

# **Norton City School District**

*Report Letters*

*June 30, 2010*





# Dave Yost • Auditor of State

Board of Education  
Norton City School District  
4128 Cleveland-Massillon Rd  
Norton, Ohio 44203

We have reviewed the *Independent Auditor's Report* of the Norton City School District, Summit County, prepared by Rea & Associates, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 16, 2011

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**NORTON CITY SCHOOL DISTRICT**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 24, 2010

To the Board of Education  
Norton City School District  
Summit County, Ohio  
4128 Cleveland-Massillon Rd.  
Norton, Ohio 44203

**INDEPENDENT AUDITOR'S 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***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norton City School District (the School District) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 24, 2010. 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 School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Norton City School District  
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*  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District'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*.

We noted certain matters that we reported to management of the School District in a separate letter dated December 24, 2010.

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

*Rea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 24, 2010

The Board of Education  
Norton City School District  
Summit County, Ohio  
4128 S. Cleveland-Massillon Rd.  
Norton, Ohio 44203

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

### **Compliance**

We have audited the compliance of the Norton City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.



### **Internal Control Over Compliance**

The School District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Districts' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District as of and for the year ended June 30, 2010, and have issued our report thereon dated December 24, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

*Rea & Associates, Inc.*

**NORTON CITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--CASH BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Program Year	Federal Receipts	Federal Disbursements
<b>U. S. Department of Education</b>				
<b>(Passed through the Ohio Department of Education):</b>				
<i>Title I, Part A Cluster</i>				
Title I	84.010	2009	\$ 16,285	\$ 31,861
Title I	84.010	2010	208,624	168,388
ARRA-Title I	84.389	2010	108,390	103,346
Total Title I, Part A Cluster			<u>333,299</u>	<u>303,595</u>
<i>Special Education Cluster</i>				
Special Education-Grants to States	84.027	2010	425,925	425,925
ARRA-Special Education-Grants to States	84.391	2010	438,842	407,730
Total IDEA-B			<u>864,767</u>	<u>833,655</u>
Special Education--Preschool Grants	84.173	2009	3,675	3,675
ARRA-Special Education- Preschool Grants	84.392	2010	6,978	13,287
Total Preschool Grants			<u>10,653</u>	<u>16,962</u>
<i>Total Special Education Cluster</i>			<u>875,420</u>	<u>850,617</u>
Safe and Drug-Free Schools and Communities	84.186	2010	5,945	5,945
Total Safe and Drug-Free Schools and Communities			<u>5,945</u>	<u>5,945</u>
Title II-D	84.318	2010	1,690	2,048
Total Title II-D			<u>1,690</u>	<u>2,048</u>
Title II-A	84.367	2009	5,096	9,475
Title II-A	84.367	2010	63,035	54,730
Total Title II-A			<u>68,131</u>	<u>64,205</u>
ARRA-State Fiscal Stabilization Fund	84.394	2010	453,417	453,417
Javits Gifted and Talented Students Education Program	84.206	2010	1,000	1,000
Total U.S. Department of Education			<u>1,738,902</u>	<u>1,680,827</u>
<b>U. S. Department of Agriculture</b>				
<b>(Passed through the Ohio Department of Education):</b>				
<i>Child Nutrition Cluster</i>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2010	36,909	36,909
Cash Assistance:				
National School Lunch Program	10.555	2010	269,869	269,869
National School Breakfast Program	10.553	2010	25,495	25,495
<i>Cash Assistance Subtotal:</i>			<u>269,869</u>	<u>269,869</u>
Total Child Nutrition Cluster			<u>332,273</u>	<u>332,273</u>
Total U.S. Department of Agriculture			<u>332,273</u>	<u>332,273</u>
<b>U.S. Environmental Protection Agency</b>				
<b>(Passed through the Ohio EPA):</b>				
ARRA-National Clean Diesel Emissions Reduction Program	66.039		32,937	32,937
Total U.S. Environmental Protection Agency			<u>32,937</u>	<u>32,937</u>
Total Federal Assistance			<u>\$ 2,104,112</u>	<u>\$ 2,046,037</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NORTON CITY SCHOOL DISTRICT

SUMMIT COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—CASH BASIS

JUNE 30, 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2: NUTRITION CLUSTER

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is part of the Nutrition Cluster. It is reported in the schedule of expenditures of federal awards at the value of the commodities received as assessed by the U.S. Department of Agriculture. At June 30, 2010, the School District had no significant food commodities inventory.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505  
JUNE 30, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list): Title I Cluster  Special Education Cluster  State Fiscal Stabilization	Program: CFDA #84.010 CFDA #84.389 CFDA #84.027 CFDA #84.391 CFDA #84.173 CFDA #84.392 CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

**NONE**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**NONE**



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

December 24, 2010

Norton City School District  
4128 S. Cleveland-Massillon Rd.  
Norton, Ohio 44203

To the Board of Education:

Ohio Rev. Code Section 277.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Norton City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on November 14, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - a) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - b) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - c) A procedure for reporting prohibited incidents;

- d) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- e) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- f) A procedure for documenting any prohibited incident that is reported;
- g) A procedure for responding to and investigating any reported incident;
- h) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- i) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

3. The policy excluded the following required element:

- a) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and management and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

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Norton City School District  
Norton, Ohio



Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2010

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# *Norton City School District*

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*Norton, Ohio*

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

Prepared by:  
Stephanie Hagenbush and  
Treasurer's Office Staff



***Norton City School District***  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2010

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 Comprehensive Annual Financial Report  
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## INTRODUCTORY SECTION







Treasurer's Office  
4128 Cleveland-Massillon Rd  
Norton, Ohio 44203  
(330) 825-2114  
Fax (330) 825-4537

Stephanie Hagenbush  
Treasurer

Mary Renick  
Assistant Treasurer

Betsy McGeorge  
EMIS Coordinator

Cindy Dohner  
Financial Secretary

Sherry McNab  
Accounts Payable

December 31, 2010

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

The Norton City School District's (the "School District") Comprehensive Annual Financial Report (CAFR) compiled for the fiscal year July 1, 2009, through June 30, 2010 is respectfully submitted. Prepared by the Treasurer's office for the purpose of informing the Norton City School District's taxpayers, this comprehensive report's design provides complete and accurate disclosure of the School District's material financial operations for the fiscal year ended June 30, 2010.

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

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

### **HISTORY OF THE NORTON COMMUNITY AND SCHOOLS**

The City of Norton, located in southwestern Summit County, covers approximately nineteen square miles of land and has a current population of 11,523 (census 2000). The area was originally part of Wolf Creek Township and, when first settled, was part of the Western Reserve. Named for Connecticut Proprietor, Birdseye Norton, it was organized as a separate township in April 1818. The township consisted of several semi-villages: Norton Center, Loyal Oak, Western Star, Hametown, Sherman, Johnson's Corners and New Portage. Norton Township was established as one of the leading agricultural townships with some industry in coal mining.

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

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

For fiscal year 2009-2010 the student head count totaled 2,562 with a projection of 2,570 for the 2010-2011 school year. Resident students enroll in five schools: Norton High School (grades 9-12) built in 1953, Norton Middle School (grades 5-8) built in 1966, Norton Cornerstone (grades K-4) built in 1914, Norton Primary (grades K-4) built in 1956, and Grill School (grades K-4) built in 1928 for general education. Other facilities operated by the School District include the Central Administration Office, Bus Garage, Vocational Building, Football Stadium, and other athletic fields.

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

The Norton City School District is a member of the Four Cities Educational Compact that provides various vocational education programs to high school students attending the Norton, Barberton, Copley-Fairlawn and Wadsworth City school districts. Available within the Four Cities Compact Schools are: industry-certified occupational programs, cluster-based work force development programs, career readiness programs, Family and Consumer Science programs and supplemental vocational program services. Norton schools added a Sports Medicine program in fiscal year 2002. Also offered, are Masonry, Life Planning, Parenting, Family Relations, Personal Development (Family and Consumer Science), Administrative Assistants, Cooperative Business Education (CBE), and Diversified Cooperative Trade (DCT) (supplemental vocational programs).

### **SCHOOL DISTRICT ORGANIZATION**

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

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

The Superintendent functions as the Chief Executive Officer of the School District with responsibility for the education and support operations of the School District in accordance with Section 3319.01 of the Ohio Revised Code and is directly responsible to the Board of Education. Mr. David Dunn was hired as Superintendent August 1, 2007 and was awarded a new three year contract running from August 1, 2010 through July 31, 2013.

The Treasurer is the Chief Financial Officer of the School District with statutory obligations set forth in sections 3313.22 through 3313.32 of the Ohio Revised Code and is directly responsible to the Board of Education. Ms. Stephanie Hagenbush was appointed as Treasurer in January 2006 and was awarded a new 3 ½ year contract effective at the organizational meeting in January 2008 and will expire July 31, 2011.

### **REPORTING ENTITY**

The School District has reviewed its reporting entity definition in order to insure conformance with Governmental Accounting Standards Board statements. In evaluating how to define the School District for financial reporting purposes, management has considered all boards, funds, agencies, departments and organizations making up the Norton City School District (the primary government).

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

### **ECONOMIC CONDITION AND FUTURE OUTLOOK**

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

B & C Corporation  
Norton City School District  
SA Communale Company  
Fred Martin Motor Group  
Fomo Products, Inc.

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

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

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

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### **Ohio Improvement Process**

The School District has chosen to participate in the Ohio Improvement Process. This structured process, based on the use of a connected set of tools, is Ohio's strategy for developing a true statewide system of support that can be used to redefine expectations for how people operate collectively and strategically across all levels of the education system. The goal is to improve the processes and results as they relate to teaching and learning. During fiscal year 2004-05 the School District earned an "excellent" status, which means according to state standards the Norton students are performing at or above the highest level attainable. The School District maintained this rating for four consecutive years. In fiscal years 2008-2009 and 2009-2010 the School District attained the status "excellent with distinction." This is the highest rating possible.

### **Fiscal Forecast**

The Five Year Forecast is updated as significant changes take place, but by law, must be approved by the Board of Education and submitted to the state twice a year, in October and May. At the end of fiscal year 2010, the forecast showed an unencumbered balance of \$4,747,087. However, as the costs of doing business continue to grow, the controversy over state funding, and the increasing numbers of unfunded state and federal mandates, a resulting effect of the School District expenditures exceeding its revenues will begin to produce a future deficit as projected in the School District's financial forecast.

## **FINANCIAL INFORMATION & RELEVANT FINANCIAL POLICIES**

### **Accounting System**

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

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

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

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

As determined by criteria established by GASB Statement No. 34, the School District does not report any activities that qualify as enterprise or business type activities. As part of this new reporting model, management is also responsible for preparing a “Management’s Discussion and Analysis” of the School District. This discussion follows the Independent Auditor’s Report, providing an assessment of the School District’s finances for fiscal year 2010 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the School District.

#### Internal Controls

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

#### Budgetary Controls

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

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

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

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

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

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

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

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

#### Single Audit Act

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

#### Financial Highlights - Internal Service Fund

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of medical, surgical, prescription drug, vision and dental benefits to the School District's employees. The balance at June 30, 2010 was sufficient to meet all claims outstanding at year-end.

#### Financial Highlights - Fiduciary Fund

The trust fund carried on the financial records of the School District is a scholarship private purpose trust fund that has assets totaling \$116,418 as of June 30, 2010.

### **OTHER INFORMATION**

#### Independent Audit

Provisions of State statute require an independent auditor subject the School District's financial statements to an annual examination. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirements of the Federal Office of Management and Budget Circular A-133. Rea & Associates, Inc. Certified Public Accountants, performed the audit for the period ended June 30, 2010. Those provisions have been satisfied and the opinion of the Independent Auditors is included in the financial section of this CAFR.

GFOA Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Norton City School District for its CAFR for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial reports.

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

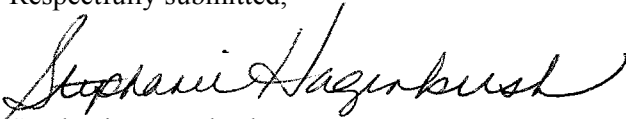
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

The preparation and publication of the 2010 CAFR of the Norton City School District was facilitated through the assistance of many people. My sincere appreciation is extended to the staff of the Treasurer's office for their dedication, support, and encouragement throughout this process. In addition, sincere thanks are also extended to various administrators and employees of the School District, the Summit County Fiscal Officer's office staff and other outside agencies whose efforts contributed to the fair presentation of the statistical data.

Finally, sincere appreciation is expressed to the Norton City Schools Board of Education for their support and commitment to continuing efforts made in improvements of financial management and reporting as we continue in our effort to reach "*Every Child Every Day*".

Respectfully submitted,



Stephanie Hagenbush  
Treasurer

***Norton City School District***  
**Principal Officials Roster**  
**Year Ended June 30, 2010**

Board of Education

Mrs. Elisa Worthington	President
Mr. Jim Bennett	Vice President
Mrs. Diane Farmer	Member
Mrs. Laura Leonti	Member
Mrs. Cindy Webel	Member

Treasurer/Chief Fiscal Officer

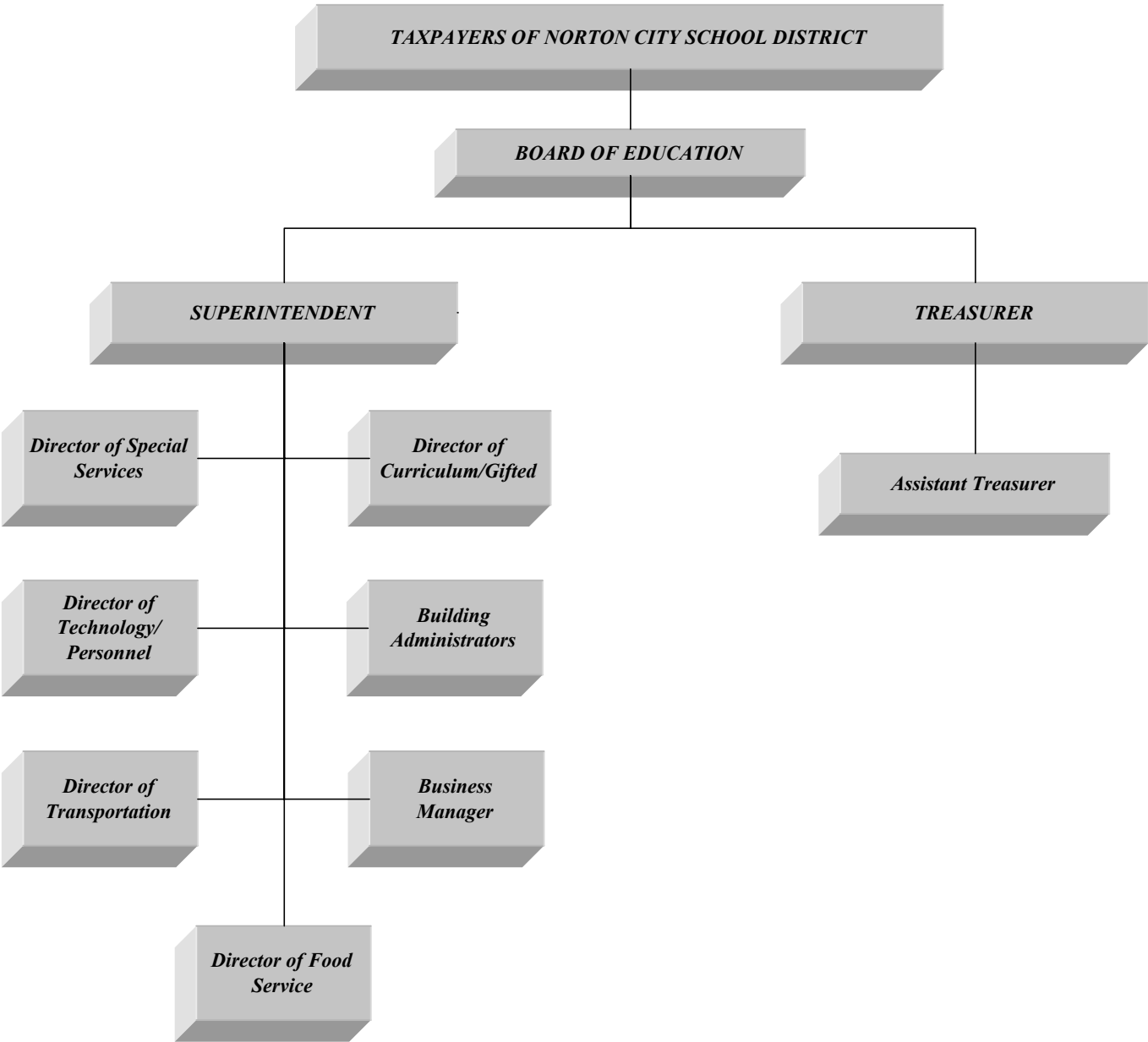
Mrs. Stephanie Hagenbush

Administration

Mr. David Dunn	Superintendent
Mr. Ken Caldwell	Business Manager
Mrs. Sharon Herchik	Director of Curriculum
Ms. Valerie Riedthaler	Coordinator of Special Education
Mrs. Angela Wagler	Technology Coordinator
Ms. Judy Johnsen	Food Service Supervisor
Mr. Paul Stoneking	Transportation Supervisor
Mr. Randy Whited	Facilities Supervisor



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



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Norton City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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.



President

Executive Director

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## FINANCIAL SECTION





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 24, 2010

The Board of Education  
Norton City School District  
4128 Cleveland-Massillon Rd.  
Norton, Ohio 44203

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norton City School District (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express 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 School District, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund 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 December 24, 2010, on our consideration of the School District's internal control over financial reporting and 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 are not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We 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 Norton City School District's basic financial statements. The combining and individual nonmajor fund statements and other schedules, listed in the table of contents as supplementary information, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Rea & Associates, Inc.*

## ***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

This discussion and analysis of Norton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2010 are as follows:

- Net assets of governmental activities increased \$202,488, representing a 1.8% increase from fiscal year 2009.
- General revenues accounted for \$17,489,237 in revenue or 73.6% of all revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for \$6,282,777 or 26.4% of total revenues of \$23,772,014.
- Compared to fiscal year 2009, the total assets of governmental activities increased by \$562,723.
- The School District had \$23,569,526 in expenses related to governmental activities; only \$6,282,777 of these expenses was offset by program specific revenues that include charges for services, operating grants, contributions and interest. General revenues of \$17,489,237 contributed to support these programs.
- The School District had two major governmental funds, the general fund and the permanent improvement capital projects fund. The general fund's balance decreased \$173,958 from \$3,878,098 as of June 30, 2009 to \$3,704,140 at June 30, 2010. The permanent improvement capital projects fund balance increased \$459,162 from \$1,699,800 at June 30, 2009 to \$2,158,962 at June 30, 2010.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

***Norton City School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2010?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis, of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the general fund and the permanent improvement capital projects fund.

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



**Norton City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2010  
 Unaudited

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2010 compared to 2009:

		Table 1 Net Assets	
		<u>Governmental Activities</u>	
		<u>2010</u>	<u>2009</u>
<b>Assets</b>			
Current and other assets	\$	18,591,482	\$ 17,743,714
Capital assets, net of depreciation		<u>3,504,098</u>	<u>3,789,143</u>
Total assets		<u>22,095,580</u>	<u>21,532,857</u>
<b>Liabilities</b>			
Current and other liabilities		9,929,950	9,571,996
Long-term liabilities:			
Due within one year		142,043	137,397
Due in more than one year		<u>817,443</u>	<u>819,808</u>
Total liabilities		<u>10,889,436</u>	<u>10,529,201</u>
<b>Net Assets</b>			
Invested in capital assets, net of debt		3,408,970	3,659,174
Restricted		2,947,167	2,358,623
Unrestricted		<u>4,850,007</u>	<u>4,985,859</u>
Total net assets	\$	<u>11,206,144</u>	\$ <u>11,003,656</u>

Over time, net assets can serve as a useful indicator of a government's financial position. During fiscal year 2010, the School District had an increase in net assets of \$202,488.

Capital assets, net of related debt reported on the government-wide statements represents a large component of net assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles, all of which are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$2,947,167, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$565,020 is restricted for food services, \$2,185,081 is restricted for capital projects, \$42,985 is restricted for school supplies, \$11,000 is restricted for underground storage tanks and \$143,081 is restricted for other purposes. The remaining balance of net assets of \$4,850,007 is unrestricted.

For the current fiscal year restricted for other purposes was broken down into specific categories and is now being reported as restricted for food services, restricted for school supplies and restricted for underground storage tanks. A comparative analysis will be presented in future years when prior year information is available.

**Norton City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 2 shows changes in net assets for fiscal year 2010 compared to fiscal year 2009.

Table 2  
Changes in Net Assets

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,869,782	\$ 3,310,984
Operating grants, contributions and interest	2,412,995	1,243,632
Capital grants and contributions	-	16,358
General revenues:		
Property taxes	8,457,132	8,848,993
Grants and entitlements	8,830,829	9,151,286
Investment earnings	14,863	102,202
Miscellaneous	186,413	315,032
Total revenues	<u>23,772,014</u>	<u>22,988,487</u>
<b>Program Expenses</b>		
Instruction:		
Regular	10,750,218	10,644,647
Special	2,104,045	1,873,425
Vocational	816,198	931,855
Adult/continuing	1,692	4,087
Student intervention services	278,036	278,751
Support services:		
Pupil	824,072	724,112
Instructional staff	1,162,866	1,031,316
Board of education	30,634	33,614
Administration	1,665,850	1,570,572
Fiscal	573,719	600,106
Business	314,132	287,777
Operation and maintenance of plant	1,935,597	2,031,679
Pupil transportation	1,625,865	1,421,743
Central	78,009	79,908
Operation non-instructional services	2,980	4,734
Operation of food services	872,285	830,670
Extracurricular activities	527,622	513,452
Interest and fiscal charges	5,706	7,562
Total expenses	<u>23,569,526</u>	<u>22,870,010</u>
Change in net assets	202,488	118,477
Net assets beginning of year	<u>11,003,656</u>	<u>10,885,179</u>
Net assets end of year	<u>\$ 11,206,144</u>	<u>\$ 11,003,656</u>

**Norton City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

**Governmental Activities**

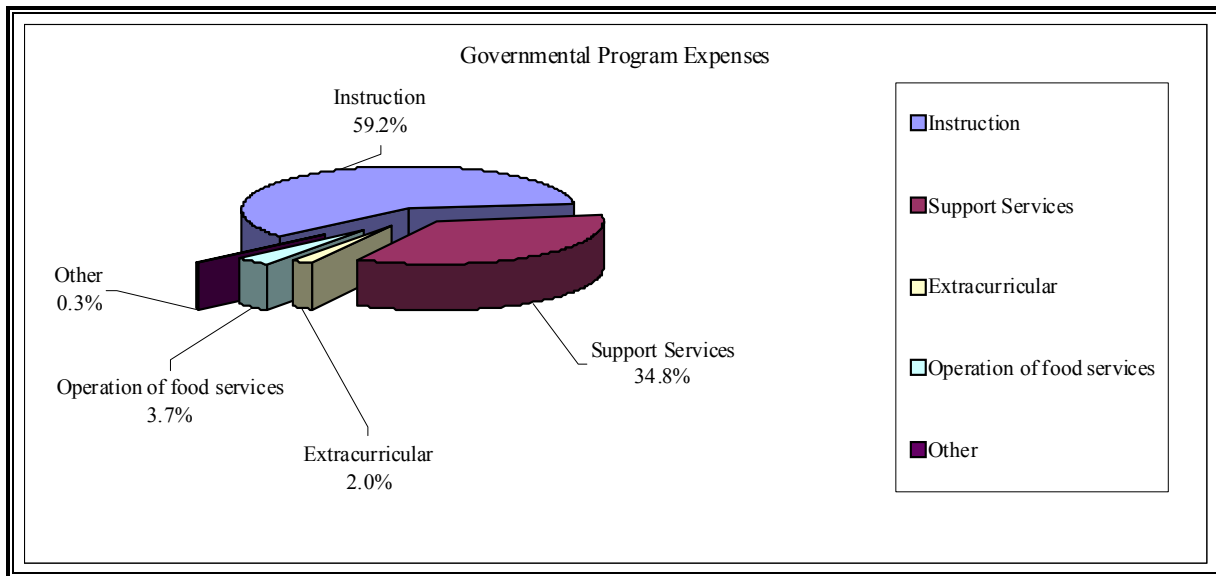
Norton City School District depends on both property taxes and State funding.

Several revenue sources fund our governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over \$8.4 million in 2010. General revenues from grants and entitlements, such as the school foundation program, generated over \$8.8 million. Due to the combination of taxes and intergovernmental funding representing nearly 72.7% of all revenues, the School District monitors both of these sources very closely for fluctuations.

A review of Table 2 reflects that the total cost of instructional services was \$13,950,189, or 59.2% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. As compared to the prior year, these expenses increased \$217,424, or 1.6%. While these expenses increased due to an increase in students, expenses throughout other programs decreased, due to cut-backs in human resources.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching pupils. These expenses represent \$1,986,938 of the total governmental program expenses, or 8.4%. These expenses increased over the prior year in the amount of \$231,510, or 13.2% due to an increase in instructional staff and an increase in students from the prior year.

Below is a graphical display of the program expenses in a more aggregate total than the table above.



***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Board of Education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost was \$2,584,335, or 11% of governmental program expenses. Expenses of these programs increased \$92,266, or 3.7%, as compared to fiscal year 2009, driven mostly by increases in administration expenses.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$1,935,597, or 8.2% of the governmental program expenses. Expenses for providing this program decreased \$96,082, or 4.7% as compared to the prior year. The primary cause of this decrease was due to a decrease in operating expenses.

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$1,625,865, or 6.9% of the total governmental program expenditures. Expenses for providing this program increased \$204,122, or 14.4% as compared to the prior year. The primary cause of this increase was due to the increase in operating expenses.

Overall, the School District's fiscal year revenues exceeded expenses by \$202,488. This is due to an increase in charges for services and an increase in operating grants and entitlements. The School District also continued to benefit from changes to the employee health care network made in prior years.

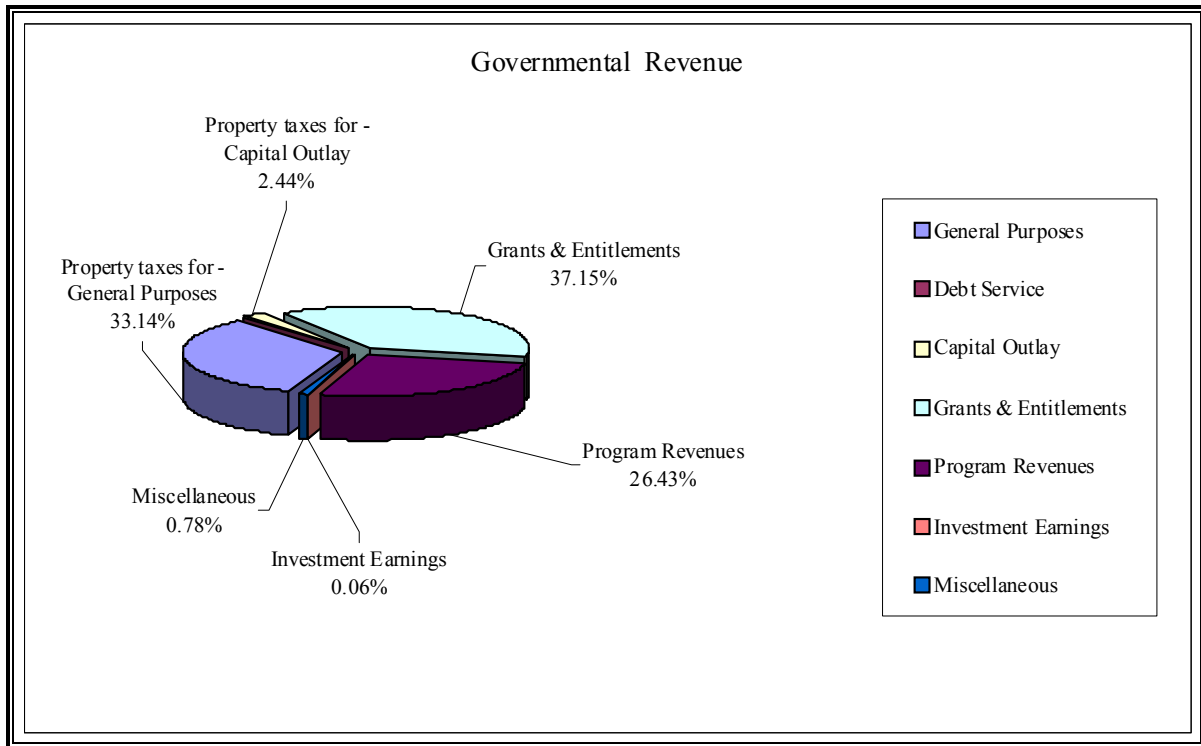
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services as compared to fiscal year 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Norton City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 3  
Governmental Activities

	Total Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2010</u>	Net Cost of Services <u>2009</u>
<b>Program Expenses:</b>				
Instruction:				
Regular	\$ 10,750,218	\$ 10,644,647	\$ (7,166,636)	\$ (7,846,166)
Special	2,104,045	1,873,425	(1,306,807)	(1,485,349)
Vocational	816,198	931,855	(811,573)	(927,158)
Adult/continuing	1,692	4,087	(1,692)	(4,087)
Student intervention services	278,036	278,751	(261,277)	(278,751)
Support services:				
Pupil	824,072	724,112	(754,697)	(651,084)
Instructional staff	1,162,866	1,031,316	(570,810)	(861,471)
Board of education	30,634	33,614	(30,634)	(33,614)
Administration	1,665,850	1,570,572	(1,554,501)	(1,479,828)
Fiscal	573,719	600,106	(573,719)	(600,106)
Business	314,132	287,777	(314,132)	(287,777)
Operation and maintenance of plant	1,935,597	2,031,679	(1,929,647)	(2,029,177)
Pupil transportation	1,625,865	1,421,743	(1,592,928)	(1,405,385)
Central	78,009	79,908	(73,009)	(72,307)
Operation non-instructional services	2,980	4,734	(2,980)	(4,734)
Operation of food services	872,285	830,670	47,737	60,073
Extracurricular activities	527,622	513,452	(383,738)	(384,553)
Interest and fiscal charges	5,706	7,562	(5,706)	(7,562)
Total expenses	<u>\$ 23,569,526</u>	<u>\$ 22,870,010</u>	<u>\$ (17,286,749)</u>	<u>\$ (18,299,036)</u>

**Norton City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2010  
 Unaudited



Program revenues include charges for services, grants, contributions and interest that are program specific. Surrounding schools whose resident students are educated by the Norton City School District pay the School District \$5,732 per pupil under Ohio's open enrollment entitlement.

Property taxes made up 35.58% of total revenues for governmental activities for the Norton City Schools in fiscal year 2010. Program revenues for governmental activities provided 26.43% of governmental revenues with 73.57% of all governmental activities supported through property taxes, grants and entitlement, and other general revenues. The 37.15% provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$23,546,477 and total expenditures other financing uses were \$23,126,442. The net change in fund balance was significant in the general fund with a decrease of \$173,958. This decrease is attributed to increases in instruction and support service expenditures. The net change in fund balance in the permanent improvement capital projects fund increased \$459,162. This increase is attributed to current year revenues exceeding current year expenditures and due to the fact that the School District is in the planning stage for future projects and not incurring large expenses.

***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

***General Fund Budgeting Highlights***

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

For the general fund, the original budgeted revenue and other financing source estimate was \$19,357,468. This amount was changed during the year, resulting in a final revenue budget of \$19,317,118. Actual revenue reported was \$19,964,729, the change was \$647,611 greater than the final budget and was \$607,261 greater than the original budgeted amounts.

The original expenditures estimate of \$24,001,339 was revised during the fiscal year. The final expenditures estimate of \$23,967,656 was \$33,683 lower than originally anticipated. In total this would be considered insignificant, with increases and decreases from the original and final budget posted to several line items of the budget. The actual expenditures however were \$20,240,633, with a significant change in the amount of \$3,727,023 from the final budgeted amount. This was the result of conservative spending by the district.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2010, the School District had \$3,504,098 invested in land and land improvements, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal year 2010 balances compared to fiscal year 2009:

Table 4  
Capital Assets at June 30, 2010  
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 71,000	\$ 71,000
Land improvements	559,285	609,921
Buildings and improvements	2,117,789	2,240,935
Furniture and equipment	318,328	392,536
Vehicles	437,696	474,751
Total capital assets	<u>\$ 3,504,098</u>	<u>\$ 3,789,143</u>

The total decrease in the value of assets, as compared to the prior year, is due to the current year's depreciation on the School District's assets. See Note 6 to the basic financial statements for detail on the School District's capital assets.

**Norton City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2010  
 Unaudited

**Debt**

Table 5 summarizes the capital leases outstanding:

Table 5  
 Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Capital Leases	\$ 95,128	\$ 129,969
Total outstanding debt	<u>\$ 95,128</u>	<u>\$ 129,969</u>

The capital leases are to be repaid from the general fund, which the School District has budgeted to meet these requirements.

At June 30, 2010, the School District's overall legal debt margin was \$27,100,364 with an unvoted debt margin of \$301,115. The School District is not currently rated by Standard & Poor's or Moody's Investors Service. See Note 11 to the basic financial statements for detail on the School District's long-term obligations.

**Current Issues Affecting Financial Condition**

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

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

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

**Contacting the School District's Financial Management**

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



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***Norton City School District***

**Statement of Net Assets**

**June 30, 2010**

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 8,153,096
Cash and cash equivalents:	
In segregated accounts	1,275,730
Receivables:	
Taxes	8,739,833
Accounts	364,630
Intergovernmental	10,531
Accrued interest	4,965
Prepaid items	6,699
Inventory held for resale	7,549
Materials and supplies inventory	28,449
Capital assets:	
Land	71,000
Depreciable capital assets, net	3,433,098
Total capital assets	<u>3,504,098</u>
Total assets	<u>22,095,580</u>
<u>Liabilities:</u>	
Accounts payable	61,446
Contracts payable	44,569
Accrued wages	1,380,675
Intergovernmental payable	680,932
Compensated absences payable	11,857
Deferred revenue	7,401,184
Unearned revenue	3,026
Claims payable	346,261
Long-term liabilities:	
Due within one year	142,043
Due in more than one year	817,443
Total liabilities	<u>10,889,436</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	3,408,970
Restricted for:	
Capital projects	2,185,081
Food services	565,020
School supplies	42,985
Underground storage tanks	11,000
Other purposes	143,081
Unrestricted	<u>4,850,007</u>
Total net assets	<u>\$ 11,206,144</u>

See accompanying notes to the basic financial statements.

**Norton City School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2010**

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 10,750,218	\$ 2,804,000	\$ 779,582	\$ (7,166,636)
Special	2,104,045	347,067	450,171	(1,306,807)
Vocational	816,198	4,625	-	(811,573)
Adult/continuing	1,692	-	-	(1,692)
Student intervention services	278,036	-	16,759	(261,277)
Support services:				
Pupils	824,072	-	69,375	(754,697)
Instructional staff	1,162,866	249	591,807	(570,810)
Board of education	30,634	-	-	(30,634)
Administration	1,665,850	-	111,349	(1,554,501)
Fiscal	573,719	-	-	(573,719)
Business	314,132	-	-	(314,132)
Operation and maintenance of plant	1,935,597	5,950	-	(1,929,647)
Pupil transportation	1,625,865	-	32,937	(1,592,928)
Central	78,009	-	5,000	(73,009)
Operation of non-instructional services	2,980	-	-	(2,980)
Operation of food services	872,285	565,350	354,672	47,737
Extracurricular activities	527,622	142,541	1,343	(383,738)
Interest and fiscal charges	5,706	-	-	(5,706)
Total governmental activities	<u>\$ 23,569,526</u>	<u>\$ 3,869,782</u>	<u>\$ 2,412,995</u>	<u>(17,286,749)</u>

General Revenues:

Property taxes levied for:	
General purposes	7,877,854
Capital outlay	579,278
Grants and entitlements not restricted to specific programs	8,830,829
Investment earnings	14,863
Miscellaneous	186,413
Total general revenues	<u>17,489,237</u>
Change in net assets	202,488
Net assets at beginning of year	<u>11,003,656</u>
Net assets at end of year	<u>\$ 11,206,144</u>

See accompanying notes to the basic financial statements.

**Norton City School District**

**Balance Sheet**

**Governmental Funds**

**June 30, 2010**

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 4,742,716	\$ 2,137,470	\$ 893,410	\$ 7,773,596
Receivables:				
Taxes	8,138,539	601,294	-	8,739,833
Accounts	364,630	-	-	364,630
Intergovernmental	-	-	10,531	10,531
Interfund	57,078	-	-	57,078
Prepaid items	6,182	-	517	6,699
Inventory held for resale	-	-	7,549	7,549
Materials and supplies inventory	26,946	-	1,503	28,449
Equity in pooled cash and cash equivalents (restricted)	15,427	-	-	15,427
<b>Total assets</b>	<b>\$ 13,351,518</b>	<b>\$ 2,738,764</b>	<b>\$ 913,510</b>	<b>\$ 17,003,792</b>
<u>Liabilities and fund balances:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 42,981	\$ -	\$ 18,265	\$ 61,246
Accrued wages	1,335,238	-	45,437	1,380,675
Interfund payable	-	-	57,078	57,078
Contracts payable	-	44,569	-	44,569
Compensated absences payable	11,857	-	-	11,857
Intergovernmental payable	664,022	-	16,910	680,932
Deferred revenue	7,593,280	535,233	10,531	8,139,044
<b>Total liabilities</b>	<b>9,647,378</b>	<b>579,802</b>	<b>148,221</b>	<b>10,375,401</b>
<u>Fund balances:</u>				
Reserved for:				
Encumbrances	291,832	35,672	47,091	374,595
Inventory	26,946	-	9,052	35,998
Property taxes	876,506	66,061	-	942,567
Prepaid items	6,182	-	517	6,699
Unclaimed money	15,427	-	-	15,427
Unreserved, undesignated, reported in:				
General fund	2,487,247	-	-	2,487,247
Special revenue funds	-	-	708,629	708,629
Capital projects funds	-	2,057,229	-	2,057,229
<b>Total fund balances</b>	<b>3,704,140</b>	<b>2,158,962</b>	<b>765,289</b>	<b>6,628,391</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,351,518</b>	<b>\$ 2,738,764</b>	<b>\$ 913,510</b>	<b>\$ 17,003,792</b>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2010**

Total governmental funds balances		\$ 6,628,391
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,504,098
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 396,082	
Tuition and fees	331,026	
Intergovernmental	10,531	
Miscellaneous	221	
Total	737,860	737,860
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,295,281
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	\$ (864,358)	
Capital leases	(95,128)	
Total	(959,486)	(959,486)
Net assets of governmental activities		\$ 11,206,144

See accompanying notes to the basic financial statements.

**Norton City School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2010**

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 7,731,552	\$ 569,205	\$ -	\$ 8,300,757
Intergovernmental	8,924,025	134,998	2,143,810	11,202,833
Interest	8,061	-	617	8,678
Tuition and fees	2,930,060	-	64,819	2,994,879
Extracurricular activities	-	-	196,204	196,204
Gifts and donations	250	-	29,843	30,093
Charges for services	-	-	549,968	549,968
Rent	5,950	-	-	5,950
Miscellaneous	210,656	-	41,756	252,412
Total revenues	19,810,554	704,203	3,027,017	23,541,774
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	9,836,213	100,599	631,870	10,568,682
Special	1,649,262	-	438,489	2,087,751
Vocational	775,318	-	7,985	783,303
Adult/continuing	1,692	-	-	1,692
Student intervention services	261,277	-	16,759	278,036
Support services:				
Pupils	738,396	-	69,375	807,771
Instructional staff	543,281	24,331	563,862	1,131,474
Board of education	28,440	-	-	28,440
Administration	1,518,595	-	126,398	1,644,993
Fiscal	561,312	10,167	-	571,479
Business	269,217	3,989	-	273,206
Operation and maintenance of plant	1,773,191	66,187	-	1,839,378
Pupil transportation	1,478,779	-	32,937	1,511,716
Central	73,274	-	5,000	78,274
Operation of non-instructional services	-	-	1,977	1,977
Operation of food services	-	-	857,433	857,433
Extracurricular activities	381,499	6,600	135,398	523,497
Capital outlay	54,219	37,871	-	92,090
Debt service:				
Principal retirement	34,841	-	-	34,841
Interest and fiscal charges	5,706	-	-	5,706
Total expenditures	19,984,512	249,744	2,887,483	23,121,739
Excess of revenues over (under) expenditures	(173,958)	454,459	139,534	420,035
<u>Other financing sources:</u>				
Transfers in	-	4,703	-	4,703
Transfers out	-	-	(4,703)	(4,703)
Total other financing sources (uses)	-	4,703	(4,703)	-
Net change in fund balances	(173,958)	459,162	134,831	420,035
Fund balances at beginning of year	3,878,098	1,699,800	629,483	6,207,381
Increase in reserve for inventory	-	-	975	975
Fund balances at end of year	\$ 3,704,140	\$ 2,158,962	\$ 765,289	\$ 6,628,391

See accompanying notes to the basic financial statements.

***Norton City School District***

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2010**

Net change in fund balances - total governmental funds		\$ 420,035
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
In the current period, these amounts are:		
Capital asset additions	\$ 92,090	
Depreciation expense	<u>(371,454)</u>	
Excess of depreciation expense over capital asset additions		(279,364)
Governmental 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		
		(5,681)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Property taxes	\$ 156,375	
Intergovernmental	10,531	
Tuition and fees	81,026	
Miscellaneous	<u>(24,495)</u>	
Net change in deferred revenues during the year		223,437
Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		34,841
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences	\$ (37,122)	
Decrease in consumable inventory	<u>975</u>	
Total reduced expenditures		(36,147)
The internal service fund used by management to charge the costs of medical, prescription drug, dental and vision claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		
		<u>(154,633)</u>
Change in net assets of governmental activities		<u><u>\$ 202,488</u></u>

See accompanying notes to the basic financial statements.

**Norton City School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 7,836,633	\$ 7,836,633	\$ 7,836,633	\$ -
Intergovernmental	8,316,962	8,276,514	8,924,025	647,511
Interest	8,061	8,061	8,061	-
Tuition and fees	2,930,357	2,930,357	2,930,357	-
Gifts and donations	250	250	250	-
Rent	5,750	5,750	5,750	-
Miscellaneous	189,654	192,654	192,754	100
Total revenues	<u>19,287,667</u>	<u>19,250,219</u>	<u>19,897,830</u>	<u>647,611</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,019,155	11,557,186	9,881,427	1,675,759
Special	1,878,776	2,002,174	1,698,543	303,631
Vocational	946,363	922,620	782,075	140,545
Adult/continuing	4,541	4,707	2,048	2,659
Student intervention services	312,003	303,989	261,277	42,712
Support services:				
Pupils	790,989	871,081	731,944	139,137
Instructional staff	795,860	678,114	545,609	132,505
Board of education	41,546	43,756	34,404	9,352
Administration	1,755,900	1,850,433	1,534,687	315,746
Fiscal	668,287	682,546	570,600	111,946
Business	417,839	439,697	363,951	75,746
Operation and maintenance of plant	2,120,127	2,094,972	1,768,310	326,662
Pupil transportation	1,701,252	1,945,028	1,582,091	362,937
Central	93,214	98,303	70,832	27,471
Extracurricular activities	378,568	417,072	396,031	21,041
Capital outlay	76,919	49,311	10,137	39,174
Total expenditures	<u>24,001,339</u>	<u>23,960,989</u>	<u>20,233,966</u>	<u>3,727,023</u>
Excess of revenues under expenditures	<u>(4,713,672)</u>	<u>(4,710,770)</u>	<u>(336,136)</u>	<u>4,374,634</u>
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	69,801	66,899	66,899	-
Advances out	-	(6,667)	(6,667)	-
Total other financing sources (uses)	<u>69,801</u>	<u>60,232</u>	<u>60,232</u>	<u>-</u>
Net change in fund balance	(4,643,871)	(4,650,538)	(275,904)	4,374,634
Fund balances at beginning of year	4,327,476	4,327,476	4,327,476	-
Prior year encumbrances appropriated	331,624	331,624	331,624	-
Fund balances at end of year	<u>\$ 15,229</u>	<u>\$ 8,562</u>	<u>\$ 4,383,196</u>	<u>\$ 4,374,634</u>

See accompanying notes to the basic financial statements.



***Norton City School District***  
**Statement of Fund Net Assets**  
**Internal Service Fund**  
**June 30, 2010**

	Self Insurance
<u>Assets:</u>	
Current:	
Equity in pooled cash and cash equivalents	\$ 364,073
Cash and cash equivalents in segregated accounts	1,275,730
Interest receivable	4,965
Total assets	<u>\$ 1,644,768</u>
<u>Liabilities:</u>	
Current:	
Accounts payable	\$ 200
Unearned revenue	3,026
Claims payable	346,261
Total liabilities	<u>349,487</u>
<u>Net assets:</u>	
Unrestricted	<u>1,295,281</u>
Total liabilities and net assets	<u>\$ 1,644,768</u>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Self Insurance
<u>Operating revenues:</u>	
Charges for services	<u>\$ 2,936,563</u>
<u>Operating expenses:</u>	
Purchased services	416,692
Claims	<u>2,681,307</u>
Total operating expenses	<u>3,097,999</u>
Operating loss	<u>(161,436)</u>
<u>Non-operating revenues:</u>	
Interest	<u>6,803</u>
Change in net assets	(154,633)
Net assets at beginning of year	<u>1,449,914</u>
Net assets at end of year	<u><u>\$ 1,295,281</u></u>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Cash Flows**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 2,936,747
Cash payments to suppliers for goods and services	(416,692)
Cash payments for claims	<u>(2,691,927)</u>
Net cash used for operating activities	<u>(171,872)</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	<u>1,838</u>
Net cash provided by investing financing	<u>1,838</u>
Net decrease in cash and cash equivalents	(170,034)
Cash and cash equivalents at beginning of year	<u>1,809,837</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,639,803</u></u>
Reconciliation of operating loss to net	
<u>cash used for operating activities:</u>	
Operating loss	<u>\$ (161,436)</u>
Adjustments to reconcile operating loss to net	
cash used for operating activities:	
Increase (decrease) in liabilities:	
Accounts payable	200
Claims payable	(10,820)
Unearned revenue	<u>184</u>
Total adjustments	<u>(10,436)</u>
Net cash used for operating activities	<u><u>\$ (171,872)</u></u>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

	Private Purpose Trust	
	Scholarships	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 11,145	\$ 51,132
Cash and cash equivalents:		
In segregated accounts	105,218	-
Interest receivable	55	-
Total assets	<u>\$ 116,418</u>	<u>\$ 51,132</u>
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 1,522
Due to students	-	49,610
Total liabilities	<u>-</u>	<u>\$ 51,132</u>
<u>Net assets:</u>		
Held in trust for scholarships	<u>\$ 116,418</u>	

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Private Purpose Trust Scholarships
<u>Additions:</u>	
Interest	\$ 159
Gifts and donations	34,815
Miscellaneous	1
Total additions	<u>34,975</u>
 <u>Deductions:</u>	
Payments in accordance with trust agreements	<u>5,599</u>
Change in net assets	29,376
Net assets at beginning of year	<u>87,042</u>
Net assets at end of year	<u>\$ 116,418</u>

See accompanying notes to the basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT**

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 150 non-certificated employees and 191 certificated teaching and support personnel, including 17 administrators that provide services to 2,562 students and other community members.

Reporting Entity

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

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

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

The School District is associated with the Northeast Ohio Network for Educational Technology, Ohio Schools' Council and the Four Cities Educational Compact, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 13.

## *Notes to the Basic Financial Statements*

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The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the School District's accounting policies.

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

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

#### Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling-up" revenues and expenses. However, the services provided and used are not eliminated in the process of consolidation.

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

Fund Financial Statements

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

**B. Fund Accounting**

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

Governmental Fund Types:

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

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

Permanent Improvement Fund: The permanent improvement capital projects fund is used to account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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

Proprietary Fund Type

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



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

Fiduciary Fund Types

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

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

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

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

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

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 the fund are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the 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.

#### Revenue - Exchange and Non-exchange Transactions

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

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

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

#### Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “Operating grants and contributions” program revenue account.

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

**D. Budgets and  
Budgetary  
Accounting**

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

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2010. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

**E. Cash and Investments** To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements, certificates of deposit, and interest in STAROhio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board has passed a resolution to allow interest to also be recorded in other funds as listed in Note 3.

The School District is self-insured for health coverage. These monies are held separate from the School District's central bank account and are reflected as "Cash and cash equivalents in segregated accounts". The School District also holds monies separate from the School District's central bank account for monies held for future scholarships, which are reported in the scholarships private purpose trust fund.

**F. Prepaids** Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

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

**H. Inventory** On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventories on the fund financial statements are stated at cost on a first-in, first-out basis. Inventories of the general fund consist of expendable supplies held for consumption. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale. Inventories reported on the fund financial statements are expensed when purchased.

**I. Restricted Assets** Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets in the general fund include the amount required to be reserved for unclaimed monies. See Note 16 for additional information regarding statutory reserves.

**J. Capital Assets**

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

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

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

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

**K. Compensated Absences**

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

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

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

**L. 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 borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs, and for operating or capital costs for any new and innovative programs designed to enhance or promote education within the School District.

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

**M. 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, judgments, compensated absences, and special termination benefits 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. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**N. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are classified as non-operating.

**O. Interfund Transactions**

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

**P. Estimates**

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

## *Notes to the Basic Financial Statements*

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### **Q. Fund Balance Reserves**

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

### **NOTE 2 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

#### Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ (173,958)
Revenue Accruals	154,175
Expenditure Accruals	119,584
Encumbrances (Budget Basis)	
Outstanding at year end	<u>(375,705)</u>
Budget Basis	<u>\$ (275,904)</u>

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education 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 may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);



## *Notes to the Basic Financial Statements*

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

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

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

### A. Deposits:

For the fiscal year ended June 30, 2010, the School District reported \$15,427 in "Equity in pooled cash and cash equivalents (restricted)" on the balance sheet. This amount represents a reserve for unclaimed monies.

The carrying value of the School District's deposits totaled \$8,230,791, and the bank balances of the deposits totaled \$8,473,866. Of the bank balance, \$5,371,441 was exposed to custodial credit risk. This amount was uninsured and collateral is held by the pledging financial institution's trust department, and not in the School District's name.

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

### B. Investments:

As of June 30, 2010, the School District had the following investments and maturities:

## Norton City School District

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<u>Investment type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 820,000	Daily	AAA <sup>(1)</sup>
STAROhio	<u>545,530</u>	56.0 <sup>(3)</sup>	AAAm <sup>(2)</sup>
	<u>\$ 1,365,530</u>		

<sup>(1)</sup> Standard and Poor's rating of underlying investment

<sup>(2)</sup> Standard and Poor's rating

<sup>(3)</sup> Days (Average)

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2010.

All interest is legally required to be placed in the general fund, the food service special revenue fund and the scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2010 amount to \$8,061, which includes \$3,494 assigned from other School District funds.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$820,000 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, are Federal National Mortgage Association (FNMA) bonds. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

**NOTE 4 - PROPERTY TAX**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. In prior years, tangible personal property was assessed at 25% of true value for capital assets and 23% of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2009 was 0%.

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

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually.

If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

## Norton City School District

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Accrued property tax receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$876,506 in the general fund and \$66,061 in the permanent improvement capital projects fund. These advances are recognized as revenue on the fund financial statements.

The assessed values upon which the current fiscal year taxes were collected are:

<u>Property Category</u>	<u>2009 Assessed Value</u>	<u>2008 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 257,874,390	\$ 257,138,920
Commercial , industrial and mineral	43,185,750	43,047,900
Public utilities	55,010	33,100
<u>Tangible Personal Property</u>		
General	327,860	669,300
Public utilities	<u>6,269,080</u>	<u>5,993,340</u>
Total	<u>\$ 307,712,090</u>	<u>\$ 306,882,560</u>

### NOTE 5 - RECEIVABLES

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Receivables at year-end consisted of taxes, interfund, accrued interest, accounts, intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

*Notes to the Basic Financial Statements*

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
Capital assets, being depreciated:				
Land improvements	1,387,549	-	-	1,387,549
Buildings and improvements	7,257,189	-	-	7,257,189
Furniture and equipment	1,706,024	15,990	(21,764)	1,700,250
Vehicles	<u>2,071,417</u>	<u>76,100</u>	<u>(181,550)</u>	<u>1,965,967</u>
Total capital assets, being depreciated	<u>12,422,179</u>	<u>92,090</u>	<u>(203,314)</u>	<u>12,310,955</u>
Less: Accumulated depreciation				
Land improvements	(777,628)	(50,636)	-	(828,264)
Buildings and improvements	(5,016,254)	(123,146)	-	(5,139,400)
Furniture and equipment	(1,313,488)	(84,517)	16,083	(1,381,922)
Vehicles	<u>(1,596,666)</u>	<u>(113,155)</u>	<u>181,550</u>	<u>(1,528,271)</u>
Total accumulated depreciation	<u>(8,704,036)</u>	<u>(371,454)</u>	<u>197,633</u>	<u>(8,877,857)</u>
Total capital assets being depreciated, net	<u>3,718,143</u>	<u>(279,364)</u>	<u>(5,681)</u>	<u>3,433,098</u>
Governmental activities capital assets, net	<u>\$ 3,789,143</u>	<u>\$ (279,364)</u>	<u>\$ (5,681)</u>	<u>\$ 3,504,098</u>

## Norton City School District

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 81,797
Special	4,948
Vocational	23,847
Support services:	
Pupils	4,337
Instructional staff	11,725
Board of education	2,194
Administration	2,455
Fiscal	1,097
Business	35,965
Operation and maintenance of plant	82,031
Pupil transportation	105,242
Operation of non-instructional services	1,003
Operation of food services	10,423
Extracurricular activities	4,390
Total depreciation expense	<u>\$ 371,454</u>

### **NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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Inter-fund receivables and payables result from the time lag between dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. In a prior year, the general fund advanced money to two nonmajor special revenue funds. The advances to the special revenue funds were used to fund state and federal grants where the money has not yet been received. All of these advances are expected to be repaid during the next fiscal year.

Due to general fund from:

Nonmajor governmental funds \$ 57,078

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfer from nonmajor governmental fund to:

Permanent improvement fund \$ 4,703

The court approved transfer from the nonmajor governmental fund to the permanent improvement fund was to close out the debt service fund and move the cash balance in this fund to the permanent improvement fund.

## *Notes to the Basic Financial Statements*

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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### **NOTE 8 – RISK MANAGEMENT**

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

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$346,261, reported in the fund at year end was estimated by third party administrators and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$75,000 per employee.

Changes in the fund's claims liability during 2009 and 2010 were:

	<u>Year ended 6/30/2009</u>	<u>Year ended 6/30/2010</u>
Unpaid claims, beginning of fiscal year	\$ 441,965	\$ 357,081
Incurred claims (including IBNRs)	2,591,466	2,681,307
Claim payments	<u>(2,676,350)</u>	<u>(2,692,127)</u>
Unpaid claims, end of fiscal year	<u>\$ 357,081</u>	<u>\$ 346,261</u>

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

### **NOTE 9 - DEFINED BENEFIT PENSION PLANS**

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#### **A. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information.

That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$459,313, \$292,599 and \$294,444 respectively; 50 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers  
Retirement System**

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.



## *Notes to the Basic Financial Statements*

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A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,307,198, \$1,285,061, and \$1,292,378 respectively; 82.9 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$20,558 made by the School District and \$14,684 made by the plan members.

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### **NOTE 10 - POST-EMPLOYMENT BENEFITS**

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#### **A. School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care.

In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$63,690, \$174,211, and \$177,867 respectively; 84.6 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$27,314, \$24,142, and \$21,215 respectively; 50 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers  
Retirement System**

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$100,554, \$98,851, and \$99,414 respectively; 82.9 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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**NOTE 11 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

*Notes to the Basic Financial Statements*

	Balance <u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30</u>	Due within <u>one year</u>
<u>Governmental activities</u>					
<u>Other obligations</u>					
Compensated absences	\$ 827,236	\$ 95,262	\$ (58,140)	\$ 864,358	\$ 105,423
Capital leases payable	<u>129,969</u>	<u>-</u>	<u>(34,841)</u>	<u>95,128</u>	<u>36,620</u>
Total other liabilities	<u>957,205</u>	<u>95,262</u>	<u>(92,981)</u>	<u>959,486</u>	<u>142,043</u>
<u>Governmental activities</u>					
Total long-term liabilities	<u>\$ 957,205</u>	<u>\$ 95,262</u>	<u>\$ (92,981)</u>	<u>\$ 959,486</u>	<u>\$ 142,043</u>

Compensated absences will be paid from the fund from which the employee is paid. In prior years, this fund has primarily been the general fund. Capital lease obligations will be paid from the general fund.

**NOTE 12- CAPITALIZED LEASES - LESSEE DISCLOSURE**

During a prior fiscal year, the School District entered into capitalized leases for the acquisition of copiers. The terms of the agreements provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by generally accepted accounting standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by the 2008 lease have been capitalized as equipment in the amount of \$179,827, which is equal to the present value of the future minimum lease payments on the government-wide financial statements. Principal payments in the current fiscal year totaled \$34,841 for both leases.

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

<u>Fiscal</u> <u>Year</u>	<u>Lease</u> <u>Payments</u>
2011	\$ 40,536
2012	40,536
2013	<u>20,268</u>
Total minimum lease payments	101,340
Less: amount representing interest	<u>(6,212)</u>
Total	<u>\$ 95,128</u>

**NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**

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Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Information Technology Center (ITC) used by the School District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Metropolitan Regional Service Council acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in the consortium are required to pay fees, charges, and assessments as charged. NEOnet is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from various funds. During fiscal year 2010, the School District contributed \$102,029 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Metropolitan Regional Service Council, who serves as the fiscal agent, at 420 Washington Ave., Suite 200, Cuyahoga Falls, Ohio 44221.

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

The Ohio Schools' Council Association (Council) is a jointly governed organization among 121 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year.

The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2010, the School District paid \$985 to the Council in the form of program fees, respectively. Financial information can be obtained by contacting David Cottrell, the Executive Directive/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**NOTE 14 - ACCOUNTABILITY**

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As of June 30, 2010, three nonmajor special revenue funds had deficit fund balances. This deficit was caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had a deficit at year-end:

<u>Fund</u>	<u>Deficit</u>
District Managed Student Activity	\$ 8,344
Title II-D	358
EHA Preschool Grant	6,382

**NOTE 15 - CONTINGENT LIABILITIES**

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

**NOTE 16 - STATUTORY RESERVES**

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The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides.

Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

During the fiscal year ended June 30, 2010, the reserve activity was as follows:

## Norton City School District

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	Textbook Reserve	Capital Maintenance Reserve	Total
Set-aside cash balance as of June 30, 2009	\$ (1,073,559)	\$ -	\$ (1,073,559)
Current year set-aside requirement	424,595	424,595	849,190
Current year offset	-	(710,303)	(710,303)
Qualifying disbursements	<u>(244,605)</u>	<u>(346,774)</u>	<u>(591,379)</u>
Total	<u>\$ (893,569)</u>	<u>\$ (632,482)</u>	<u>\$ (1,526,051)</u>
Balance carried forward to future years	<u>\$ (893,569)</u>		<u>\$ (893,569)</u>

### **NOTE 17 – NEW ACCOUNTING AND REPORTING STANDARDS**

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In June 2007, the GASB issued Statement No. 51, “Accounting and Reporting for Intangible Assets.” This statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The School District has considered the implications of this statement and has determined that it has no impact on the financial statements or note disclosures for the current period.

In June 2008, the GASB issued Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.” This statement enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The School District has considered the implications of this statement and has determined that it has no impact on the financial statements or note disclosures for the current period.

In December 2009, the GASB issued Statement No. 58, “Accounting and Financial Reporting for Chapter 8 Bankruptcies.” This statement establishes accounting and financial reporting guidance for governments that have petitioned for protections from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The School District has considered the implications of this statement and has determined that it has no impact on the financial statements or note disclosures for the current period.

## **Combining Statements and Individual Fund Schedules**

## **Governmental Fund Descriptions**

### **Nonmajor Special Revenue Funds**

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

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

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

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

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

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

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

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

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



## Governmental Fund Descriptions

### Nonmajor Special Revenue Funds (continued)

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

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

Miscellaneous State Grants: A fund used to account for various monies received from state agencies which are not classified elsewhere.

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

State Fiscal Stabilization: To account for federal funds provided to support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early childhood education programs and services.

Title II-D: To account for federal funds used for professional development and improving student achievement through the use of advanced technology in elementary and secondary schools.

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

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

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

## **Governmental Fund Descriptions**

### **Nonmajor Special Revenue Funds (continued)**

*Title II-A:* To account for monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

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

### **Nonmajor Debt Service Fund**

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

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***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 893,410	\$ -	\$ 893,410
Receivables:			
Intergovernmental	10,531	-	10,531
Prepaid items	517	-	517
Inventory held for resale	7,549	-	7,549
Materials and supplies inventory	1,503	-	1,503
Total assets	<u>\$ 913,510</u>	<u>\$ -</u>	<u>\$ 913,510</u>
<u>Liabilities and fund balance:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 18,265	\$ -	\$ 18,265
Accrued wages	45,437	-	45,437
Interfund payable	57,078	-	57,078
Intergovernmental payable	16,910	-	16,910
Deferred revenue	10,531	-	10,531
Total liabilities	<u>148,221</u>	<u>-</u>	<u>148,221</u>
<u>Fund balance:</u>			
Reserved for encumbrances	47,091	-	47,091
Reserved for inventory	9,052	-	9,052
Reserved for prepaid items	517	-	517
Unreserved:			
Undesignated, reported in:			
Special revenue funds	708,629	-	708,629
Total fund balance	<u>765,289</u>	<u>-</u>	<u>765,289</u>
Total liabilities and fund balance	<u>\$ 913,510</u>	<u>\$ -</u>	<u>\$ 913,510</u>

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Intergovernmental	\$ 2,143,810	\$ -	\$ 2,143,810
Interest	617	-	617
Tuition and fees	64,819	-	64,819
Extracurricular activities	196,204	-	196,204
Gifts and donations	29,843	-	29,843
Charges for services	549,968	-	549,968
Miscellaneous	41,756	-	41,756
Total revenues	<u>3,027,017</u>	<u>-</u>	<u>3,027,017</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	631,870	-	631,870
Special	438,489	-	438,489
Vocational	7,985	-	7,985
Student intervention services	16,759	-	16,759
Support services:			
Pupils	69,375	-	69,375
Instructional staff	563,862	-	563,862
Administration	126,398	-	126,398
Pupil transportation	32,937	-	32,937
Central	5,000	-	5,000
Operation of non-instructional services	1,977	-	1,977
Operation of food services	857,433	-	857,433
Extracurricular activities	135,398	-	135,398
Total expenditures	<u>2,887,483</u>	<u>-</u>	<u>2,887,483</u>
Excess of revenues over expenditures	<u>139,534</u>	<u>-</u>	<u>139,534</u>
<u>Other financing uses:</u>			
Transfers out	<u>-</u>	<u>(4,703)</u>	<u>(4,703)</u>
Net change in fund balances	139,534	(4,703)	134,831
Fund balances at beginning of year	624,780	4,703	629,483
Increase in reserve for inventory	975	-	975
Fund balances at end of year	<u>\$ 765,289</u>	<u>\$ -</u>	<u>\$ 765,289</u>

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2010**

	Food Services	Uniform School Supplies	Adult Education	Public School Support	Miscellaneous Local Grants
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 580,255	\$ 55,009	\$ 18,860	\$ 79,679	\$ 17,112
Receivables:					
Intergovernmental	-	-	-	-	-
Prepaid items	517	-	-	-	-
Inventory held for resale	7,549	-	-	-	-
Materials and supplies inventory	1,503	-	-	-	-
Total assets	<u>\$ 589,824</u>	<u>\$ 55,009</u>	<u>\$ 18,860</u>	<u>\$ 79,679</u>	<u>\$ 17,112</u>
<u>Liabilities and fund balance:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 234	\$ 12,024	\$ -	\$ 569	\$ -
Accrued wages	2,785	-	-	-	-
Interfund payable	-	-	-	-	-
Intergovernmental payable	4,187	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>7,206</u>	<u>12,024</u>	<u>-</u>	<u>569</u>	<u>-</u>
<u>Fund balance:</u>					
Reserved for encumbrances	997	14,301	-	2,319	2,711
Reserved for inventory	9,052	-	-	-	-
Reserved for prepaid items	517	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	572,052	28,684	18,860	76,791	14,401
Total fund balance	<u>582,618</u>	<u>42,985</u>	<u>18,860</u>	<u>79,110</u>	<u>17,112</u>
Total liabilities and fund balance	<u>\$ 589,824</u>	<u>\$ 55,009</u>	<u>\$ 18,860</u>	<u>\$ 79,679</u>	<u>\$ 17,112</u>

<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>	<u>Management Information System</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>
\$ 11,000	\$ 45,891	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 11,000</u>	<u>\$ 45,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 4,235	\$ -	\$ -	\$ -
-	-	-	-	-
-	50,000	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>54,235</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	21,359	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>11,000</u>	<u>(29,703)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,000</u>	<u>(8,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 11,000</u>	<u>\$ 45,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (continued)**  
**June 30, 2010**

	Miscellaneous State Grants	IDEA Grant	State Fiscal Stabilization	Title II-D	Title I
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 907	\$ 31,112	\$ -	\$ -	\$ 45,280
Receivables:					
Intergovernmental	-	-	4,128	-	-
Prepaid items	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ 907</u>	<u>\$ 31,112</u>	<u>\$ 4,128</u>	<u>\$ -</u>	<u>\$ 45,280</u>
<u>Liabilities and fund balance:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,130
Accrued wages	-	8,026	-	-	29,180
Interfund payable	-	-	-	358	-
Intergovernmental payable	-	5,919	-	-	5,963
Deferred revenue	-	-	4,128	-	-
Total liabilities	<u>-</u>	<u>13,945</u>	<u>4,128</u>	<u>358</u>	<u>36,273</u>
<u>Fund balance:</u>					
Reserved for encumbrances	-	-	-	118	4,847
Reserved for inventory	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	907	17,167	-	(476)	4,160
Total fund balance	<u>907</u>	<u>17,167</u>	<u>-</u>	<u>(358)</u>	<u>9,007</u>
Total liabilities and fund balance	<u>\$ 907</u>	<u>\$ 31,112</u>	<u>\$ 4,128</u>	<u>\$ -</u>	<u>\$ 45,280</u>



<u>Drug Free School Grant</u>	<u>EHA Preschool Grant</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 8,305	\$ -	\$ 893,410
-	6,403	-	-	10,531
-	-	-	-	517
-	-	-	-	7,549
-	-	-	-	1,503
<u>\$ -</u>	<u>\$ 6,403</u>	<u>\$ 8,305</u>	<u>\$ -</u>	<u>\$ 913,510</u>
\$ -	\$ 73	\$ -	\$ -	\$ 18,265
-	-	5,446	-	45,437
-	6,309	411	-	57,078
-	-	841	-	16,910
-	6,403	-	-	10,531
<u>-</u>	<u>12,785</u>	<u>6,698</u>	<u>-</u>	<u>148,221</u>
-	21	418	-	47,091
-	-	-	-	9,052
-	-	-	-	517
<u>-</u>	<u>(6,403)</u>	<u>1,189</u>	<u>-</u>	<u>708,629</u>
<u>-</u>	<u>(6,382)</u>	<u>1,607</u>	<u>-</u>	<u>765,289</u>
<u>\$ -</u>	<u>\$ 6,403</u>	<u>\$ 8,305</u>	<u>\$ -</u>	<u>\$ 913,510</u>

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Food Services	Uniform School Supplies	Adult Education	Public School Support	Miscellaneous Local Grants
<u>Revenues:</u>					
Intergovernmental	\$ 354,055	\$ -	\$ -	\$ -	\$ 2,484
Interest	617	-	-	-	-
Tuition and fees	-	64,819	-	-	-
Extracurricular activities	-	-	-	61,618	-
Gifts and donations	-	-	-	11,440	17,060
Charges for services	549,719	-	249	-	-
Miscellaneous	15,631	-	-	5,885	12,285
Total revenues	<u>920,022</u>	<u>64,819</u>	<u>249</u>	<u>78,943</u>	<u>31,829</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	40,600	-	68,585	16,537
Special	-	-	-	-	2,484
Vocational	-	7,985	-	-	-
Student intervention services	-	-	-	-	-
Support services:					
Pupils	-	-	-	-	-
Instructional staff	-	-	-	-	-
Administration	-	-	-	6,217	-
Pupil transportation	-	-	-	-	-
Central	-	-	-	-	-
Operation of non- instructional services	-	-	-	-	-
Operation of food services	857,433	-	-	-	-
Extracurricular activities	-	-	-	-	-
Total expenditures	<u>857,433</u>	<u>48,585</u>	<u>-</u>	<u>74,802</u>	<u>19,021</u>
Net change in fund balances	62,589	16,234	249	4,141	12,808
Fund balances (deficit) at beginning of year	519,054	26,751	18,611	74,969	4,304
Increase in reserve for inventory	975	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 582,618</u>	<u>\$ 42,985</u>	<u>\$ 18,860</u>	<u>\$ 79,110</u>	<u>\$ 17,112</u>

<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>	<u>Management Information System</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>
\$ -	\$ -	\$ 5,000	\$ 11,432	\$ -
-	-	-	-	-
-	-	-	-	-
-	134,586	-	-	-
-	1,343	-	-	-
-	-	-	-	-
-	7,955	-	-	-
-	<u>143,884</u>	<u>5,000</u>	<u>11,432</u>	<u>-</u>
-	-	-	11,432	80
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	5,000	-	-
-	-	-	-	-
-	-	-	-	-
-	<u>135,398</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	<u>135,398</u>	<u>5,000</u>	<u>11,432</u>	<u>80</u>
-	8,486	-	-	(80)
11,000	(16,830)	-	-	80
-	-	-	-	-
<u>\$ 11,000</u>	<u>\$ (8,344)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (continued)**  
**For the Fiscal Year Ended June 30, 2010**

	Miscellaneous State Grants	IDEA Grant	State Fiscal Stabilization	Title II-D	Title I
<u>Revenues:</u>					
Intergovernmental	\$ -	\$ 864,767	\$ 453,417	\$ 1,690	\$ 333,299
Interest	-	-	-	-	-
Tuition and fees	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	864,767	453,417	1,690	333,299
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	-	436,658	2,048	-
Special	-	124,531	-	-	305,438
Vocational	-	-	-	-	-
Student intervention services	-	-	16,759	-	-
Support services:					
Pupils	-	69,375	-	-	-
Instructional staff	-	539,528	-	-	3,384
Administration	-	112,852	-	-	4,647
Pupil transportation	-	-	-	-	-
Central	-	-	-	-	-
Operation of non- instructional services	-	-	-	-	1,977
Operation of food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Total expenditures	-	846,286	453,417	2,048	315,446
Net change in fund balance	-	18,481	-	(358)	17,853
Fund balances (deficit) at beginning of year	907	(1,314)	-	-	(8,846)
Increase in reserve for inventory	-	-	-	-	-
Fund balances (deficit) at end of year	\$ 907	\$ 17,167	\$ -	\$ (358)	\$ 9,007

<u>Drug Free School Grant</u>	<u>EHA Preschool Grant</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 5,945	\$ 10,653	\$ 68,131	\$ 32,937	\$ 2,143,810
-	-	-	-	617
-	-	-	-	64,819
-	-	-	-	196,204
-	-	-	-	29,843
-	-	-	-	549,968
-	-	-	-	41,756
<u>5,945</u>	<u>10,653</u>	<u>68,131</u>	<u>32,937</u>	<u>3,027,017</u>
5,945	-	49,985	-	631,870
-	6,036	-	-	438,489
-	-	-	-	7,985
-	-	-	-	16,759
-	-	-	-	69,375
-	10,999	9,951	-	563,862
-	-	2,682	-	126,398
-	-	-	32,937	32,937
-	-	-	-	5,000
-	-	-	-	1,977
-	-	-	-	857,433
-	-	-	-	135,398
<u>5,945</u>	<u>17,035</u>	<u>62,618</u>	<u>32,937</u>	<u>2,887,483</u>
-	(6,382)	5,513	-	139,534
-	-	(3,906)	-	624,780
-	-	-	-	975
<u>\$ -</u>	<u>\$ (6,382)</u>	<u>\$ 1,607</u>	<u>\$ -</u>	<u>\$ 765,289</u>

**Individual Fund Schedules of Revenues, Expenditures and Changes  
in Fund Balance – Budget (Non-GAAP Basis) and Actual  
Governmental Funds – Major and Nonmajor**

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Permanent Improvement Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 575,304	\$ 575,304	\$ -
Intergovernmental	135,942	134,998	(944)
Total revenues	<u>711,246</u>	<u>710,302</u>	<u>(944)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	100,820	100,820	-
Support services:			
Instructional staff	171,769	80,986	90,783
Fiscal	292,513	10,167	282,346
Business	3,989	3,989	-
Pupil transportation	37,871	37,871	-
Extracurricular activities	6,600	6,600	-
Capital outlay	1,751,231	66,187	1,685,044
Total expenditures	<u>2,364,793</u>	<u>306,620</u>	<u>2,058,173</u>
Excess of revenues over (under) expenditures	<u>(1,653,547)</u>	<u>403,682</u>	<u>2,057,229</u>
<u>Other financing sources:</u>			
Transfers in	4,703	4,703	-
Net change in fund balance	(1,648,844)	408,385	2,057,229
Fund balance at beginning of year	1,557,783	1,557,783	-
Prior year encumbrances appropriated	91,061	91,061	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,057,229</u>	<u>\$ 2,057,229</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Food Services Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 301,845	\$ 301,845	\$ -
Interest	-	617	617
Customer services	512,524	549,719	37,195
Miscellaneous	15,631	15,631	-
Total revenues	<u>830,000</u>	<u>867,812</u>	<u>37,812</u>
<u>Expenditures:</u>			
Current:			
Food service operations	1,347,741	806,295	541,446
Net change in fund balance	(517,741)	61,517	579,258
Fund balance at beginning of year	517,741	517,741	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 579,258</u>	<u>\$ 579,258</u>

**Uniform School Supplies Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 66,000	\$ 64,819	\$ (1,181)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	77,410	57,273	20,137
Vocational	17,920	7,985	9,935
Total expenditures	<u>95,330</u>	<u>65,258</u>	<u>30,072</u>
Net change in fund balance	(29,330)	(439)	28,891
Fund balance at beginning of year	14,988	14,988	-
Prior year encumbrances appropriated	14,342	14,342	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 28,891</u>	<u>\$ 28,891</u>



***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Adult Education Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Customer services	\$ 3,000	\$ 249	\$ (2,751)
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	21,611	-	21,611
Net change in fund balance	(18,611)	249	18,860
Fund balance at beginning of year	18,611	18,611	-
Fund balance at end of year	\$ -	\$ 18,860	\$ 18,860

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Public School Support Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 58,675	\$ 61,618	\$ 2,943
Gifts and donations	11,440	11,440	-
Miscellaneous	5,885	5,885	-
Total revenues	<u>76,000</u>	<u>78,943</u>	<u>2,943</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	146,745	72,944	73,801
Support services:			
Administration	6,744	6,217	527
Total expenditures	<u>153,489</u>	<u>79,161</u>	<u>74,328</u>
Net change in fund balance	(77,489)	(218)	77,271
Fund balance at beginning of year	67,467	67,467	-
Prior year encumbrances appropriated	10,022	10,022	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 77,271</u>	<u>\$ 77,271</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Miscellaneous Local Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,136	\$ 2,484	\$ (2,652)
Gifts and donations	17,060	17,060	-
Miscellaneous	12,804	12,804	-
Total revenues	<u>35,000</u>	<u>32,348</u>	<u>(2,652)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	36,301	19,248	17,053
Special	2,484	2,484	-
Total expenditures	<u>38,785</u>	<u>21,732</u>	<u>17,053</u>
Excess of revenues over (under) expenditures	<u>(3,785)</u>	<u>10,616</u>	<u>14,401</u>
<u>Other financing uses:</u>			
Refund of prior year receipts	(519)	(519)	-
Net change in fund balance	(4,304)	10,097	14,401
Fund balance at beginning of year	4,304	4,304	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 14,401</u>	<u>\$ 14,401</u>

**Underground Storage Tanks Fund**

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

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**District Managed Student Activity Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 140,657	\$ 134,586	\$ (6,071)
Gifts and donations	1,343	1,343	-
Miscellaneous	8,000	7,955	(45)
Total revenues	<u>150,000</u>	<u>143,884</u>	<u>(6,116)</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	185,891	159,296	26,595
Net change in fund balance	(35,891)	(15,412)	20,479
Fund balance at beginning of year	16,303	16,303	-
Prior year encumbrances appropriated	19,588	19,588	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 20,479</u>	<u>\$ 20,479</u>

**Management Information System Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,000	\$ 5,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	5,000	5,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Data Communications Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,432	\$ 11,432	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	11,432	11,432	-
Net change in fund balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

**School Net Professional Development Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	80	80	-
Net change in fund balance	(80)	(80)	-
Fund balances at beginning of year	80	80	-
Fund balances at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Miscellaneous State Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
<u>Current:</u>			
Instruction:			
Regular	907	-	907
Net change in fund balance	(907)	-	907
Fund balances at beginning of year	907	907	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ 907</u>	<u>\$ 907</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**IDEA Grant Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 915,154	\$ 864,767	\$ (50,387)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	118,762	114,388	4,374
Support services:			
Pupils	69,375	69,375	-
Instructional staff	615,668	538,543	77,125
Administration	111,349	111,349	-
Total expenditures	915,154	833,655	81,499
Net change in fund balance	-	31,112	31,112
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 31,112	\$ 31,112

**State Fiscal Stabilization Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 458,000	\$ 453,417	\$ (4,583)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	441,241	436,658	4,583
Student intervention services	16,759	16,759	-
Total expenditures	458,000	453,417	4,583
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

	<b>Title II-D Fund</b>		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,204	\$ 1,690	\$ (514)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,204	2,166	38
Excess of revenues under expenditures	-	(476)	(476)
<u>Other financing sources:</u>			
Advances in	-	358	358
Net change in fund balance	-	(118)	(118)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ (118)	\$ (118)



***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Title I Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 416,909	\$ 333,299	\$ (83,610)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	413,650	297,224	116,426
Support services:			
Instructional staff	9,700	4,459	5,241
Administration	4,649	4,649	-
Operation of non-instructional services	4,486	3,240	1,246
Total expenditures	432,485	309,572	122,913
Net change in fund balance	(15,576)	23,727	39,303
Fund balance at beginning of year	6,159	6,159	-
Prior year encumbrances appropriated	9,417	9,417	-
Fund balance at end of year	\$ -	\$ 39,303	\$ 39,303

**Drug Free School Grant Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,945	\$ 5,945	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	5,945	5,945	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**EHA Preschool Grant Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 19,658	\$ 10,653	\$ (9,005)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	8,483	6,057	2,426
Support services:			
Instructional staff	11,175	10,999	176
Total expenditures	19,658	17,056	2,602
Excess of revenues under expenditures	-	(6,403)	(6,403)
<u>Other financing sources:</u>			
Advances in	-	6,309	6,309
Net change in fund balance	-	(94)	(94)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ (94)	\$ (94)

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

	<b>Title II-A Fund</b>		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 73,977	\$ 68,131	\$ (5,846)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	64,505	51,572	12,933
Support services:			
Instructional staff	10,989	10,189	800
Administration	2,862	2,862	-
Total expenditures	<u>78,356</u>	<u>64,623</u>	<u>13,733</u>
Net change in fund balance	(4,379)	3,508	7,887
Fund balance at beginning of year	(984)	(984)	-
Prior year encumbrances appropriated	5,363	5,363	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 7,887</u>	<u>\$ 7,887</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Miscellaneous Federal Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 32,937	\$ 32,937	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupil transportation	32,937	32,937	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Bond Retirement Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	-	-	-
<u>Other financing uses:</u>			
Transfers out	(4,703)	(4,703)	-
Net change in fund balance	(4,703)	(4,703)	-
Fund balance at beginning of year	4,703	4,703	-
Fund balance at end of year	\$ -	\$ -	\$ -

**Internal Service Fund**

**Individual Fund Schedule of Revenues, Expenses and Changes in  
Fund Equity – Budget (Non-GAAP Basis) and Actual  
Self Insurance Fund**

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**Fiduciary Funds**

**Individual Fund Schedule of Revenues, Expenses and Changes in  
Fund Equity – Budget (Non-GAAP Basis) and Actual  
Scholarships Private Purpose Trust Fund**

**Statement of Changes in Assets and Liabilities – Agency Fund**

***Norton City School District***  
**Schedule of Revenues, Expenses and Changes in Fund Equity -**  
**Budget (Non-GAAP) and Actual**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2010**

**Self Insurance Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 3,000,000	\$ 2,936,747	\$ (63,253)
<u>Expenses:</u>			
Purchased services:			
Central support services	4,790,900	3,115,637	1,675,263
Excess of revenues under expenses	(1,790,900)	(178,890)	1,612,010
<u>Non-operating revenues:</u>			
Interest	1,840	1,838	(2)
Net change in fund equity	(1,789,060)	(177,052)	1,612,008
Fund equity at beginning of year	1,805,158	1,805,158	-
Prior year encumbrances appropriated	4,680	4,680	-
Fund equity at end of year	<u>\$ 20,778</u>	<u>\$ 1,632,786</u>	<u>\$ 1,612,008</u>

***Norton City School District***  
**Schedule of Revenues, Expenses and Changes in Fund Equity -**  
**Budget (Non-GAAP) and Actual**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2010**

**Scholarships Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 1,294	\$ 1,284	\$ (10)
Gifts and donations	42,644	34,815	(7,829)
Miscellaneous	200	1	(199)
Total revenues	<u>44,138</u>	<u>36,100</u>	<u>(8,038)</u>
<u>Expenses:</u>			
<u>Current:</u>			
Instruction:			
Regular	<u>130,001</u>	<u>7,199</u>	<u>122,802</u>
Net change in fund equity	(85,863)	28,901	114,764
Fund equity at beginning of year	84,263	84,263	-
Prior year encumbrances appropriated	<u>1,600</u>	<u>1,600</u>	<u>-</u>
Fund equity at end of year	<u>\$ -</u>	<u>\$ 114,764</u>	<u>\$ 114,764</u>



***Norton City School District***  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Beginning Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2010</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 46,957	\$ 55,236	\$ 51,061	\$ 51,132
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 1,522	\$ -	\$ 1,522
Due to students	46,957	4,181	1,528	49,610
Total liabilities	<u>\$ 46,957</u>	<u>\$ 5,703</u>	<u>\$ 1,528</u>	<u>\$ 51,132</u>

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## STATISTICAL SECTION



## Statistical Section

This part of the School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	<b>S2 - S13</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source.	<b>S14 - S17</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	<b>S18 - S22</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>S23 - S24</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	<b>S25 - S32</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.

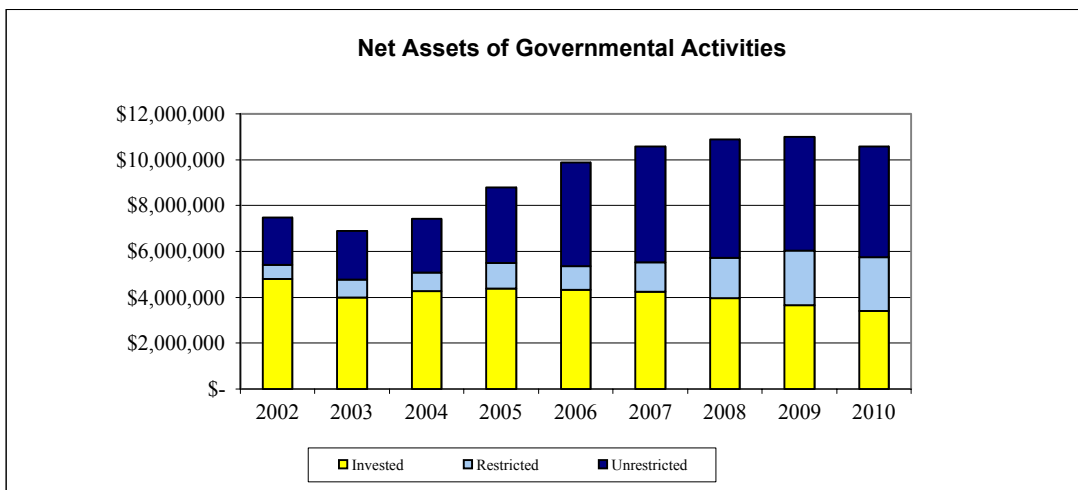
**Norton City School District**

**Net Assets by Component (1)**

**Last Nine Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 4,809,335	\$ 3,980,868	\$ 4,265,882	\$ 4,372,617	\$ 4,321,392
Restricted for:					
Capital projects	275,964	374,087	377,760	684,779	540,433
Debt service	-	48,708	15,349	2,453	4,703
Food services	-	-	-	-	-
School supplies	-	-	-	-	-
Underground storage tanks	-	-	-	-	-
Other purposes	331,982	355,316	410,085	438,169	480,162
Unrestricted (deficit)	2,057,686	2,130,609	2,356,025	3,290,328	4,528,059
<b>Total governmental activities net assets</b>	<b>\$ 7,474,967</b>	<b>\$ 6,889,588</b>	<b>\$ 7,425,101</b>	<b>\$ 8,788,346</b>	<b>\$ 9,874,749</b>
<b>Primary government:</b>					
Invested in capital assets, net of related debt	\$ 4,809,335	\$ 3,980,868	\$ 4,265,882	\$ 4,372,617	\$ 4,321,392
Restricted	607,946	778,111	803,194	1,125,401	1,025,298
Unrestricted (deficit)	2,057,686	2,130,609	2,356,025	3,290,328	4,528,059
<b>Total primary government net assets</b>	<b>\$ 7,474,967</b>	<b>\$ 6,889,588</b>	<b>\$ 7,425,101</b>	<b>\$ 8,788,346</b>	<b>\$ 9,874,749</b>

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 4,251,688	\$ 3,974,054	\$ 3,659,174	\$ 3,408,970
733,759	1,111,071	1,715,846	2,185,081
4,703	4,703	4,703	-
-	-	-	565,020
-	-	-	42,985
-	-	-	11,000
540,919	642,502	638,074	143,081
5,057,457	5,152,849	4,985,859	4,850,007
<u>\$ 10,588,526</u>	<u>\$ 10,885,179</u>	<u>\$ 11,003,656</u>	<u>\$ 11,206,144</u>

\$ 4,251,688	\$ 3,974,054	\$ 3,659,174	\$ 3,408,970
1,279,381	1,758,276	2,358,623	2,947,167
5,057,457	5,152,849	4,985,859	4,850,007
<u>\$ 10,588,526</u>	<u>\$ 10,885,179</u>	<u>\$ 11,003,656</u>	<u>\$ 11,206,144</u>

**Norton City School District**

**Changes in Net Assets of Governmental Activities (1)**

**Last Nine Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses</b>					
Regular instruction	\$ 8,715,332	\$ 9,004,244	\$ 9,176,819	\$ 9,599,189	\$ 10,095,929
Special instruction	1,379,132	1,368,574	1,421,802	1,506,388	1,500,754
Vocational instruction	751,858	716,261	839,228	870,552	756,342
Adult/continuing instruction	4,146	1,653	842	575	355
Student intervention services	-	-	-	-	-
Other instruction	35,787	166,237	147,727	307,566	269,789
Pupil support	699,775	839,294	713,899	745,018	810,870
Instructional staff support	753,463	721,001	630,319	592,410	678,445
Board of education	27,945	42,363	5,571	84,202	16,283
Administration	1,482,425	1,467,880	1,479,088	1,452,860	1,517,744
Fiscal	502,957	523,185	543,841	489,406	488,161
Business	298,014	357,272	322,587	296,888	378,646
Operation and maintenance of plant	2,184,104	2,159,874	1,711,278	1,743,837	2,328,056
Pupil transportation	1,271,955	1,058,785	1,023,012	1,177,982	1,309,633
Central	59,020	64,172	64,805	69,815	73,612
Operation of non-instructional services	6,795	10,923	3,332	2,526	5,036
Operation of food services	707,156	696,460	674,911	694,481	774,662
Extracurricular activities	439,649	540,724	406,468	422,265	487,038
Interest and fiscal charges	17,202	11,748	11,013	8,741	4,858
<b>Total expenses</b>	<b>\$ 19,336,715</b>	<b>\$ 19,750,650</b>	<b>\$ 19,176,542</b>	<b>\$ 20,064,701</b>	<b>\$ 21,496,213</b>

**Program Revenues**

<b>Charges for services:</b>					
Regular instruction	\$ 357,999	\$ 1,421,437	\$ 1,692,597	\$ 2,084,493	\$ 1,659,294
Special instruction	256,345	260,830	118,424	-	341,416
Vocational instruction	14,190	4,106	-	-	3,914
Instructional staff support	3,400	13,101	4,043	785	1,315
Administration	-	7,079	-	-	-
<b>Operation and maintenance</b>					
of plant	-	-	2,652	3,099	3,425
Operation of food service	536,241	525,549	502,312	523,888	593,051
Extracurricular activities	98,159	77,564	214,412	221,840	126,657
<b>Operating grants and contributions:</b>					
Regular instruction	135,716	178,510	321,723	237,078	253,023
Special instruction	124,846	118,944	216,830	261,140	207,341
Vocational instruction	-	-	2,395	1,717	883
Other instruction	-	-	-	-	12,296
Student intervention services	-	-	-	-	-
Pupil support	40,786	6,508	10,237	146,312	132,319
Instructional staff support	63,124	77,254	90,557	103,043	69,501
Administration	56,585	78,726	-	120,240	129,102
Business	-	21,000	106,844	-	-
<b>Operation and maintenance</b>					
of plant	6,327	-	-	-	536
Pupil transportation	42,820	34,640	19,999	-	9,876
Central	9,521	9,579	9,468	7,861	8,380
Operation of non-instructional services	1,429	-	2,401	-	811



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	10,704,032	\$ 10,722,198	\$ 10,644,647	\$ 10,750,218
	1,527,876	1,716,479	1,873,425	2,104,045
	791,623	751,190	931,855	816,198
	1,167	1,907	4,087	1,692
	-	-	278,751	278,036
	315,352	302,020	-	-
	797,913	754,478	724,112	824,072
	905,399	995,596	1,031,316	1,162,866
	43,158	37,251	33,614	30,634
	1,559,502	1,654,583	1,570,572	1,665,850
	507,517	512,986	600,106	573,719
	349,689	302,407	287,777	314,132
	2,023,579	2,087,838	2,031,679	1,935,597
	1,359,161	1,539,668	1,421,743	1,625,865
	77,665	74,388	79,908	78,009
	1,004	1,003	4,734	2,980
	788,395	813,046	830,670	872,285
	499,769	509,362	513,452	527,622
	3,147	5,130	7,562	5,706
\$	<u>22,255,948</u>	<u>\$ 22,781,530</u>	<u>\$ 22,870,010</u>	<u>\$ 23,569,526</u>

\$	2,240,450	\$ 2,208,226	\$ 2,486,074	\$ 2,804,000
	219,257	397,126	108,061	347,067
	6,993	5,031	4,697	4,625
	498	822	3,002	249
	-	-	-	-
	7,967	7,510	2,502	5,950
	586,080	605,856	590,778	565,350
	142,033	134,373	115,870	142,541
	188,588	187,571	312,407	779,582
	303,700	360,793	280,015	450,171
	-	-	-	-
	21,086	20,944	-	-
	-	-	-	16,759
	94,264	67,792	73,028	69,375
	128,107	183,948	166,843	591,807
	111,932	140,427	90,744	111,349
	-	-	-	-
	-	-	-	-
	9,426	-	-	32,937
	8,508	9,078	7,601	5,000
	-	-	-	-

(Continued)

***Norton City School District***

**Changes in Net Assets of Governmental Activities (1)**

**Last Nine Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operation of food services	187,044	179,099	205,929	190,055	235,093
Extracurricular activities	-	-	15,291	4,267	525
Capital grants and contributions:					
Pupil transportation	-	34,781	16,963	17,276	10,273
<i>Total program revenues</i>	<u>\$ 1,934,532</u>	<u>\$ 3,048,707</u>	<u>\$ 3,553,077</u>	<u>\$ 3,923,094</u>	<u>\$ 3,799,031</u>
Net expense	<u>\$ (17,402,183)</u>	<u>\$ (16,701,943)</u>	<u>\$ (15,623,465)</u>	<u>\$ (16,141,607)</u>	<u>\$ (17,697,182)</u>
<b><i>General revenues</i></b>					
Property taxes levied for:					
General purposes	\$ 6,604,598	\$ 7,058,412	\$ 6,702,989	\$ 8,080,902	\$ 9,054,931
Debt service	45,536	103,965	15,160	48,304	45,852
Capital outlay	582,777	619,338	549,102	629,404	644,642
Grants and entitlements not restricted to specific programs	9,248,968	8,631,148	8,821,958	8,388,771	8,500,989
Investment earnings	151,532	73,455	52,399	112,629	313,951
Miscellaneous	153,436	292,876	17,370	244,842	223,220
<i>Total general revenues</i>	<u>\$ 16,786,847</u>	<u>\$ 16,779,194</u>	<u>\$ 16,158,978</u>	<u>\$ 17,504,852</u>	<u>\$ 18,783,585</u>
<i>Change in net assets</i>	<u>\$ (615,336)</u>	<u>\$ 77,251</u>	<u>\$ 535,513</u>	<u>\$ 1,363,245</u>	<u>\$ 1,086,403</u>

(Continued)

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
263,654	272,904	299,965	354,672
372	1,710	13,029	1,343
12,456	7,871	16,358	-
<u>\$ 4,345,371</u>	<u>\$ 4,611,982</u>	<u>\$ 4,570,974</u>	<u>\$ 6,282,777</u>
<u>\$ (17,910,577)</u>	<u>\$ (18,169,548)</u>	<u>\$ (18,299,036)</u>	<u>\$ (17,286,749)</u>
\$ 8,558,045	\$ 8,219,152	\$ 8,244,523	\$ 7,877,854
-	-	-	-
619,430	593,125	604,470	579,278
8,734,624	9,073,682	9,151,286	8,830,829
458,823	352,961	102,202	14,863
253,432	227,281	315,032	186,413
<u>\$ 18,624,354</u>	<u>\$ 18,466,201</u>	<u>\$ 18,417,513</u>	<u>\$ 17,489,237</u>
<u>\$ 713,777</u>	<u>\$ 296,653</u>	<u>\$ 118,477</u>	<u>\$ 202,488</u>

**Norton City School District**

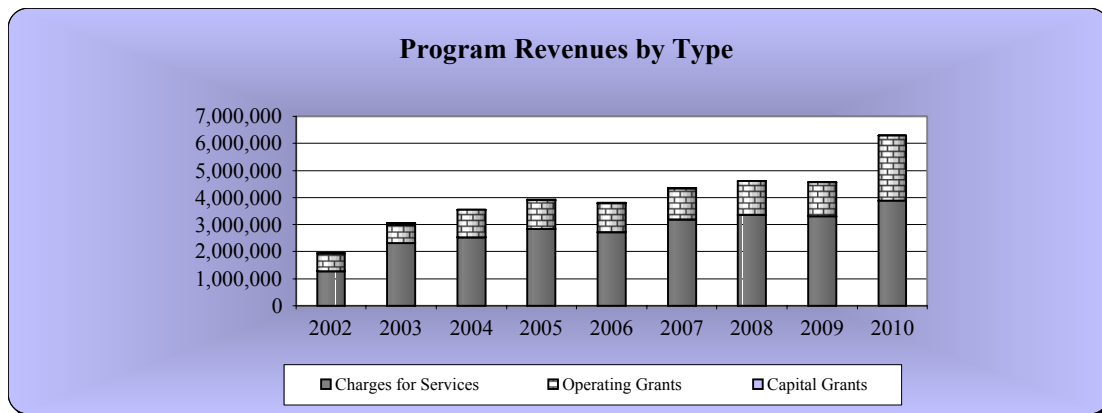
**Program Revenues of Governmental Activities by Function (1)**

**Last Nine Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental activities:</b>					
<i>Function</i>					
Regular instruction	\$ 493,715	\$ 1,599,947	\$ 2,014,320	\$ 2,321,571	\$ 1,912,317
Special instruction	381,191	379,774	335,254	261,140	548,757
Vocational instruction	14,190	4,106	2,395	1,717	4,797
Other instruction	-	-	-	-	12,296
Student intervention services	-	-	-	-	-
Pupil support	40,786	6,508	10,237	146,312	132,319
Instructional staff support	66,524	90,355	94,600	103,828	70,816
Administration	56,585	85,805	106,844	120,240	129,102
Business	-	21,000	-	-	-
Operation and maintenance of plant	6,327	-	2,652	3,099	3,961
Pupil transportation	42,820	69,421	36,962	17,276	20,149
Central	9,521	9,579	9,468	7,861	8,380
Operation of non-instructional services	1,429	-	2,401	-	811
Operation of food services	723,285	704,648	708,241	713,943	828,144
Extracurricular activities	98,159	77,564	229,703	226,107	127,182
<b>Total program revenues</b>	<b>\$ 1,934,532</b>	<b>\$ 3,048,707</b>	<b>\$ 3,553,077</b>	<b>\$ 3,923,094</b>	<b>\$ 3,799,031</b>

(Continued)

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



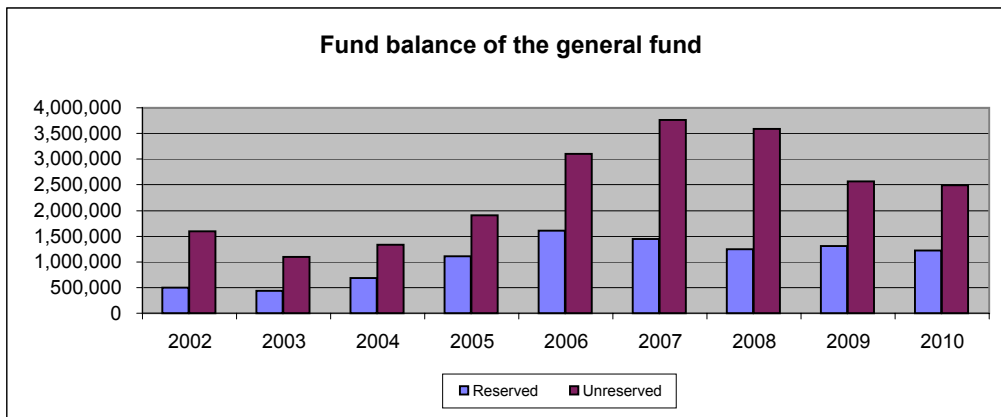
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 2,429,038	\$ 2,395,797	\$ 2,798,481	\$ 3,583,582
522,957	757,919	388,076	797,238
6,993	5,031	4,697	4,625
21,086	20,944	-	-
-	-	-	16,759
94,264	67,792	73,028	69,375
128,605	184,770	169,845	592,056
111,932	140,427	90,744	111,349
-	-	-	-
7,967	7,510	2,502	5,950
21,882	7,871	16,358	32,937
8,508	9,078	7,601	5,000
-	-	-	-
849,734	878,760	890,743	920,022
142,405	136,083	128,899	143,884
<u>\$ 4,345,371</u>	<u>\$ 4,611,982</u>	<u>\$ 4,570,974</u>	<u>\$ 6,282,777</u>

***Norton City School District***  
**Fund Balances, Governmental Funds (1)**  
**Last Nine Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund					
Reserved	\$ 503,312	\$ 440,320	\$ 684,937	\$ 1,104,090	\$ 1,604,746
Unreserved	1,591,318	1,102,648	1,334,500	1,905,356	3,100,105
<i>Total general fund</i>	<u>2,094,630</u>	<u>1,542,968</u>	<u>2,019,437</u>	<u>3,009,446</u>	<u>4,704,851</u>
All other governmental funds					
Reserved	300,385	158,729	277,616	614,734	220,760
Unreserved, undesignated, Reported in:					
Special revenue funds	252,284	311,768	327,394	290,062	433,219
Debt service funds	4,703	55,459	4,703	4,703	4,703
Capital projects funds	33,938	270,017	166,789	196,760	362,389
Total all other\ governmental funds	<u>591,310</u>	<u>795,973</u>	<u>776,502</u>	<u>1,106,259</u>	<u>1,021,071</u>
<i>Total governmental funds</i>	<u>\$ 2,685,940</u>	<u>\$ 2,338,941</u>	<u>\$ 2,795,939</u>	<u>\$ 4,115,705</u>	<u>\$ 5,725,922</u>

(Continued)

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1,439,581	\$ 1,250,282	\$ 1,307,692	\$ 1,216,893
<u>3,764,904</u>	<u>3,593,408</u>	<u>2,570,406</u>	<u>2,487,247</u>
5,204,485	4,843,690	3,878,098	3,704,140
195,353	141,679	198,258	158,393
470,380	570,540	568,539	708,629
4,703	4,703	4,703	-
<u>606,753</u>	<u>1,015,798</u>	<u>1,557,783</u>	<u>2,057,229</u>
1,277,189	1,732,720	2,329,283	2,924,251
<u>\$ 6,481,674</u>	<u>\$ 6,576,410</u>	<u>\$ 6,207,381</u>	<u>\$ 6,628,391</u>

**Norton City School District**

**Changes in Fund Balances, Governmental Funds (1)**

**Last Ten Fiscal Years (2)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>										
Taxes	\$7,368,737	\$ 7,378,369	\$7,877,702	\$7,212,007	\$8,749,520	\$9,750,612	\$9,247,786	\$8,718,480	\$8,876,408	\$ 8,300,757
Intergovernmental	8,787,464	10,221,987	9,329,822	9,669,168	9,457,485	9,514,985	9,801,988	10,240,225	10,389,728	11,202,833
Interest	320,425	136,929	59,978	43,599	112,629	289,058	425,876	330,152	95,267	8,678
Tuition and fees	355,139	265,164	1,511,325	1,730,844	1,978,323	2,118,303	2,195,173	2,469,991	2,424,439	2,994,879
Extracurricular activities	193,290	238,837	219,150	280,693	279,425	177,176	198,768	177,100	161,081	196,204
Gifts and donations	71,967	26,243	64,699	65,934	53,252	66,237	51,989	48,685	40,134	30,093
Charges for services	-	539,641	528,739	576,306	524,673	574,984	567,142	654,358	578,779	549,968
Rent	9,073	2,415	2,758	2,652	3,099	3,425	7,967	7,510	2,503	5,950
Miscellaneous	76,745	124,778	200,294	106,097	264,799	231,531	322,491	307,328	358,400	252,412
<i>Total revenues</i>	<u>17,182,840</u>	<u>18,934,363</u>	<u>19,794,467</u>	<u>19,687,300</u>	<u>21,423,205</u>	<u>22,726,311</u>	<u>22,819,180</u>	<u>22,953,829</u>	<u>22,926,739</u>	<u>23,541,774</u>
<b>Expenditures</b>										
Current:										
Instruction:										
Regular	8,259,175	8,697,751	9,241,788	8,879,162	9,373,521	9,834,960	10,556,261	10,807,707	10,951,543	10,568,682
Special	1,313,992	1,381,199	1,450,656	1,388,815	1,471,124	1,472,022	1,514,673	1,728,835	1,907,001	2,087,751
Vocational	640,602	722,660	759,539	794,851	835,886	730,151	767,128	729,807	934,370	783,303
Adult/continuing	17,189	4,146	1,653	842	575	355	1,167	1,907	4,087	1,692
Student intervention services	-	-	-	-	-	-	-	-	278,751	278,036
Other	34,532	35,787	166,237	147,727	307,566	269,789	315,352	302,020	-	-
Support services:										
Pupil	710,539	934,375	851,076	719,563	730,493	793,580	784,148	766,319	749,256	807,771
Instructional staff	632,444	750,519	699,535	613,177	576,299	661,199	874,626	1,000,635	1,083,614	1,131,474
Board of education	15,006	28,098	41,034	7,007	84,202	15,734	40,964	35,057	31,420	28,440
Administration	1,312,524	1,456,769	1,505,272	1,421,284	1,374,162	1,441,901	1,470,332	1,679,729	1,606,341	1,644,993
Fiscal	430,129	496,683	525,049	529,292	497,276	473,055	500,765	517,575	604,563	571,479
Business	388,122	297,993	351,943	329,826	295,116	379,555	346,611	258,875	259,021	273,206
Operation and maintenance of plant	1,674,486	1,772,897	1,728,571	1,583,297	1,569,271	2,100,733	1,908,182	2,032,636	1,996,823	1,839,378
Pupil transportation	875,637	1,179,126	1,061,598	914,243	1,062,259	1,189,540	1,251,530	1,442,696	1,369,981	1,511,716
Central	49,219	59,904	65,030	63,910	69,247	70,915	76,656	75,799	83,133	78,274
Operation of non-instructional services	13,484	1,694	382	2,328	1,522	4,032	-	-	3,731	1,977
Operation of food services	-	931,824	676,038	666,605	672,020	754,062	772,515	808,259	842,041	857,433
Extracurricular activities	424,299	439,060	552,598	400,647	421,459	473,253	503,890	512,670	513,455	523,497
Capital outlay	538,950	720,204	369,792	832,067	490,728	366,658	342,141	278,318	20,430	92,090
Debt service:										
Principal retirement	69,449	71,899	74,578	95,904	76,035	77,480	35,589	53,874	49,114	34,841
Interest and fiscal charges	24,462	19,561	14,429	13,250	11,005	7,108	3,147	5,130	7,562	5,706
<i>Total expenditures</i>	<u>17,424,240</u>	<u>20,002,149</u>	<u>20,136,798</u>	<u>19,403,797</u>	<u>19,919,766</u>	<u>21,116,082</u>	<u>22,065,677</u>	<u>23,037,848</u>	<u>23,296,237</u>	<u>23,121,739</u>

(Continued)



***Norton City School District***

**Changes in Fund Balances, Governmental Funds (1)**

**Last Ten Fiscal Years (2)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(241,400)</u>	<u>(1,067,786)</u>	<u>(342,331)</u>	<u>283,503</u>	<u>1,503,439</u>	<u>1,610,229</u>	<u>753,503</u>	<u>(84,019)</u>	<u>(369,498)</u>	<u>420,035</u>
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Inception of capital lease	119,835	-	-	173,829	-	-	-	179,827	-	-
Transfers in	18,562	-	10,103	-	-	-	-	-	21,174	4,703
Transfers out	<u>(18,562)</u>	-	<u>(10,103)</u>	-	-	-	-	-	<u>(21,174)</u>	<u>(4,703)</u>
<i>Total other financing sources (uses)</i>	<u>119,835</u>	-	-	<u>173,829</u>	-	-	-	<u>179,827</u>	-	-
<i>Net change in fund balances</i>	<u>\$ (121,565)</u>	<u>\$ (1,067,786)</u>	<u>\$ (342,331)</u>	<u>\$ 457,332</u>	<u>\$ 1,503,439</u>	<u>\$ 1,610,229</u>	<u>\$ 753,503</u>	<u>\$ 95,808</u>	<u>\$ (369,498)</u>	<u>\$ 420,035</u>
Debt service as a percentage of noncapital expenditures	0.6%	0.5%	0.5%	0.6%	0.4%	0.4%	0.2%	0.3%	0.2%	0.2%

(1) Modified accrual basis of accounting.

(2) Includes general, special revenue, debt service and capital projects funds for fiscal years 2002 through 2010. Fiscal year 2001 included general, special revenue, debt service, capital projects and expendable trust funds.

# Norton City School District

## Assessed and Estimated Actual Value of Taxable Property

### Last Ten Years

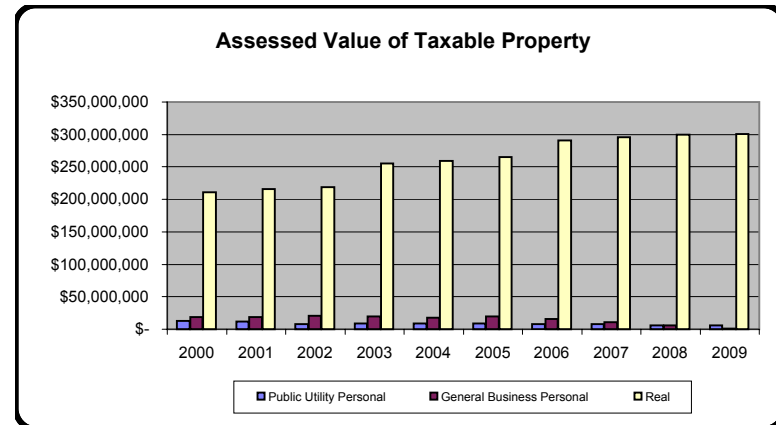
Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total			Weighted Average Tax Rate
	Assessed Value		Estimated Actual Value	Public Utility	General Business	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
	Residential/Agricultural	Commercial/Industrial/PU		Assessed Value	Assessed Value						
2001	\$ 184,844,760	\$ 30,988,330	\$ 616,665,971	\$12,132,210	\$13,786,602	\$18,292,861	\$73,171,444	\$246,258,161	\$703,624,018	35.00%	35.00%
2002	187,555,690	31,346,640	625,435,229	8,294,520	9,425,591	20,398,661	81,594,644	247,595,511	716,455,463	34.56%	34.56%
2003	217,133,400	38,019,310	729,007,743	8,768,500	9,964,205	19,345,067	77,380,268	283,266,277	816,352,215	34.70%	34.70%
2004	221,743,890	37,596,610	740,972,857	8,453,470	9,712,113	17,792,625	71,170,500	285,586,595	821,855,470	34.75%	34.76%
2005	226,246,280	38,504,470	756,430,714	8,720,900	9,910,114	19,596,241	78,384,964	293,067,891	844,725,792	34.69%	34.69%
2006	251,020,120	39,806,390	830,932,886	7,882,630	8,957,534	15,659,573	83,517,723	314,368,713	923,408,142	34.04%	34.04%
2007	255,108,200	40,275,790	843,954,257	7,642,460	8,684,614	10,780,155	86,241,240	313,806,605	938,880,111	33.42%	33.40%
2008	258,122,620	41,487,830	856,029,857	5,809,220	6,601,386	6,093,290	9,749,264	311,512,960	872,380,508	35.71%	35.71%
2009	257,138,920	43,081,000	857,771,200	5,993,340	6,810,614	669,300	1,070,880	306,882,560	865,652,694	35.45%	35.45%
2010	257,874,390	43,240,760	860,329,000	6,269,080	7,123,955	327,860	524,576	307,712,090	867,977,531	35.45%	35.45%

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Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal

The assessed value of real property (including public utility real property is 35% of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assess in previous years at 25% for machinery and equipment. General business inventory tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, the 2 1/2% and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.



Source: Summit County Fiscal Officer

***Norton City School District***

**Property Tax Rates - Direct and Overlapping Governments (1)**

**(per \$1,000 of assessed value)**

**Last Ten Years**

Collection Year	Direct rates			Total School District	Overlapping rates				Total
	Operating Millage	Permanent Improvement Millage	Debt Service Millage		City Levy (2)	Franklin Township Levy	County Levy	Akron Summit Library Levy	
2010	56.90	3.00	-	59.90	13.75	14.65	14.16	2.10	104.56
2009	56.90	3.00	-	59.90	13.75	14.65	14.16	2.08	104.54
2008	56.90	3.00	-	59.90	13.75	14.65	14.26	2.07	104.63
2007	56.90	3.00	-	59.90	10.00	14.65	14.57	2.03	101.15
2006	56.90	3.00	-	59.90	10.00	14.65	13.07	2.04	99.66
2005	56.90	3.00	-	59.90	10.00	14.65	13.07	2.14	99.76
2004	n/a	n/a	n/a	55.00	10.00	14.65	13.07	0.78	93.50
2003	n/a	n/a	n/a	55.00	10.00	14.65	13.07	1.59	94.31
2002	n/a	n/a	n/a	55.00	10.00	14.65	13.07	1.35	94.07
2001	n/a	n/a	n/a	55.00	10.00	14.65	13.07	1.39	94.11

**Source:** Summit County Fiscal Officer.

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

n/a - information is not available and will be reported when it becomes available.

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

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

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

<u>Year</u>	<u>Current Levy</u>	<u>Delinquent Levy (2)</u>	<u>Total Levy</u>	<u>Current Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection as a Percent of Total Levy</u>	<u>Delinquent Taxes Receivable</u>
2009	\$ 9,498,035	\$ 479,088	\$ 9,977,123	\$ 9,018,947	94.96%	\$ 376,961	\$ 9,395,908	94.17%	\$ 581,215
2008	9,710,467	628,496	10,338,963	9,327,470	96.06%	379,562	9,707,032	93.89%	631,931
2007	10,034,876	646,293	10,681,169	9,658,007	96.24%	428,478	10,086,485	94.43%	594,684
2006	10,246,211	938,817	11,185,028	9,842,810	96.06%	361,589	10,204,399	91.23%	980,629
2005	10,890,317	619,263	11,509,580	10,468,098	96.12%	315,442	10,783,540	93.69%	726,041
2004	10,365,254	554,995	10,920,249	9,968,049	96.17%	282,887	10,250,936	93.87%	669,313
2003	8,733,646	490,727	9,224,373	8,486,330	97.17%	286,843	8,773,173	95.11%	451,200
2002	8,208,438	655,238	8,863,676	7,933,738	96.65%	346,038	8,279,776	93.41%	583,900
2001	8,208,384	655,210	8,863,594	7,933,684	96.65%	345,998	8,279,682	93.41%	583,912
2000	8,400,858	633,570	9,034,428	8,113,663	96.58%	264,795	8,378,458	92.74%	655,970

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**Source:** Summit County Fiscal Officer.

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

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

(2) 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.

(3) The 2010 information cannot be presented because all collections have not been made by June 30, 2010.

**Norton City School District**

**Principal Taxpayers**

**2010 and 2001**

2010 Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility (1)	Total
Ohio Edison	\$ -	\$ 90,660	\$ 4,413,910	\$ 4,504,570	1.46%	\$ -	\$ 362,640	\$ 5,015,807	\$ 5,378,447
B & C Corporation	2,989,470	-	-	2,989,470	0.97%	8,541,343	-	-	8,541,343
Columbia Woods	2,730,020	-	-	2,730,020	0.89%	7,800,057	-	-	7,800,057
Albrecht Inc.	2,735,180	-	-	2,735,180	0.89%	7,814,800	-	-	7,814,800
Seak Real Estate Holdings, LLC	1,506,920	-	-	1,506,920	0.49%	4,305,486	-	-	4,305,486
East Ohio Gas	-	-	1,351,990	1,351,990	0.44%	-	-	1,536,352	1,536,352
Falkenstein Albert J & Margaret	1,012,920	-	-	1,012,920	0.33%	2,894,057	-	-	2,894,057
Newpark Drive Limited Partnership	962,990	-	-	962,990	0.31%	2,751,400	-	-	2,751,400
Brookside Land Co.	790,280	-	-	790,280	0.26%	2,257,943	-	-	2,257,943
Springhills Golf Course, Inc.	716,120	-	-	716,120	0.23%	2,046,057	-	-	2,046,057
<b>Total Top Ten Taxpayers</b>	<b>\$ 13,443,900</b>	<b>\$ 90,660</b>	<b>\$ 5,765,900</b>	<b>\$ 19,300,460</b>	<b>6.27%</b>	<b>\$ 38,411,143</b>	<b>\$ 362,640</b>	<b>\$ 6,552,159</b>	<b>\$ 45,325,942</b>
<b>Total All Assessed Valuations</b>	<b>\$ 301,115,150</b>	<b>\$ 327,860</b>	<b>\$ 6,269,080</b>	<b>\$ 307,712,090</b>					

2001 Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility (1)	Total
Ohio Edison	\$ 253,180	\$ -	\$ 5,281,470	\$ 5,534,650	2.25%	\$ 723,371	\$ -	\$ 6,001,670	\$ 6,725,042
PPG Industries	1,361,500	2,973,620	-	4,335,120	1.76%	3,890,000	11,894,480	-	15,784,480
East Ohio Gas	42,510	-	3,648,450	3,690,960	1.50%	121,457	-	4,145,966	4,267,423
B&C Corporation	1,122,340	1,299,880	-	2,422,220	0.98%	3,206,686	5,199,520	-	8,406,206
Columbia Woods Apt. LL	2,027,170	-	-	2,027,170	0.82%	5,791,914	-	-	5,791,914
Ohio Bell Telephone	-	-	1,930,000	1,930,000	0.78%	-	-	2,193,182	2,193,182
Albrecht Inc	1,865,900	-	-	1,865,900	0.76%	5,331,143	-	-	5,331,143
Fomo Products, Inc.	575,750	1,110,830	-	1,686,580	0.68%	1,645,000	4,443,320	-	6,088,320
Mack W. Seal	1,452,340	-	-	1,452,340	0.59%	4,149,543	-	-	4,149,543
Newpark Drive Limited Partnership	832,960	90,310	-	923,270	0.37%	2,379,886	361,240	-	2,741,126
<b>Total Top Ten Taxpayers</b>	<b>\$ 9,533,650</b>	<b>\$ 5,474,640</b>	<b>\$ 10,859,920</b>	<b>\$ 25,868,210</b>	<b>10.50%</b>	<b>\$ 27,239,000</b>	<b>\$ 21,898,560</b>	<b>\$ 12,340,818</b>	<b>\$ 61,478,378</b>
<b>Total All Assessed Valuations</b>	<b>\$ 215,833,090</b>	<b>\$ 18,292,861</b>	<b>\$ 12,132,210</b>	<b>\$ 246,258,161</b>					

**Source:** Summit County Fiscal Officer

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

***Norton City School District***  
**Ratio of Outstanding Debt By Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Population	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases				
2001	\$ 217,000	\$ -	\$93,786	\$ 310,786	115.27%	11,523	\$ 26.97
2002	173,600	-	65,287	238,887	89.51%	11,523	20.73
2003	130,200	-	34,109	164,309	59.56%	11,523	14.26
2004	86,800	-	155,434	242,234	81.67%	11,523	21.02
2005	43,400	-	122,799	166,199	54.47%	11,523	14.42
2006	-	-	88,719	88,719	27.84%	11,523	7.70
2007	-	-	53,130	53,130	15.76%	11,523	4.61
2008	-	-	179,083	179,083	54.66%	11,523	15.54
2009	-	-	129,969	129,969	n/a	11,523	11.28
2010	-	-	95,128	95,128	n/a	11,523	8.26

**Source:** School District Financial Records.

(1) Personal income information is available on S - 22.  
n/a - information is not available at this time.

***Norton City School District***

**Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Resources Available to Pay Principal</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value</u>	<u>Percentage of Personal Income</u>	<u>Net Bonded Debt per Capita</u>
2001	\$ 217,000	\$ 4,703	\$ 212,297	0.03%	0.08%	\$ 18.83
2002	173,600	55,459	118,141	0.02%	0.04%	15.07
2003	130,200	4,703	125,497	0.02%	0.05%	11.30
2004	86,800	4,703	82,097	0.01%	0.03%	7.53
2005	43,400	4,703	38,697	0.00%	0.01%	3.77
2006	-	4,703	(4,703)	0.00%	0.00%	-
2007	-	4,703	(4,703)	0.00%	0.00%	-
2008	-	4,703	(4,703)	0.00%	0.00%	-
2009	-	4,703	(4,703)	0.00%	n/a	-
2010	-	-	-	0.00%	n/a	-

n/a - information is not available at this time.

***Norton City School District***  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Tax Valuation	<u>\$ 246,258,161</u>	<u>\$ 247,595,511</u>	<u>\$ 283,266,277</u>	<u>\$ 285,586,595</u>	<u>\$ 293,067,891</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>22,163,234</u>	<u>22,283,596</u>	<u>25,493,965</u>	<u>25,702,794</u>	<u>26,376,110</u>
Amount of Debt Applicable to Debt Limit					
General Obligation Bonds	217,000	173,600	130,200	86,800	43,400
Less Amount Available in Debt Service	<u>(4,703)</u>	<u>(55,459)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>
Amount of Debt Subject to Limit	<u>212,297</u>	<u>118,141</u>	<u>125,497</u>	<u>82,097</u>	<u>38,697</u>
Legal Debt Margin	<u>\$ 21,950,937</u>	<u>\$ 22,165,455</u>	<u>\$ 25,368,468</u>	<u>\$ 25,620,697</u>	<u>\$ 26,337,413</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.04%	99.47%	99.51%	99.68%	99.85%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 246,258	\$ 247,596	\$ 283,266	\$ 285,587	\$ 293,068
Amount of Debt Subject to Limit	<u>212,297</u>	<u>118,141</u>	<u>125,497</u>	<u>82,097</u>	<u>38,697</u>
Unvoted Legal Debt Margin	<u>\$ 458,555</u>	<u>\$ 365,737</u>	<u>\$ 408,763</u>	<u>\$ 367,684</u>	<u>\$ 331,765</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	186.21%	147.72%	144.30%	128.75%	113.20%

**Source:** School District records, Summit County Fiscal Officer.

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

(2) Beginning in fiscal year 2006, HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.



<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>\$ 290,826,510</u>	<u>\$ 295,383,990</u>	<u>\$ 299,610,450</u>	<u>\$ 300,219,920</u>	<u>\$ 301,115,150</u>
<u>26,174,386</u>	<u>26,584,559</u>	<u>26,964,941</u>	<u>27,019,793</u>	<u>27,100,364</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>-</u>
<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>-</u>
<u>\$ 26,179,089</u>	<u>\$ 26,589,262</u>	<u>\$ 26,969,644</u>	<u>\$ 27,024,496</u>	<u>\$ 27,100,364</u>
100.02%	100.02%	100.02%	100.02%	100.00%
\$ 290,827	\$ 295,384	\$ 299,610	\$ 300,220	\$ 301,115
<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>(4,703)</u>	<u>-</u>
<u>\$ 286,124</u>	<u>\$ 290,681</u>	<u>\$ 294,907</u>	<u>\$ 295,517</u>	<u>\$ 301,115</u>
98.38%	98.41%	98.43%	98.43%	100.00%

***Norton City School District***  
**Computation of Direct and Overlapping Debt**  
**June 30, 2010**

	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable to Norton CSD</u>
<b>Direct:</b>			
Norton City School District	<u>\$ -</u>	100.00%	<u>\$ -</u>
<b>Overlapping:</b>			
City of Norton	6,350,851	97.21%	6,173,662
City of Barberton	6,200,000	0.11%	6,820
New Franklin Village	-	13.57%	-
Summit County	34,090,000	2.44%	831,796
Metro Regional Transit Authority	485,000	2.44%	11,834
Akron-Summit Library District	47,440,000	3.60%	1,707,840
Muskingum Watershed Conservancy District	-	0.79%	-
Summit Metro Park District	<u>-</u>	<u>2.57%</u>	<u>-</u>
Total overlapping:	<u>94,565,851</u>		<u>8,731,952</u>
Total direct and overlapping debt:	<u><u>\$ 94,565,851</u></u>		<u><u>\$ 8,731,952</u></u>

**Source:** School District records, Ohio Municipal Advisory Council.

- (1) All debt reported is as of December 31, 2009, except for Norton City School District, which is reported as of June 30, 2010.  
(2) Overlapping percentages are calculated based on overlapping valuation and total entity valuation.

***Norton City School District***  
**Demographic and Economic Statistics**  
**Last Ten Years**

Year	Population (1)	Personal Income (2) (in thousands)	Per Capita	
			Personal Income (in thousands)	Unemployment Rate (3)
2001	11,523	\$269,608	\$23	4.30%
2002	11,523	266,886	23	5.50%
2003	11,523	275,864	24	5.70%
2004	11,523	296,584	26	6.10%
2005	11,523	305,137	26	5.80%
2006	11,523	318,731	28	4.90%
2007	11,523	337,072	29	5.30%
2008	11,523	327,649	28	6.20%
2009	11,523	n/a	n/a	10.50%
2010	11,523	n/a	n/a	10.40%

**Sources:** (1) U.S. Bureau of Census, Census of Population.  
(2) Ohio Department of Taxation.  
(3) U.S. Department of Labor.

n/a - information is not available and will be reported when it becomes available.

***Norton City School District***

**Principal Employers**

**2009 and 2002 (1)**

Employer	Nature of Business	2009			2002		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
B & C Corporation	Communications	464	1	18.94%	949	1	33.93%
Norton City School District	Education	365	2	14.90%	454	2	16.23%
SA Communale Company	Construction	339	3	13.84%	254	4	9.08%
Fred Martin Motor Group	Automotive sales	301	4	12.29%	274	3	9.80%
Fomo Products, Inc.	Polyurethane Foam	263	5	10.73%	-	-	0.00%
Fred W. Albrecht Grocery, Inc.	Grocery Store	263	6	10.73%	238	5	8.51%
Albert Screenprint, Inc.	Screen printing	132	7	5.39%	168	6	6.01%
Ganley Ford, Inc.	Automotive sales	121	8	4.94%	150	7	5.36%
City of Norton	City	117	9	4.78%	-	-	0.00%
RT 80 Express Inc.	Trucking Company	85	10	3.47%	-	-	0.00%
Lenic, Inc.	Fast food	-	-	0.00%	123	8	4.40%
Perkinelmer Wallace, Inc.	Automotive sales	-	-	0.00%	101	9	3.61%
PPG Industries	Glass manufacturing	-	-	0.00%	86	10	3.07%
Total		<u>2,450</u>			<u>2,797</u>		

**Source:** City of Norton, Ohio.

(1) Information prior to 2002 is not available.  
2010 information is not yet available.

***Norton City School District***

**School District Employees by Function/Program  
Last Seven Fiscal Years**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Regular instruction							
Elementary classroom teachers	49	50	54	57	40	44.5	44.5
Middle school classroom teachers	38	40	39	42	42	42.5	41
High school classroom teachers	34	35	40	41	37	35	37
Alternative school	1	1	2	1	1	1	1
Special instruction							
Academically gifted teachers	1	1	1	1	1	1	1
Multi handicapped teachers	3	3	3	3	3.5	4.5	3
Severe behavior handicapped teachers	3	3	2	2	2	2	2
Developmentally handicapped teachers	3	3	3	3	3	3	3
Specific learning disabled teachers	6	6	9	8	4	5	5
Disadvantaged youth teachers	3	3	3	4	3	3	3
Vocational instruction							
High school classroom teachers	10	10	8	10	10	8	7
Pupil support services							
Guidance counselors	3	3	4	5	4	4	4
Librarians	2	2	2	2	2	2	2
Psychologists	1	1	1	1	1	1	2
Speech and language pathologists	2	2	2	2	2	2	2
Aides	8	8	16	13	16	16	27
Computer	1	1	2	2	2	2	2
Other	10	13	10	13	12	12	13
Administrators							
Elementary	3	3	3	3	3	3	3
Middle school	1	1	1	1	1	1	2
High school	2	2	2	2	2	2	2
Operation of plant							
Custodians	17	18	20	20	18	18	18
Pupil transportation							
Bus drivers	21	23	22	22	23	23	24
Bus aides	6	6	6	4	4	4	3
Maintenance	3	3	3	3	3	3	3
Food service program							
Cooks	15	17	19	19	18	18	18

Information prior to 2004 is not available.

**Source:** School District records.

***Norton City School District***

**Operating Statistics**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Percentage of students receiving free or reduced lunches</u>
2001	n/a	2,429	n/a	n/a	142.90	17.0	13.84%
2002	\$ 19,336,715	2,544	\$7,601	n/a	154.00	16.5	16.30%
2003	\$ 19,750,650	2,544	\$7,764	2.14%	147.60	17.2	15.87%
2004	\$ 19,176,542	2,523	\$7,601	-2.10%	138.60	18.2	17.31%
2005	\$ 20,064,701	2,425	\$8,274	8.86%	138.80	17.5	17.58%
2006	\$ 21,496,213	2,377	\$9,043	9.30%	140.30	16.9	17.84%
2007	\$ 22,255,948	2,417	\$9,208	1.82%	145.90	16.6	20.47%
2008	\$ 22,781,530	2,505	\$9,094	-1.23%	146.50	17.1	19.50%
2009	\$ 22,870,010	2,483	\$9,211	1.28%	149.20	16.6	23.23%
2010	\$ 23,569,526	2,562	\$9,200	-0.12%	152.30	16.8	26.10%

**Source:** School District Records, Ohio Department of Education.

n/a - information is not available and will be reported when it becomes available.

***Norton City School District***

**Building Statistics**

**Last Ten Fiscal Years (continued)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Norton Corner Stone Elementary School</b>										
Constructed in 1914										
Total building square footage	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919	40,919
Enrollment grades K-4	366	366	349	216	229	217	226	346	334	350
Student capacity	510	510	510	510	510	510	510	510	510	510
Regular instruction classrooms	16	16	16	16	16	16	16	16	16	16
Regular instruction teachers	18	19	16	11	11	11	19	15	16.5	16.5
Special instruction classrooms	1	1	1	1	1	1	1	2	2	1
Special instruction teachers	1	1	1	1	1	1	1	2	2	1
<b>Norton Primary Elementary School</b>										
Constructed in 1956										
Total building square footage	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658	32,658
Enrollment grades K-4	287	343	354	360	353	362	358	373	338	352
Student capacity	630	630	630	630	630	630	630	630	630	630
Regular instruction classrooms	19	19	19	19	19	19	19	19	19	19
Regular instruction teachers	14	15	15	16	16	18	18	15	16.5	16.5
Special instruction classrooms	2	2	2	2	2	2	2	2	2	2
Special instruction teachers	2	2	2	2	2	2	2	2	2	2
<b>Grill Elementary School</b>										
Constructed in 1928										
Total building square footage	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562	26,562
Enrollment grades K-4	265	277	273	219	217	235	239	237	271	274
Student capacity	480	480	480	480	480	480	480	480	480	480
Regular instruction classrooms	14	14	14	14	14	14	14	14	14	14
Regular instruction teachers	12	13	13	9	9	11	15	10	11.5	11.5
Special instruction classrooms	2	2	2	2	2	2	2	1	1	1
Special instruction teachers	2	2	2	2	2	2	2	1	1	1
<b>Junior High/Middle School</b>										
Constructed in 1966										
Total building square footage	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081	75,081
Enrollment grades 5-8	592	600	605	824	781	776	783	795	814	816
Student capacity	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Regular instruction classrooms	36	36	36	36	36	36	36	36	36	36
Regular instruction teachers	31	33	32	36	36	36	37	42	42.5	41.0
Special instruction classrooms	2	2	2	2	2	2	2	3	3	4
Special instruction teachers	2	2	2	2	2	4	5	3	3	4

***Norton City School District***  
**Building Statistics**  
**Last Ten Fiscal Years (continued)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>High School</b>										
Constructed in 1953										
Total building square footage	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097	112,097
Enrollment grades 9-12	802	843	844	815	766	701	725	838	837	890
Student capacity	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530
Regular instruction classrooms	47	47	47	47	47	47	47	47	47	47
Regular instruction teachers	43	49	47	43	43	46	36	37	37	37
Special instruction classrooms	4	4	4	4	4	4	4	4	4	4
Special instruction teachers	4	4	4	4	4	4	4	4	4	5

**Source:** School District Records.

n/a - information is not available and will be reported when it becomes available.



***Norton City School District***

**Teachers' Salaries**

**Last Ten Fiscal Years**

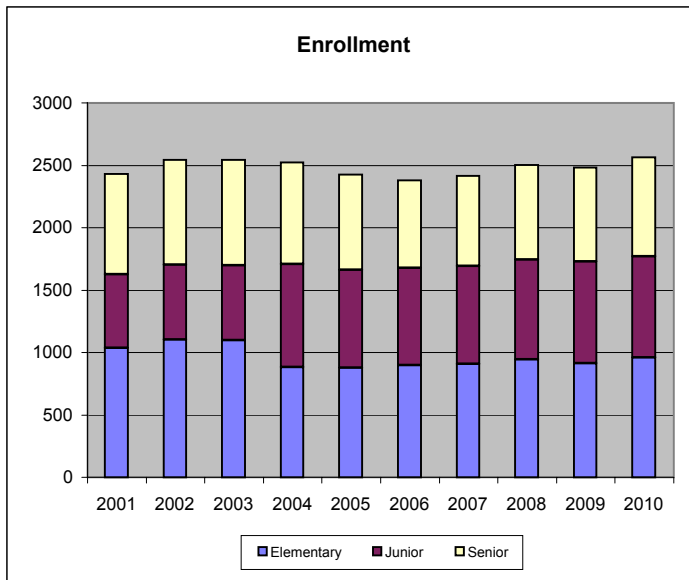
<u>Fiscal Year</u>	<u>Norton City School District Average Salary</u>	<u>Statewide Average Salary</u>
2001	\$ 42,303	\$ 42,995
2002	41,842	43,755
2003	45,167	45,645
2004	47,538	47,659
2005	47,583	49,438
2006	49,877	50,772
2007	50,411	53,536
2008	51,341	53,410
2009	52,226	54,656
2010	52,900	55,958

**Source:** Ohio Department of Education.

***Norton City School District***

**Enrollment Statistics  
Last Ten Fiscal Years**

Fiscal Year	Elementary Schools	Junior High School	Senior High School	Total
2001	1,035	592	802	2,429
2002	1,101	600	843	2,544
2003	1,095	605	844	2,544
2004	884	824	815	2,523
2005	878	781	766	2,425
2006	900	776	701	2,377
2007	909	783	725	2,417
2008	944	802	759	2,505
2009	913	814	756	2,483
2010	957	811	794	2,562



Source: Ohio Department of Education.

***Norton City School District***  
**Average Number of Students per Teacher**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Norton City School District Average</u>	<u>State Average</u>
2002	19.40	16.90
2003	19.20	16.50
2004	20.00	18.50
2005	19.30	18.50
2006	18.20	18.60
2007	18.50	19.60
2008	19.20	18.60
2009	18.73	n/a
2010	19.09	n/a

**Source:** Ohio Department of Education.

n/a - information is not available at this time.

***Norton City School District***  
**Attendance and Graduation Rates**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Norton City School District Attendance Rate</u>	<u>State Average</u>	<u>Norton City School District Graduation Rate</u>	<u>State Average</u>
2000	95.10%	93.60%	87.60%	80.60%
2001	95.20%	93.90%	88.80%	81.10%
2002	95.00%	94.30%	92.90%	82.70%
2003	95.10%	94.50%	97.30%	84.30%
2004	95.20%	94.50%	97.50%	85.90%
2005	94.90%	94.30%	97.60%	86.20%
2006	95.10%	94.10%	95.30%	86.10%
2007	95.10%	94.10%	98.20%	86.90%
2008	95.10%	94.20%	>95%	84.60%
2009	>95%	94.30%	>95%	83.00%
2010	95.00%	94.30%	n/a	n/a

**Source:** Ohio Department of Education.

n/a - information is not available at this time.



# Dave Yost • Auditor of State

**NORTON CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 3, 2011**