change in Fund Balance</i>	(8,284)	(11,008)	(2,724)
<i>Fund Balance Beginning of Year</i>	17,954	17,954	0
<i>Fund Balance End of Year</i>	\$9,670	\$6,946	(\$2,724)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water System Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$145,200	\$146,261	\$1,061
Expenditures			
Current:			
Public Health Services:			
Waterline Improvement:			
Purchased Services	10,000	6,106	3,894
Capital Outlay	300	300	0
<i>Total Expenditures</i>	10,300	6,406	3,894
<i>Excess of Revenues Over Expenditures</i>	134,900	139,855	4,955
Other Financing Uses			
Transfers Out	(60,050)	(60,050)	0
<i>Net Change in Fund Balance</i>	74,850	79,805	4,955
<i>Fund Balance Beginning of Year</i>	33,678	33,678	0
Prior Year Encumbrances Appropriated	300	300	0
<i>Fund Balance End of Year</i>	\$108,828	\$113,783	\$4,955

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitary Sewer Fund
For the Year Ended December 31, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$179,000	\$185,533	\$6,533
Expenditures			
Current:			
Public Health Services:			
Sewerline Improvement:			
Purchased Services	20,000	475	19,525
Capital Outlay	300	300	0
<i>Total Expenditures</i>	20,300	775	19,525
<i>Net Change in Fund Balance</i>	158,700	184,758	26,058
<i>Fund Balance Beginning of Year</i>	130,013	130,013	0
Prior Year Encumbrances Appropriated	300	300	0
<i>Fund Balance End of Year</i>	\$289,013	\$315,071	\$26,058

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Brentwood Water Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$500	\$0	(\$500)
Expenditures			
Current:			
Public Health Services:			
Brentwood Waterlines:			
Purchased Services	27,300	27,232	68
Capital Outlay	3,500	2,944	556
<i>Total Expenditures</i>	30,800	30,176	624
<i>Excess of Revenues Under Expenditures</i>	(30,300)	(30,176)	124
Other Financing Sources			
Transfers In	35,412	35,412	0
<i>Net Change in Fund Balance</i>	5,112	5,236	124
<i>Fund Balance (Deficit) Beginning of Year</i>	(5,112)	(5,112)	0
<i>Fund Balance End of Year</i>	\$0	\$124	\$124

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Municipal Income Tax	\$189,000	\$189,000	\$0
Special Assessments	22,214	22,214	0
Other	3,252	3,254	2
<i>Total Revenues</i>	<u>214,466</u>	<u>214,468</u>	<u>2</u>
Expenditures			
Current:			
Debt Service:			
Principal Retirement:			
Street Improvement	35,000	35,000	0
Police Cruisers	10,000	10,000	0
Police Radio System	25,000	25,000	0
Road Program	30,000	30,000	0
Ballfields	10,000	10,000	0
Gardner Engineering	10,000	10,000	0
Gardner Special Assessment	160,000	160,000	0
Johnson Waterline	177,000	177,000	0
Service Equipment	150,000	150,000	0
The Meadows at Johnson	524,000	524,000	0
Total Principal Retirement	<u>1,131,000</u>	<u>1,131,000</u>	<u>0</u>
Interest and Fiscal Charges:			
Street Improvement	14,514	14,514	0
Police Cruisers	900	900	0
Police Radio System	10,995	10,995	0
Road Program	14,514	14,514	0
Ballfields	8,062	8,062	0
Gardner Engineering	6,465	6,465	0
Gardner Special Assessment	3,261	3,252	9
Johnson Waterline	3,761	3,761	0
Service Equipment	3,187	3,187	0
The Meadows at Johnson	11,974	11,744	230
Total Interest and Fiscal Charges	<u>77,633</u>	<u>77,394</u>	<u>239</u>
<i>Total Expenditures</i>	<u>1,208,633</u>	<u>1,208,394</u>	<u>239</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	<u>(994,167)</u>	<u>(993,926)</u>	<u>241</u>
Other Financing Sources			
Notes Issued	770,800	770,800	0
Transfers In	221,227	223,227	2,000
<i>Total Other Financing Sources</i>	<u>992,027</u>	<u>994,027</u>	<u>2,000</u>
<i>Net Change in Fund Balance</i>	(2,140)	101	2,241
<i>Fund Balance Beginning of Year</i>	<u>4,131</u>	<u>4,131</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,991</u>	<u>\$4,232</u>	<u>\$2,241</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land and Land Improvements Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$60,300	\$60,353	\$53
Expenditures			
Capital Outlay:			
Purchased Services	831	43	788
Capital Outlay	265,327	265,327	0
<i>Total Expenditures</i>	266,158	265,370	788
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(205,858)	(205,017)	841
Other Financing Uses			
Transfers Out	(18,062)	(18,062)	0
<i>Net Change in Fund Balance</i>	(223,920)	(223,079)	841
<i>Fund Balance Beginning of Year</i>	66,085	66,085	0
Prior Year Encumbrances Appropriated	262,019	262,019	0
<i>Fund Balance End of Year</i>	\$104,184	\$105,025	\$841

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Buildings Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Municipal Income Tax	\$24,600	\$24,600	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	24,600	24,600	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$24,600</u></u>	<u><u>\$24,600</u></u>	<u><u>\$0</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Equipment Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Municipal Income Tax	\$39,400	\$39,400	\$0
Intergovernmental	124,800	124,800	0
Other	14,300	14,298	(2)
<i>Total Revenues</i>	<u>178,500</u>	<u>178,498</u>	<u>(2)</u>
Expenditures			
Capital Outlay:			
Capital Outlay	<u>522,696</u>	<u>522,695</u>	<u>1</u>
<i>Excess of Revenues Under Expenditures</i>	(344,196)	(344,197)	(1)
Other Financing Sources			
Transfers In	<u>185,030</u>	<u>185,030</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(159,166)	(159,167)	(1)
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	<u>345,813</u>	<u>345,813</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$186,647</u>	<u>\$186,646</u>	<u>(\$1)</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Streets, Highways and Bridges Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	4,235	4,235	0
<i>Net Change in Fund Balance</i>	(4,235)	(4,235)	0
<i>Fund Balance Beginning of Year</i>	429,131	429,131	0
Prior Year Encumbrances Appropriated	4,236	4,236	0
<i>Fund Balance End of Year</i>	\$429,132	\$429,132	\$0

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Storm Sewers Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	42,659	41,904	755
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(42,659)	(41,904)	755
Other Financing Sources			
Transfers In	25,000	25,000	0
<i>Net Change in Fund Balance</i>	(17,659)	(16,904)	755
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	25,808	25,808	0
<i>Fund Balance End of Year</i>	\$8,149	\$8,904	\$755

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Waterlines Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	8,345	8,345	0
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(8,345)	(8,345)	0
Other Financing Uses			
Transfers Out	(67,379)	(67,379)	0
<i>Net Change in Fund Balance</i>	(75,724)	(75,724)	0
<i>Fund Balance Beginning of Year</i>	75,724	75,724	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitary Sewers Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$6,572	\$6,572	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	120	102	18
<i>Excess of Revenues Over Expenditures</i>	6,452	6,470	18
Other Financing Uses			
Transfers Out	(11,261)	(11,261)	0
<i>Net Change in Fund Balance</i>	(4,809)	(4,791)	18
<i>Fund Balance Beginning of Year</i>	11,254	11,254	0
<i>Fund Balance End of Year</i>	\$6,445	\$6,463	\$18

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gardner Issue II Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	<u>62,056</u>	<u>22,672</u>	<u>39,384</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(62,056)	(22,672)	39,384
Other Financing Uses			
Transfers Out	<u>(30,175)</u>	<u>(30,175)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(92,231)	(52,847)	39,384
<i>Fund Balance Beginning of Year</i>	121,073	121,073	0
Prior Year Encumbrances Appropriated	<u>22,363</u>	<u>22,363</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$51,205</u></u>	<u><u>\$90,589</u></u>	<u><u>\$39,384</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gardner OPWC Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$10,090	\$10,090	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	<u>13,637</u>	<u>13,637</u>	<u>0</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(3,547)	(3,547)	0
Other Financing Uses			
Transfers Out	<u>(77,860)</u>	<u>(77,860)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(81,407)	(81,407)	0
<i>Fund Balance Beginning of Year</i>	9,439	9,439	0
Prior Year Encumbrances Appropriated	<u>71,968</u>	<u>71,968</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$606,685	\$623,048	\$16,363
Other	600	566	(34)
<i>Total Revenues</i>	<u>607,285</u>	<u>623,614</u>	<u>16,329</u>
Expenses			
Purchased Services	203,200	199,073	4,127
Claims	403,485	299,922	103,563
<i>Total Expenses</i>	<u>606,685</u>	<u>498,995</u>	<u>107,690</u>
<i>Net Change in Fund Equity</i>	600	124,619	124,019
<i>Fund Equity Beginning of Year</i>	<u>116,191</u>	<u>116,191</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$116,791</u></u>	<u><u>\$240,810</u></u>	<u><u>\$124,019</u></u>

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City of Norton, Ohio
*Governmental Activities Revenues by Source
and Expenses by Function (1)
Last Two Years (2)*

	<u>2005</u>	<u>2004</u>
Program Revenues		
Charges for Services and Sales	\$1,117,026	\$906,496
Operating Grants and Contributions	806,545	684,941
Capital Grants and Contributions	134,890	61,654
General Revenues		
Property and Other Taxes	1,154,096	1,081,150
Municipal Income Taxes	3,470,775	2,715,198
Intergovernmental	1,278,637	1,096,348
Interest	113,769	55,784
Gain on Sale of Capital assets	0	26,184
Other	<u>99,565</u>	<u>112,326</u>
Total	<u><u>\$8,175,303</u></u>	<u><u>\$6,740,081</u></u>
Expenses		
General Government	\$1,670,256	\$1,496,946
Security of Persons and Property:		
Police	1,859,217	1,894,423
Fire/EMS	990,368	1,013,332
Transportation	1,230,347	1,306,330
Community Environment	248,559	251,646
Public Health Services	128,117	86,907
Leisure Time Activities	179,714	149,725
Interest and Fiscal Charges	<u>166,384</u>	<u>167,244</u>
Total	<u><u>\$6,472,962</u></u>	<u><u>\$6,366,553</u></u>

Source: City Financial Records

(1) Full Accrual Basis

(2) City first began reporting on full accrual basis in 2004

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

	2005 (3)	2004 (3)	2003 (3)	2002 (3)
Revenues				
Taxes	\$4,468,529	\$3,730,261	\$3,847,841	\$3,585,101
Charges for Services	768,912	560,027	419,741	267,185
Special Assessments	100,833	55,660	12,756	11,348
Licenses, Permits and Fees	125,671	322,563	326,291	299,808
Fines and Forfeitures	160,972	0	0	0
Intergovernmental	1,667,640	1,761,685	1,336,911	1,704,117
Interest	113,769	55,784	18,544	28,259
Other	99,565	112,326	159,924	422,130
Total	\$7,505,891	\$6,598,306	\$6,122,008	\$6,317,948
Expenditures				
Current:				
General Government	\$1,543,564	\$1,449,123	\$1,435,178	\$992,074
Security of Persons and Property	2,780,456	2,779,708	2,639,560	2,318,526
Transportation	1,174,789	1,102,624	902,554	983,519
Community Environment	254,385	287,058	290,668	228,436
Public Health Services	35,125	59,445	6,281	40
Leisure Time Activities	165,894	137,530	197,901	123,360
Basic Utility Services	0	0	0	0
Capital Outlay	181,315	324,995	1,001,789	1,648,845
Debt Service	472,309	748,589	304,338	139,424
Other	0	0	30,172	142,538
Total	\$6,607,837	\$6,889,072	\$6,808,441	\$6,576,762

Source: City Financial Records

- (1) 1996 through 1998 on a cash basis, 1999 through 2005 on a modified accrual GAAP basis
- (2) Does not include capital projects funds
- (3) Includes all governmental funds.

2001(2)	2000(2)	1999(2)	1998(2)	1997(2)	1996(2)
\$3,503,951	\$3,417,327	\$3,374,871	\$3,183,956	\$2,888,319	\$2,685,955
116,729	5,771	8,428	21,253	19,261	16,398
8,107	12,342	13,590	11,416	11,650	0
287,468	325,314	305,699	322,594	275,624	277,787
0	0	0	0	0	0
1,583,826	1,660,197	1,404,086	1,571,116	1,392,703	1,290,799
87,903	169,579	114,503	94,897	86,216	0
272,973	159,938	76,799	22,178	25,428	92,298
<u>\$5,860,957</u>	<u>\$5,750,468</u>	<u>\$5,297,976</u>	<u>\$5,227,410</u>	<u>\$4,699,201</u>	<u>\$4,363,237</u>

\$1,255,564	\$1,167,659	\$980,266	\$1,005,294	\$962,459	\$887,310
2,297,744	2,133,845	2,045,851	1,662,531	1,571,480	1,539,434
741,285	743,479	679,892	551,879	583,356	680,329
196,305	123,429	72,224	93,951	85,063	100,229
601	2,075	4,543	328,758	246,791	243,382
106,894	112,545	77,157	81,587	70,628	82,120
0	0	250	2,564	623	120
5,460	2,278	3,950	72,719	80,894	51,422
11,600	11,930	12,260	12,590	15,052	644,681
11,141	0	366,373	385,039	210,789	310,770
<u>\$4,626,594</u>	<u>\$4,297,240</u>	<u>\$4,242,766</u>	<u>\$4,196,912</u>	<u>\$3,827,135</u>	<u>\$4,539,797</u>

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

Year (1)	Real Property (3)		Public Utility Property	
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)
2005	\$252,333,400	\$720,952,571	\$6,562,270	\$7,457,125
2004	230,526,020	658,645,771	6,977,590	7,929,080
2003	225,429,780	644,085,086	6,754,770	7,675,875
2002	188,635,800	538,959,429	6,621,500	7,524,432
2001	185,343,710	529,553,457	10,111,350	11,490,170
2000	179,842,960	513,837,029	10,855,910	12,336,261
1999	156,948,340	448,423,829	10,490,480	11,921,000
1998	153,605,370	438,872,486	10,181,020	11,569,341
1997	151,376,420	432,504,057	10,137,420	11,519,795
1996	128,627,820	367,508,057	10,431,870	11,854,398

Source: Summit County, Ohio; County Fiscal Officer

- (1) The year represents collection year.
- (2) This amount is calculated based on the following percentages:
 - Real estate is assessed at 35 percent of actual values.
 - Public utility personal is assessed at various rates from 25 to 88 percent of actual value.
 - Capital assets for tangible personal property are assessed at 25 percent of actual value.
 - Inventory for tangible personal property is assessed at 23 percent of actual value.
- (3) Includes public utility real property and mineral rights.
 Excludes CAUV reduced values.

<u>Tangible Personal Property</u>		<u>Total</u>		
<u>Assessed Value</u>	<u>Estimated Actual Value (2)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>
\$17,925,833	\$71,703,332	\$276,821,503	\$800,113,028	34.60 %
22,835,501	91,342,004	260,339,111	757,916,855	34.35
20,700,235	82,800,940	252,884,785	734,561,901	34.43
21,588,797	86,355,188	216,846,097	632,839,048	34.27
23,142,207	92,568,828	218,597,267	633,612,456	34.50
21,836,416	87,345,664	212,535,286	613,518,954	34.64
21,404,032	85,616,128	188,842,852	545,960,957	34.59
21,891,389	87,565,556	185,677,779	538,007,383	34.51
19,752,706	79,010,824	181,266,546	523,034,677	34.66
17,966,893	71,867,572	157,026,583	451,230,027	34.80

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

Year	Total Tax Levy (1)	Current Collections	Percent Collected	Delinquent Collections
2005	\$1,073,413	\$1,026,171	95.60 %	\$31,942
2004	1,098,882	1,017,803	92.62	35,748
2003	1,034,972	989,267	95.58	33,414
2002	1,022,167	929,322	90.92	38,641
2001	1,019,359	930,385	91.27	26,814
2000	991,364	908,580	91.65	30,713
1999	941,164	860,522	91.43	30,789
1998	927,552	848,718	91.50	24,159
1997	904,223	831,664	91.98	19,850
1996	817,228	765,456	93.66	17,182

Source: Summit County, Ohio; County Fiscal Officer

- (1) Includes homestead/rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.
- (2) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

<u>Total Collections</u>	<u>Percent of Total Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
\$1,058,113	98.57 %	\$60,368	5.62 %
1,053,551	95.87	45,331	4.13
1,022,681	98.81	52,891	5.11
967,963	94.70	54,205	5.30
957,199	93.90	62,160	6.10
939,293	94.75	52,651	5.31
891,311	94.70	49,853	5.30
872,877	94.11	54,674	5.89
851,514	94.17	52,709	5.83
782,638	95.77	34,588	4.23

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

<u>Year</u>	<u>General Fund</u>	<u>Fire Fund</u>	<u>EMS Fund</u>	<u>Police Pension</u>	<u>Total City</u>	<u>Summit County</u>	<u>Norton City Schools</u>	<u>Akron/Summit Library</u>	<u>Total</u>
2005	\$1.60	\$2.60	\$2.00	\$0.30	\$6.50	\$13.07	\$59.90	\$2.14	\$81.61
2004	1.60	2.60	2.00	0.30	6.50	13.07	55.00	0.78	75.35
2003	1.60	2.60	2.00	0.30	6.50	13.07	55.00	1.59	76.16
2002	1.60	2.60	2.00	0.30	6.50	13.07	55.00	1.35	75.92
2001	1.60	2.60	2.00	0.30	6.50	13.07	55.00	1.39	75.96
2000	1.60	2.60	2.00	0.30	6.50	12.27	55.00	1.39	75.16
1999	1.60	2.60	2.00	0.30	6.50	12.27	55.00	1.79	75.56
1998	1.60	2.60	2.00	0.30	6.50	11.65	55.00	1.87	75.02
1997	1.60	2.60	2.00	0.30	6.50	11.39	55.00	0.89	73.78
1996	1.60	2.60	2.00	0.30	6.50	13.99	55.00	0.89	76.38

Source: Summit County, Ohio; County Fiscal Officer

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

Year	Amount Billed	Amount Collected	Percent Collected
2005	\$100,021	\$72,047	72.03 %
2004	80,833	55,660	68.86
2003	25,693	20,616	80.24
2002	12,067	11,675	96.75
2001	12,633	10,848	85.87
2000	16,359	10,760	65.77
1999	11,086	10,811	97.52
1998	13,638	11,212	82.21
1997	12,305	11,650	94.68

Source: Summit County, Ohio; County Fiscal Officer

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

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

City of Norton, Ohio
Computation of Legal Debt Margin
December 31, 2005

Total Assessed Property Value	\$276,821,503
Overall Debt Limitation (10 1/2% of Assessed Valuation)	<u>\$29,066,258</u>
Gross Indebtedness:	
General Obligation Bonds	3,192,041
Special Assessment Bonds	882,959
Notes	<u>840,800</u>
Total Gross Indebtedness	4,915,800
Less: Special Assessments Bonds	(882,959)
Debt Service Fund Balance	<u>(46,698)</u>
Net Debt Within 10 1/2% Limitations	<u>3,986,143</u>
Overall Legal Debt Margin Within 10 1/2% Limitations	<u><u>\$25,080,115</u></u>
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	<u>\$15,225,183</u>
Gross Indebtedness	4,915,800
Less: Special Assessments Bonds	(882,959)
Debt Service Fund Balance	<u>(46,698)</u>
Net Debt Within 5 1/2% Limitations	<u>3,986,143</u>
Legal Debt Margin Within 5 1/2% Limitations	<u><u>\$11,239,040</u></u>

Source: City Financial Records

City of Norton, Ohio
*Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita
Last Ten Years*

<u>Year</u>	<u>Population (1)</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net General Obligation Bonded Debt Per Capita</u>
2005	11,596	\$3,145,343	\$276,821,503	1.14 %	\$271.24
2004	11,745	3,315,266	260,339,111	1.27	282.27
2003	11,726	3,531,939	252,884,785	1.40	301.21
2002	11,523	78,730	216,846,097	0.04	6.83
2001	11,523	83,400	218,597,267	0.04	7.24
2000	11,523	88,070	212,535,286	0.04	7.64
1999	11,523	92,740	188,842,852	0.05	8.05
1998	11,523	97,410	185,677,779	0.05	8.45
1997	11,523	99,948	181,266,546	0.06	8.67
1996	11,523	119,208	157,026,493	0.08	10.35

Source:

(1) Akron-Summit County Library

(2) Summit County, Ohio; County Fiscal Officer

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service To Total Governmental Expenditures</u>
2005	\$179,627	\$101,627	\$281,254	\$6,607,837	4.26 %
2004	160,272	80,224	240,496	6,889,072	3.49

Source: City financial records

(1) Prior to 2004 the City had no debt service expenditures.

City of Norton, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2005

	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Norton</u>
<i>Direct:</i>			
City of Norton	<u>\$3,192,041</u>	100.00 %	<u>\$3,192,041</u>
<i>Overlapping:</i>			
Akron Summit Library	58,721,401	3.04	1,785,131
Metro Transit	1,345,000	2.14	28,783
Barberton City School District	24,654,952	2.26	557,202
Summit County	<u>70,270,000</u>	2.14	1,503,778
Total Overlapping Debt	<u>154,991,353</u>		<u>3,874,894</u>
Total Direct and Overlapping	<u><u>\$158,183,394</u></u>		<u><u>\$7,066,935</u></u>

Source: Summit County, Ohio; County Auditor

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

City of Norton, Ohio
Demographic Statistics
Last Ten Years

Year	City Population (1)	County Population (1)	Unemployment Rate County Area (1)	Per Capita Income County Area (1)	Norton City School District Enrollment (2)
2005	11,596	542,000	6.10%	\$31,765	2,446
2004	11,745	542,899	5.50	31,145	2,470
2003	11,726	546,773	5.70	22,842	2,558
2002	11,523	542,899	4.30	25,794	2,597
2001	11,523	542,899	4.30	25,794	2,592
2000	11,523	532,700	4.00	25,794	2,553
1999	11,523	537,730	4.00	25,794	2,506
1998	11,523	537,730	4.00	25,794	2,553
1997	11,523	536,838	4.40	25,794	2,453
1996	11,523	535,160	4.60	24,624	2,402

Source: (1) Akron-Summit County Library
(2) Norton City School District, Board of Education
(3) Northeast Ohio Four County Regional Planning and Development
Organization and Akron Metropolitan and Transportation Study

City of Norton, Ohio
Housing Statistics
Last Seven Years

<u>Year</u>	<u>Home Sales Within City</u>	<u>Summit County Average Price</u>	<u>City Average Price</u>
2005	136	\$169,926	\$141,392
2004	144	154,269	133,257
2003	133	142,868	125,468
2002	126	125,151	133,790
2001	137	133,766	129,068
2000	136	142,788	109,035
1999	192	117,327	104,632

Source: Summit County Website

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

Year	Property Value (2)	Residential		
		Number of Permits	Housing Units	Value
2005	\$276,821,503	347	41	\$7,109,712
2004	260,339,111	306	41	6,106,179
2003	252,884,785	366	40	8,706,135
2002	216,846,097	419	58	11,399,030
2001	218,597,267	294	38	9,828,152
2000	212,535,286	310	48	9,053,060
1999	188,842,852	280	49	7,750,645
1998	185,677,779	231	47	8,185,102
1997	181,266,546	205	36	6,368,439
1996	157,026,583	180	21	4,000,437

Sources: City building permits reports
Federal Reserve Bank of Cleveland

(1) Number of units include new construction only

(2) Represents total assessed value

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

<u>Commercial (1)</u>		<u>Domestic Bank Deposits in the County (in thousands)</u>
<u>Number of Permits</u>	<u>Value</u>	
18	\$3,060,700	\$7,476,440
30	3,247,497	7,532,814
36	5,217,815	7,911,859
45	5,906,900	8,097,304
58	2,917,039	7,870,201
33	3,142,958	7,850,115
38	3,465,679	7,071,487
62	10,047,403	5,049,282
30	1,789,031	3,344,418 (3)
36	5,641,015	6,960,566

City of Norton
Principal Taxpayers
Real and Public Utility Property Tax
December 31, 2005

Taxpayer	Real and Public Utility Property Tax Assessed Value	Percent of Total Assessed Value
Ohio Edison	\$3,212,230	1.24 %
Columbia Woods Apartments LLC	2,800,020	1.08
Fred W. Albrecht Grocery, Inc.	2,273,092	0.88
Mack W. Seal	2,221,660	0.86
B&C Corporation	2,197,210	0.85
Ohio Bell Telephone	1,119,840	0.43
East Ohio Gas	1,078,650	0.42
Albert J. & Margaret C. Falkenstein	973,800	0.38
Pittsburgh Plate Glass Company	940,450	0.36
Newpark Drive Limited Partnership	846,270	0.32
Totals	<u>\$17,663,222</u>	<u>6.82 %</u>
Total Real and Public Utility Property Tax Assessed Value	<u>\$258,895,670</u>	

Source: Summit County, Ohio; County Fiscal Officer

City of Norton, Ohio
Principal Taxpayers - Tangible Personal Property Tax
December 31, 2005

Taxpayer	Tangible Personal Property Assessed Value	Percent of Total Assessed Value
B&C Corporation	\$4,217,630	23.53 %
PPG Industries	3,382,060	18.87
Fred Martin Motor Company	3,102,620	17.31
Albert's Screenprint, Inc.	1,409,400	7.86
Fomo Products, Inc.	1,353,610	7.55
SA Comunale Company, Inc.	1,287,450	7.18
Ganley Ford, Inc.	776,340	4.33
Adjusta Post Manufacturing Company	757,920	4.23
Revlis Corporation	559,230	3.12
Perkinelmer Life Sciences, Inc.	476,490	2.65
Totals	<u>\$17,322,750</u>	<u>96.63 %</u>
Total Tangible Personal Property Assessed Valuation	<u><u>\$17,925,833</u></u>	

Source: Summit County, Ohio; County Fiscal Officer

City of Norton, Ohio
Principal Taxpayers - Income Tax
December 31, 2005

Taxpayer	Amount of Income Tax Collected in 2005	Percent of Total
B&C Corporation	\$308,185	9.08 %
Norton City School District	209,220	6.17
Fred Martin Motor Company	136,061	4.01
SA Comunale Company, Inc.	128,163	3.78
Ganley Ford, Inc.	104,074	3.07
PPG Industries	95,720	2.82
Albert Screenprint, Inc.	80,628	2.38
Fomo Products, Inc.	62,085	1.83
Fred W. Albrecht Grocery, Inc.	55,657	1.64
Newpark Drive Limited Partnership	46,378	1.38
Totals	<u>\$1,226,171</u>	<u>36.16 %</u>
Total Income Tax Collected in 2005	<u><u>\$3,392,553</u></u>	

Source: City of Norton Tax Records

City of Norton, Ohio

Principal Employers

December 31, 2005

<u>Employer</u>	<u>Nature of Business or Activity</u>	<u>Number of Employees</u>
B&C Corporation	Communications	1,587
Norton City School District	Education	441
Fred Martin Motor Company	Automobile Sales	273
S.A. Comunale Company	Construction	272
Fred W. Albrecht Grocery, Inc.	Grocery Store	212
Albert Screenprint, Inc.	Screen Printing	158
Ganley Ford, Inc.	Automobile Sales	118
PPG Industries	Glass Manufacturing	82
Fomo Products, Inc.	Manufacture Foam	75

Source: City of Norton Tax Records

City of Norton, Ohio
Miscellaneous Statistics
December 31, 2005

Date of Incorporation	1961		
Form of Government		Charter	
Area		20.54 Square Miles	
Land Usage - Percent by Area:			
Residential		27%	
Commercial/Industrial		4%	
Governmental (including parks) and other tax exempt		8%	
Agricultural and Undeveloped		61%	
Residential Building Permits issued in 2005			347
Police Services:			
Number of Stations			1
Number of Police Personnel and Officers			31
Number of Patrol Units			9
Marked Cruisers			7
Unmarked Cruisers			3
Number of Law Violations			
Juvenile Citations			128
Criminal Juvenile Arrests			23
Total Criminal Arrests (Adult)			814
Traffic Citations Issued (Adult)			3,870
Fire/Emergency Medical Services:			
Number of Stations			2
Number of Fire Officers			7
Number of Fire Personnel			31
Number of Calls Answered			
Fire			284
EMS			947
Squad Units			3
Number of Inspections			420
Education:		<u>Students</u>	<u>Teachers</u>
Public Elementary Schools			
Grill - Grades K-4		237	12
Norton 21 - Grades 1-4		87	4
Norton Primary - Grades Preschool-4		380	18
Cornerstone - Grades K-4		222	12
Middle School - Grades 5-8		773	42
High School - Grades 9-12		747	59
Number of Cemeteries			2
Number of Libraries			1



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

CITY OF NORTON

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 19, 2006**