



# NORTON

CITY SCHOOL DISTRICT, NORTON, OHIO

*In Pursuit of Excellence*



## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2003**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Norton City School District, Summit County, prepared by Lennon & Company, for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

March 29, 2004

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***Norton City School District***  
***Norton, Ohio***

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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2003

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



***Norton City School District***  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2003

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## INTRODUCTORY SECTION





Treasurer's Office  
4128 Cleveland-Massillon Rd  
Norton, Ohio 44203  
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Catherine M. Bulgrin  
Treasurer/CFO

Stephanie Hagenbush  
Assistant Treasurer

Betsy McGeorge  
EMIS Coordinator

Cindy Dohner  
Financial Secretary

Sherry McNab  
Accounts Payable Specialist

Sheila Wade  
Accounts  
Receivable/Inventory

February 17, 2004

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, 2002, through June 30, 2003 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, 2003.

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.

The arrangement of the Comprehensive Annual Financial Report is divided into four sections: The Introductory Section, Financial Section, Statistical Section, and Compliance Section. The first section, the Introductory Section, which is unaudited, includes this transmittal letter, a list of elected officials, the School District's organizational chart and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2002. The next section, the Financial Section, includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, Notes that provide an overview of the School District's financial position and operating results, the combining statements for nonmajor funds, and other schedules that provide detailed information relative to the basic financial statements. The third section, the Statistical Section, which is unaudited, consists of a ten-year compilation of miscellaneous demographic statistics and pertinent financial information, representative of three years reported in the cash-basis method of accounting and the fiscal years 1997, 1998, 1999, 2000, 2001, 2002, and 2003 reported in accordance with GAAP. The final section, the Compliance Section, includes the auditor's report on the internal control over financial reporting and compliance with applicable laws and regulations.

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

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

The City of Norton, located in southwestern Summit County, covers approximately nineteen square miles of land and has a current population of 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 16<sup>th</sup> 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 2002-03 the student head count totaled 2,597 with a projection of 2,558 for the 2003-04 school year. Resident students enroll in six schools: Norton High School (grades 9-12), Norton Middle School (grades 5-8), Norton Cornerstone (grades K-4), Norton Primary (grades K-4), Grill School (grades K-4), and Norton 21 (grades 1-4). 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 City of Norton's increased growth potential materializes, again, with the expansion of new residential apartment-type units and single-family housing developments; and, with the City's plans for the availability of water and sewer. The Mount Vernon Estates allotment began construction of single-family units in 1993 and recently expanded acquiring access through the Norton Acres allotment. The housing development, The Brookforest Estates, began construction in 1997. In addition, property zoned for the building of Hudson Run Estates, and construction of a sixteen-acre apartment complex situated adjacent to Norton's Shopping Center and City Park, began construction of single-family units in 1999. The Knollbrook Estates housing development began construction in 2003 to build forty new homes on ninety-acres. It's anticipated that construction of another ninety homes will begin in 2004 on property owned by Jim Little and family.

The Norton City School District is a member of the Four Cities Educational Compact that provides various vocational educational programs to high school students attending the Norton, Barberton, Copley-Fairlawn and Wadsworth City Schools. Available within the Four Cities Compact Schools are: industry-certified occupational programs, cluster-based work force development programs, career readiness programs, Family and Consumer Science programs and supplemental vocational program services. Norton schools added an A+ Certification and Masonry-Carpentry Program (industry-certified) in fiscal year 2000 and dropped, due to lack of enrollment, the Auto Collision Repair and Auto Technology programs. In fiscal year 2002 the A+ Certification was dropped and a Sports Medicine program was added. Also offered, are Occupational Work Adjustment (OWA), Occupational Work Experience (OWE) (career readiness); Life Planning, Parenting, Family Relations, Personal Development (Family and Consumer Science); Administrative Assistants (Junior and Senior), Cooperative Business Education (CBE), and Diversified Cooperative Trade (DCT) (supplemental vocational programs).

### **SCHOOL DISTRICT ORGANIZATION**

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

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

The Superintendent functions as the Chief Executive Officer of the School District with responsibility for the education and support operations of the School District in accordance with Section 3319.01 of the Ohio Revised Code and is directly responsible to the Board of Education. Dr. Walter Calinger was appointed Superintendent October 2000. Dr. Calinger's contract will expire on July 31, 2007.

The Treasurer is the Chief Financial Officer of the School District with statutory obligations set forth in sections 3313.22 through 3313.32 of the Ohio Revised Code and is directly responsible to the Board of Education. Ms. Catherine M. Bulgrin was initially appointed as Treasurer. Her contract will expire at the organizational meeting January 2006.

### **REPORTING ENTITY**

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

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

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

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

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

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

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

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

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### **Continuous Improvement**

A Continuous Improvement Plan (CIP) is in place and used as the School District's strategic plan in guiding decision-making and actions of the School District toward continual improvements in student academic achievement. The goal is to improve the processes and results as they relate to teaching and learning. The first steps, data collection and analysis, were completed and a Plan was drafted and Board approved. CIP Meetings between faculty and administrators are held periodically providing ongoing evaluation and enhancement of the Plan. During fiscal year 2002-03 the District earned an "effective" status, which means according to state standards the Norton students are performing at an effective level.

### **Technology**

All buildings are wired, and computers have been purchased. Throughout the campus computers are networked and have Internet access. The School District's phone system is also connected to the network, giving the School District buildings accessibility to connect to each other by the dialing of extensions.

For a fourth year, the School District was awarded SchoolNet grant money in fiscal year 2003 and purchased technology equipment for the middle and high school grade levels.

### **Fiscal Forecast**

Due to the growing costs of doing business, the controversy over state funding, and the increasing numbers of unfunded state and federal mandates, a resulting effect of the School District expenditures exceeding its revenues will produce a future deficit as projected in the School District's financial forecast. Due to this projection, the School District asked the taxpayers for additional operating revenues in November, 2002 and February, May and August 2003, however all attempts failed. The School District anticipates returning to the taxpayers for a levy in fiscal year 2004. The School District had not asked for an operating levy since 1995, which was one of four additional tax increases within 29 years used for funding the School District's operations.

## **FINANCIAL INFORMATION**

### **Accounting System**

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

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

*Fund financial statements* – These statements present information for individual major funds rather than by fund type. 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 2003 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 have the necessary funds available. Then, purchase orders are encumbered, and released to vendors. Management may make budgetary modifications as long as the total fund appropriation is not affected.

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

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

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

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

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

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

#### Single Audit Act

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

#### Financial Highlights - Internal Service Fund

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of medical, surgical, prescription drug, vision and dental benefits to the School District's employees. The internal service fund had net assets of \$1,005,238 at June 30, 2003, compared with restated net assets of \$403,933 at June 30, 2002, reflecting a net increase of \$601,305. The balance at June 30, 2003 is sufficient to meet all claims outstanding as of year-end.

#### Financial Highlights - Fiduciary Fund

The trust fund carried on the financial records of the School District is a scholarship private purpose trust fund that has assets totaling \$83,548 as of June 30, 2003.

### **CASH MANAGEMENT**

The School District historically demonstrates a conservative approach to the cash management program. Investments of the School District funds were maintained through the locally approved financial depository's utilization of a sweep account and through the STAR Ohio investments. The total amount of interest earned by governmental activities was \$75,567, for the year ended June 30, 2003, \$2,112 being credited directly to program revenues.

Protection of the School District's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 105% of the total deposits, to secure the repayment of all public moneys deposited in a financial institution. A detailed description of the School District's investment function is described in Note 5 to the financial statements.

### **RISK MANAGEMENT**

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

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

The health benefits liability is limited by reinsurance that caps the individual specific liability at \$60,000 for the School District's plan year from June 1, 2002 through May 31, 2003. Control of the plan rests solely with the School District.

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

All employees of the School District are covered by worker's compensation. Effective July 1, 2002, the School District joined a group-rating program through the Ohio Association of School Business Officials in an effort to control costs. Over 423 Ohio school districts are members of a group-rating program. The School District receives a group premium discount rate for participation in this pooling program.

## **PENSION PLANS**

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

School District contributions for fiscal year 2003 were \$1,220,789 as the employer portion to STRS and \$251,627 in employer contributions to SERS. Included in the SERS remittance is an annual employer surcharge. Starting in 1988-89 an additional employer charge (surcharge) was levied on salaries of lower-paid SERS members. Minimum annual compensation is determined annually by the System's actuaries and was \$14,500 for fiscal 2003. Surcharge is calculated at 14% of the difference between the member's annual compensation and the minimum compensation level. For the 2003 fiscal year, a surcharge of \$47,342 was incurred.

## **OTHER INFORMATION**

### **Independent Audit**

Provisions of State statute require an independent auditor subject the School District's financial statements to an annual examination. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirements of the Federal Office of Management and Budget Circular A-133. Lennon & Company, Inc., Certified Public Accountant, performed the audit for the period ended June 30, 2003. 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, 2002. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial reports.

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

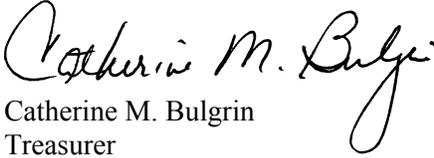
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

The preparation and publication of the 2003 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 Pursuit of Excellence*".

Respectfully submitted,

  
Catherine M. Bulgrin  
Treasurer

***Norton City School District***  
**Principal Officials Roster**  
**Year Ended June 30, 2003**

Board of Education

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

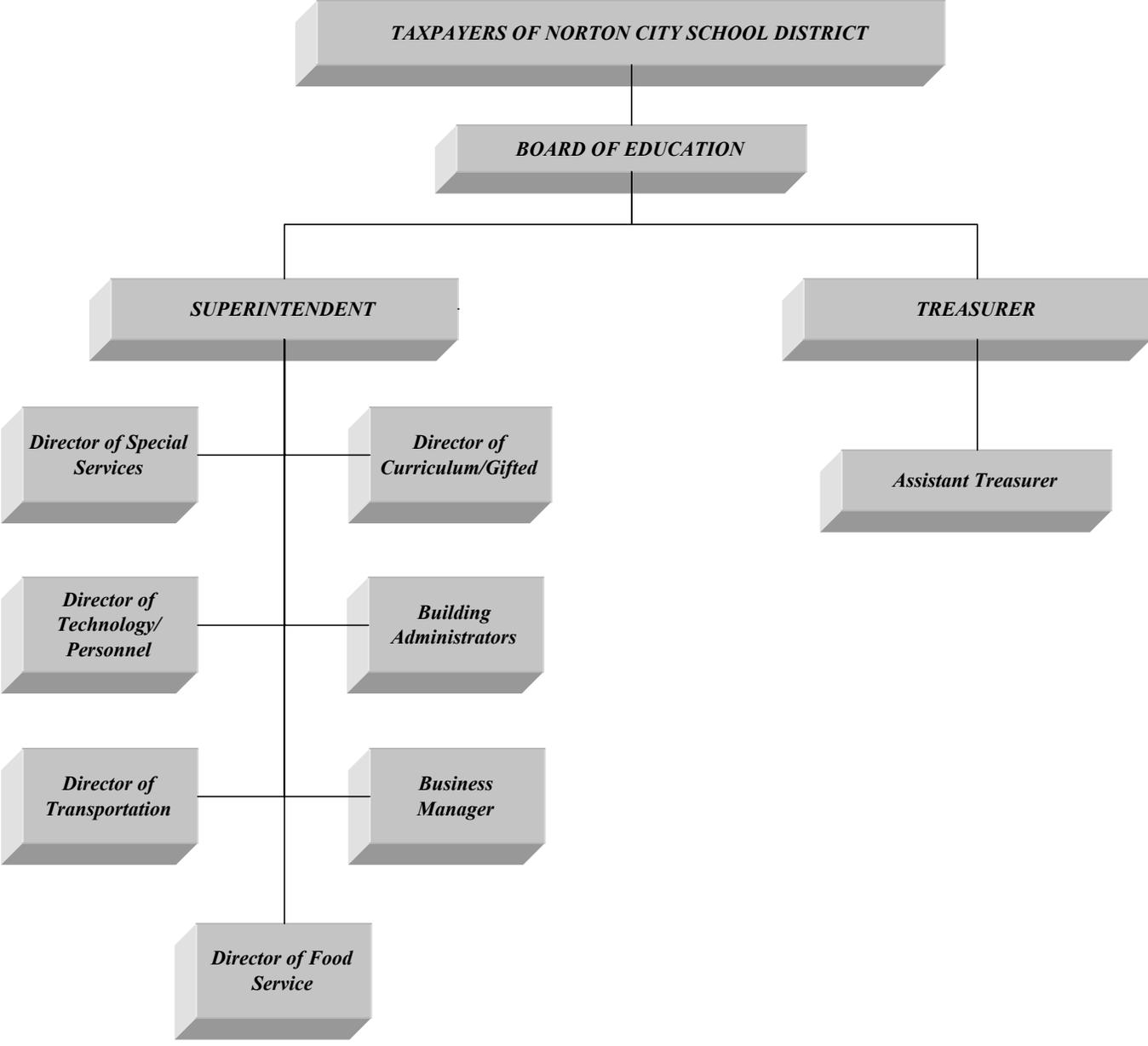
Treasurer/Chief Fiscal Officer

Mrs. Catherine M. Bulgrin

Administration

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

***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, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Norton City School District (the School District), as of and for the year ended June 30, 2003, 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.

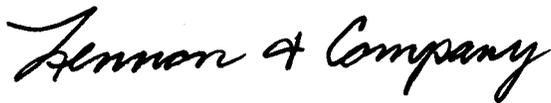
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 financial position of the governmental activities, the major fund and the aggregate remaining fund information of Norton City School District, as of June 30, 2003, 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 February 17, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical tables and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as whole. The introductory section and statistical tables have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



LENNON & COMPANY  
Certified Public Accountant  
February 17, 2004

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

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
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, 2003. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the bonds to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2003 are as follows:

- Net assets of governmental activities increased \$77,251, representing a 1% increase from fiscal year 2002.
- General revenues accounted for \$16,779,194 in revenue or 85% of all revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for \$3,048,707 or 15% of total revenues of \$19,827,901.
- Compared to fiscal year 2002, the total assets of governmental activities decreased by \$394,835. The largest factor contributing to this total net decrease was current year depreciation expense of capital assets exceeding current year capital asset purchases resulting in a reduction in the carrying value of capital assets.
- The School District had \$19,750,650 in expenses related to governmental activities; only \$3,048,707 of these expenses was offset by program specific revenues that include charges for services, operating grants, contributions and interest. General revenues of \$16,779,194 contributed to support these programs.

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

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

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

***Norton City School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
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 2003?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting, takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 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 fund is the general fund.

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

**Norton City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
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 2003 compared to 2002:

*Table 1*  
*Net Assets*

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
<i>Current and other assets</i>	\$ 12,912,459	\$ 13,066,879
<i>Capital assets, net of depreciation</i>	4,145,177	4,385,592
<i>Total assets</i>	<u>17,057,636</u>	<u>17,452,471</u>
<b>Liabilities</b>		
<i>Other liabilities</i>	9,316,911	9,692,621
<i>Long-term liabilities:</i>		
<i>Due within one year</i>	187,472	166,734
<i>Due in more than one year</i>	663,665	780,779
<i>Total liabilities</i>	<u>10,168,048</u>	<u>10,640,134</u>
<b>Net Assets</b>		
<i>Invested in capital assets, net of debt</i>	3,980,868	4,146,705
<i>Restricted</i>	778,111	603,217
<i>Unrestricted</i>	2,130,609	2,062,415
<i>Total net assets</i>	<u>\$ 6,889,588</u>	<u>\$ 6,812,337</u>

Total assets decreased during the fiscal year by \$394,835. The most significant cause to the decrease was caused by the current year depreciation (\$431,290) of capital assets exceeding current year capital asset purchases (\$190,875), thus reducing the carrying value of capital assets.

Total liabilities for the School District decreased by \$472,086 as compared to fiscal year 2002. The most significant liability decrease reported was in deferred revenue. Property taxes receivable, that is not available as an advance or considered to be delinquent taxes from prior year assessments, are reported as deferred revenue. Although property taxes receivable decreased slightly over fiscal year 2002, the amount available as an advance increased \$345,704.

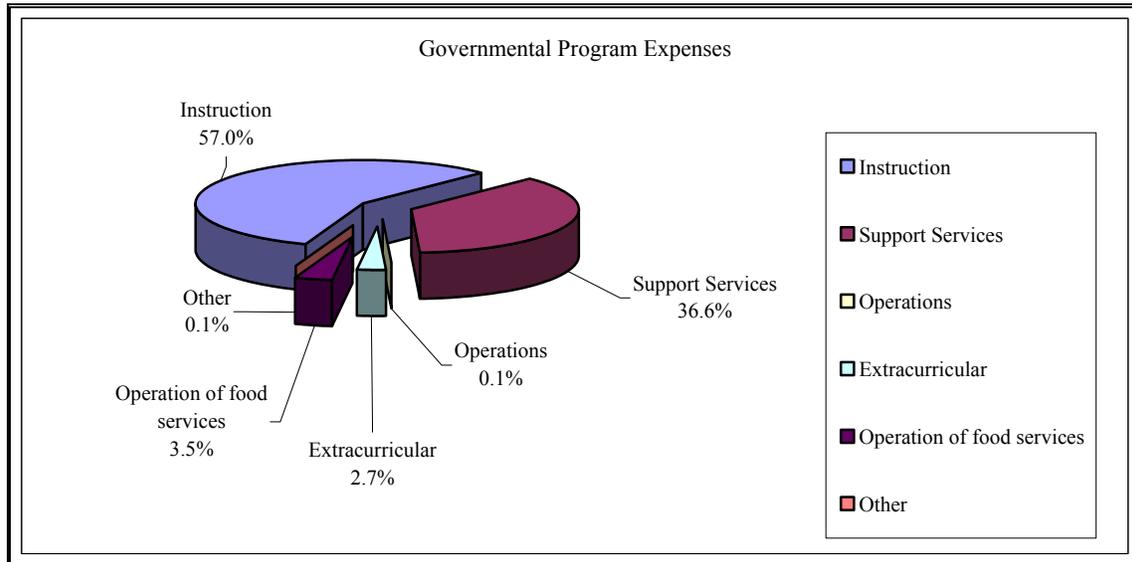
**Norton City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited

Table 2 shows changes in net assets for fiscal year 2003 compared to fiscal year 2002.

*Table 2*  
*Changes in Net Assets*

	<i>Governmental Activities</i>	
	<u>2003</u>	<u>2002</u>
<b>Revenues</b>		
<i>Program revenues:</i>		
<i>Charges for services</i>	\$ 2,309,666	\$ 1,266,334
<i>Operating grants, contributions and interest</i>	704,260	625,378
<i>Capital grants and contributions</i>	34,781	42,820
<i>General revenues:</i>		
<i>Property taxes</i>	7,781,715	7,232,911
<i>Grants and entitlements</i>	8,631,148	9,248,968
<i>Investment earnings</i>	73,455	151,532
<i>Miscellaneous</i>	292,876	153,436
<i>Total revenues</i>	<u>19,827,901</u>	<u>18,721,379</u>
<b>Program Expenses</b>		
<i>Instruction:</i>		
<i>Regular</i>	9,004,244	8,709,739
<i>Special</i>	1,368,574	1,379,132
<i>Vocational</i>	716,261	751,858
<i>Adult/continuing</i>	1,653	4,146
<i>Other</i>	166,237	35,787
<i>Special services:</i>		
<i>Pupil</i>	839,294	925,215
<i>Instructional staff</i>	721,001	753,463
<i>Board of education</i>	42,363	27,945
<i>Administration</i>	1,467,880	1,482,425
<i>Fiscal</i>	523,185	502,957
<i>Business</i>	357,272	298,014
<i>Operation and maintenance of plant</i>	2,159,874	2,184,104
<i>Pupil transportation</i>	1,058,785	1,046,515
<i>Central</i>	64,172	59,020
<i>Operation non-instructional services</i>	10,923	6,795
<i>Operation of food services</i>	696,460	707,156
<i>Extracurricular activities</i>	540,724	439,649
<i>Interest and fiscal charges</i>	11,748	17,202
<i>Loss on disposal of capital assets</i>	-	5,593
<i>Total expenses</i>	<u>19,750,650</u>	<u>19,336,715</u>
<i>Change in Net Assets</i>	<u>\$ 77,251</u>	<u>\$ (615,336)</u>

**Norton City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2003  
 Unaudited



**Governmental Activities**

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

Several revenue sources fund our governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over \$7.7 million in 2003. General revenues from grants and entitlements, such as the school foundation program, generated over \$8.6 million. Due to the combination of taxes and intergovernmental funding representing nearly 83% of all revenues, the School District monitors both of these sources very closely for fluctuations.

The DeRolph III Supreme Court decision has not eliminated the dependence on property taxes. The community has supported the Norton City School District by voting levies comprising 39% of total revenues for the School District.

A review of Table 2 reflects the total cost of instructional services was \$11,256,969 or 57% 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 \$376,307, or 3.5%. The most significant cause to this increase was due to the increase in salaries from a new negotiated contract with the Norton Classroom Teachers Association, which went into effect at the beginning of fiscal year 2003.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching pupils. These expenses represent \$1,560,295 of the total governmental program expenses, or 8%. These expenses decreased over the prior year in the amount of \$118,383, or 7%. The decrease was most evident in pupil services expenses, which experienced one layoff of an elementary guidance counselor and the mid-year resignation of the School District's Director of Special Education.

***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
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 \$2,390,700 or 12% of governmental program expenses. Expenses of these programs increased \$79,359, or 3%, as compared to fiscal year 2002. The primary cause to this increase was a severance payment made from the retirement of the School District's Business Manager. This expense was recorded in the School District's business activities program.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$2,159,874 or 11% of the governmental program expenses. An insignificant decrease of 1% in these expenses, as compared to the prior year, was reported for providing this School District program.

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 \$1,058,785 or 5% of the total governmental program expenditures. Expenses for providing this program increased \$12,270, or 1% as compared to the prior year. The primary cause to this increase was additional depreciation expense as a result of the purchase of two new school buses during the year.

Overall, the School District's fiscal year revenues exceeded fiscal year expenses by \$77,251. The School District was able to offset insufficient resources in operational areas by changing the employee health care network. By changing the network, the School District was able to reduce medical claim expenses in the current and future periods.

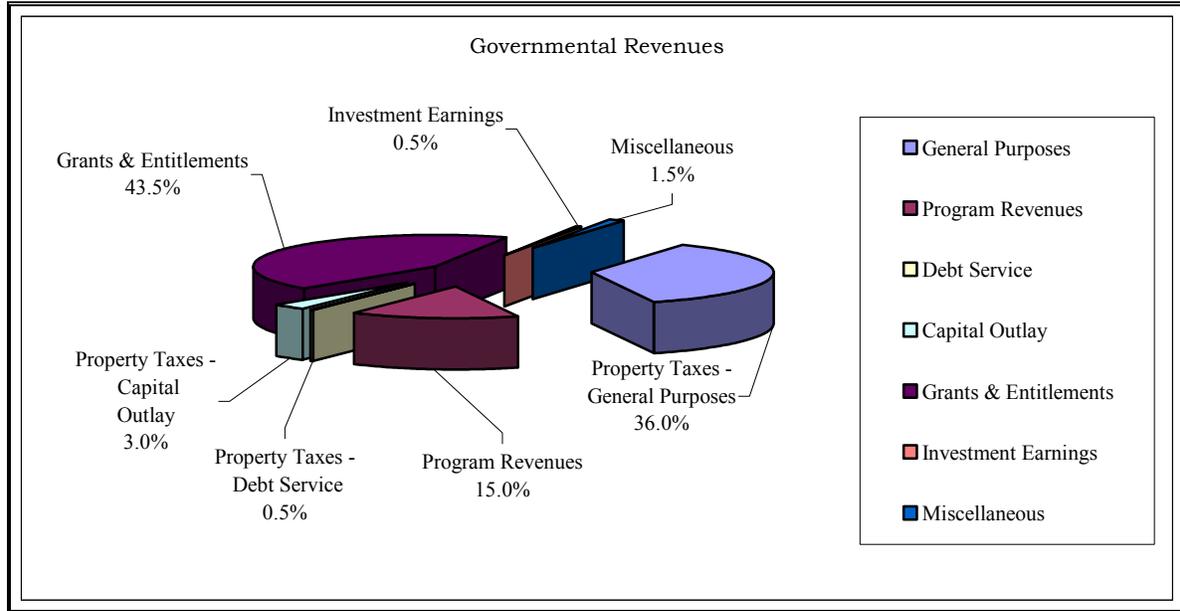
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services as compared to fiscal year 2002. That is, it identifies the cost of these 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, 2003  
Unaudited

*Table 3*  
*Governmental Activities*

	<u>Total Cost</u> <u>of Services</u> <u>2003</u>	<u>Total Cost</u> <u>of Services</u> <u>2002</u>	<u>Net Cost</u> <u>of Services</u> <u>2003</u>	<u>Net Cost</u> <u>of Services</u> <u>2002</u>
<b>Program Expenses:</b>				
<i>Instruction:</i>				
Regular	\$ 9,004,244	\$ 8,709,739	\$ (7,404,297)	\$ (8,216,024)
Special	1,368,574	1,379,132	(988,800)	(997,941)
Vocational	716,261	751,858	(712,155)	(737,668)
Adult/continuing	1,653	4,146	(1,653)	(4,146)
Other	166,237	35,787	(166,237)	(35,787)
<i>Special services:</i>				
Pupil	839,294	925,215	(832,786)	(884,429)
Instructional staff	721,001	753,463	(630,646)	(686,939)
Board of education	42,363	27,945	(42,363)	(27,945)
Administration	1,467,880	1,482,425	(1,382,075)	(1,425,840)
Fiscal	523,185	502,957	(523,185)	(502,957)
Business	357,272	298,014	(336,272)	(298,014)
Operation and maintenance of plant	2,159,874	2,184,104	(2,159,874)	(2,177,777)
Pupil transportation	1,058,785	1,046,515	(989,364)	(1,003,695)
Central	64,172	59,020	(54,593)	(49,499)
Operation non-instructional services	10,923	6,795	(10,923)	(5,366)
Operation of food services	696,460	707,156	8,188	16,129
Extracurricular activities	540,724	439,649	(463,160)	(341,490)
Interest and fiscal charges	11,748	17,202	(11,748)	(17,202)
Loss on disposal of capital assets	-	5,593	-	(5,593)
<b>Total expenses</b>	<b>\$ 19,750,650</b>	<b>\$ 19,336,715</b>	<b>\$ (16,701,943)</b>	<b>\$ (17,402,183)</b>

**Norton City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2003  
 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 \$5,245 per pupil under Ohio's open enrollment entitlement.

Property taxes made up 39.5% of total revenues for governmental activities for the Norton City Schools in fiscal year 2003. Program Revenues for governmental activities provided 15% of governmental revenues with 85% of all governmental activities supported through property taxes, grants and entitlement, and other general revenues. The 43.5% provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$19,804,570 and total expenditures and other financing uses were \$20,146,901. The net change in fund balance was significant in the general fund with a decrease of \$551,662. This decrease is attributed to continuing insufficient revenues to cover operational expenses. The School District has encountered a significant decrease in tangible taxes and state grants and entitlements, which have been coupled with increased payroll expenses as a result of the most recent negotiated labor agreements.

**General Fund Budgeting Highlights**

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

***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited

During fiscal year 2003, the School District amended its general fund budget numerous times, however none were significant. Budget revisions become necessary as expenditure priorities change according to student, building and operational needs. These revisions are requested by the Superintendent and are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$16,923,018, representing an insignificant decrease from the original budget estimate of \$17,033,164. Insignificant variances with actual revenues received, as compared to the original and final budgets, were also noted.

The original expenditures and other financing uses estimate of \$18,000,499 were increased throughout the year with an ending estimate of \$19,329,736. The increase of \$1,329,237 was attributed to the change in reporting expenditures for open enrollment students. At the beginning, and in prior years, open enrollment was reported at net. During the fiscal year, the School District began recording open enrollment amounts as gross revenues and expenditures. Due to this change, appropriations were increased to ensure compliance with state statutes. Although budgeted expenditures were increased, actual expenditures for the year fell below the final budget by \$1,160,734. A reduction in expenditures was deemed necessary in order to help offset current and future year revenue shortages and state funding cuts.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2003, the School District had \$4,145,177 invested in land and improvements, buildings, equipment and vehicles. Table 4 shows fiscal year 2003 balances compared to fiscal year 2002:

*Table 4*  
*Capital Assets at June 30, 2003*  
*(Net of Depreciation)*

	<i>Governmental Activities</i>	
	<u>2003</u>	<u>2002</u>
<i>Land</i>	\$ 71,000	\$ 71,000
<i>Land improvements</i>	116,789	128,593
<i>Buildings</i>	2,657,901	2,794,125
<i>Furniture and equipment</i>	653,985	774,703
<i>Vehicles</i>	645,502	617,171
<i>Total capital assets</i>	<u>\$ 4,145,177</u>	<u>\$ 4,385,592</u>

**Norton City School District**

Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited

The primary reason for the decrease occurred as current year depreciation expense exceeded capital asset additions, as noted earlier. The most significant capital asset purchases made during the year were for two school buses and one cargo van, all used primarily for the transportation of students. The school buses were purchased with state school bus allowance funding and tax proceeds received from a permanent improvement levy passed by School District taxpayers. The cargo van was purchased with operating resources of the general fund. See Note 8 to the basic financial statements for detail on the School District’s capital assets.

**Debt**

At June 30, 2003 the School District had \$130,200 outstanding in House Bill 264 1995 Energy Conservation bonded debt with \$43,400 due during the year. Table 5 summarizes the bonds and capital leases outstanding:

*Table 5  
Outstanding Debt, at Fiscal Year End*

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
<i>1995 Energy Conservation Bonds</i>	<i>\$ 130,200</i>	<i>\$ 173,600</i>
<i>Capital Leases</i>	<i>34,109</i>	<i>65,287</i>
<i>Total outstanding debt</i>	<u><i>\$ 164,309</i></u>	<u><i>\$ 238,887</i></u>

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

At June 30, 2003, the School District’s overall legal debt margin was \$25,419,224 with an unvoted debt margin of \$338,725. The School District is not currently rated by Standard & Poor’s or Moody’s Investors Service. See Note 13 to the basic financial statements for detail on the School District’s long-term obligations.

**Current Issues Affecting Financial Condition**

On July 1, 2002, a new three-year labor agreement went into effect with an economic package that provided a 3% increase to the base salary in the first year and a 3.6% and 3.9% increase for 2004 and 2005, respectively.

On December 11, 2003, 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.

***Norton City School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited

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

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

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

***Norton City School District***

**Statement of Net Assets**

**June 30, 2003**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 2,943,869
Cash and cash equivalents:	
In segregated accounts	1,589,633
With fiscal agents	51,146
Receivables:	
Taxes	7,764,045
Accounts	26,220
Intergovernmental	333,350
Prepaid items	194,191
Inventory held for resale	4,745
Materials and supplies inventory	5,260
Capital assets:	
Land	71,000
Depreciable capital assets, net	4,074,177
Total capital assets	<u>4,145,177</u>
Total assets	<u>17,057,636</u>
 <u>Liabilities:</u>	
Accounts payable	15,803
Accrued wages	1,114,467
Retainage payable	16,542
Intergovernmental payable	536,579
Compensated absences payable	31,219
Deferred revenue	7,221,499
Matured interest payable	390
Accrued interest payable	6,751
Claims payable	373,661
Long-term liabilities:	
Due within one year	187,472
Due in more than one year	663,665
Total liabilities	<u>10,168,048</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	3,980,868
Restricted for:	
Capital projects	374,087
Debt service	48,708
Other purposes	355,316
Unrestricted	<u>2,130,609</u>
Total net assets	<u>\$ 6,889,588</u>

See accompanying notes to the basic financial statements.

**Norton City School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2003**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 9,004,244	\$ 1,421,437	\$ 178,510	\$ -	\$ (7,404,297)
Special	1,368,574	260,830	118,944	-	(988,800)
Vocational	716,261	4,106	-	-	(712,155)
Adult/continuing	1,653	-	-	-	(1,653)
Other	166,237	-	-	-	(166,237)
Support services:					
Pupils	839,294	-	6,508	-	(832,786)
Instructional staff	721,001	13,101	77,254	-	(630,646)
Board of education	42,363	-	-	-	(42,363)
Administration	1,467,880	7,079	78,726	-	(1,382,075)
Fiscal	523,185	-	-	-	(523,185)
Business	357,272	-	21,000	-	(336,272)
Operation and maintenance of plant	2,159,874	-	-	-	(2,159,874)
Pupil transportation	1,058,785	-	34,640	34,781	(989,364)
Central	64,172	-	9,579	-	(54,593)
Operation of non-instructional services	10,923	-	-	-	(10,923)
Operation of food services	696,460	525,549	179,099	-	8,188
Extracurricular activities	540,724	77,564	-	-	(463,160)
Interest and fiscal charges	11,748	-	-	-	(11,748)
<b>Total governmental activities</b>	<b>\$ 19,750,650</b>	<b>\$ 2,309,666</b>	<b>\$ 704,260</b>	<b>\$ 34,781</b>	<b>(16,701,943)</b>

General Revenues:

Property taxes levied for:

General purposes	7,058,412
Debt service	103,965
Capital outlay	619,338
Grants and entitlements not restricted to specific programs	8,631,148
Investment earnings	73,455
Miscellaneous	292,876
<b>Total general revenues</b>	<b>16,779,194</b>

Change in net assets

77,251

Net assets beginning of year - restated (See Note 3)

6,812,337

Net assets end of year

\$ 6,889,588

See accompanying notes to the basic financial statements.

**Norton City School District**

**Balance Sheet**

**Governmental Funds**

**June 30, 2003**

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 2,222,536	\$ 711,044	\$ 2,933,580
Cash and cash equivalents:			
In segregated accounts	-	16,542	16,542
With fiscal agents	-	51,146	51,146
Receivables:			
Taxes	7,108,540	655,505	7,764,045
Accounts	26,220	-	26,220
Intergovernmental	333,350	-	333,350
Prepaid items	186,563	7,628	194,191
Inventory held for resale	-	4,745	4,745
Materials and supplies inventory	4,354	906	5,260
Equity in pooled cash and cash equivalents (restricted)	10,289	-	10,289
<b>Total assets</b>	<b>\$ 9,891,852</b>	<b>\$ 1,447,516</b>	<b>\$ 11,339,368</b>
<u>Liabilities:</u>			
Accounts payable	\$ 3,390	\$ 12,413	\$ 15,803
Accrued wages	1,104,993	9,474	1,114,467
Retainage payable	-	16,542	16,542
Compensated absences payable	31,219	-	31,219
Intergovernmental payable	340,725	4,904	345,629
Deferred revenue	6,868,557	607,820	7,476,377
Matured interest payable	-	390	390
<b>Total liabilities</b>	<b>8,348,884</b>	<b>651,543</b>	<b>9,000,427</b>
<u>Fund balances:</u>			
Reserved:			
Reserved for encumbrances	239,114	145,450	384,564
Reserved for inventory	4,354	5,651	10,005
Reserved for prepaids	186,563	7,628	194,191
Reserved for unclaimed money	10,289	-	10,289
Unreserved, undesignated, reported in:			
General fund	1,102,648	-	1,102,648
Special revenue funds	-	311,768	311,768
Debt service fund	-	55,459	55,459
Capital projects funds	-	270,017	270,017
<b>Total fund balances</b>	<b>1,542,968</b>	<b>795,973</b>	<b>2,338,941</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,891,852</b>	<b>\$ 1,447,516</b>	<b>\$ 11,339,368</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, 2003**

Total governmental funds balances		\$ 2,338,941
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.		4,145,177
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 184,493	
Charges for services	239,452	
Miscellaneous	25,125	
Total	449,070	449,070
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.		1,005,238
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and are therefore not reported in the funds.		(190,950)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Energy conservation bonds	\$ (130,200)	
Compensated absences	(686,828)	
Capital leases	(34,109)	
Accrued interest payable	(6,751)	
Total	(857,888)	(857,888)
Net assets of governmental activities		\$ 6,889,588

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, 2003**

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 7,149,563	\$ 728,139	\$ 7,877,702
Intergovernmental	8,588,069	741,753	9,329,822
Interest	57,866	2,112	59,978
Tuition and fees	1,450,954	60,371	1,511,325
Extracurricular activities	-	219,150	219,150
Gifts and donations	-	64,699	64,699
Charges for services	-	528,739	528,739
Rent	2,758	-	2,758
Miscellaneous	178,074	22,220	200,294
Total revenues	<u>17,427,284</u>	<u>2,367,183</u>	<u>19,794,467</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	8,853,052	388,736	9,241,788
Special	1,333,004	117,652	1,450,656
Vocational	752,938	6,601	759,539
Adult/continuing	1,653	-	1,653
Other	166,237	-	166,237
Support services:			
Pupils	771,006	80,070	851,076
Instructional staff	609,854	89,681	699,535
Board of education	41,034	-	41,034
Administration	1,395,034	110,238	1,505,272
Fiscal	516,192	8,857	525,049
Business	345,295	6,648	351,943
Operation and maintenance of plant	1,711,275	17,296	1,728,571
Pupil transportation	910,752	150,846	1,061,598
Central	61,888	3,142	65,030
Operation of non-instructional services	-	382	382
Operation of food services	-	676,038	676,038
Extracurricular activities	450,608	101,990	552,598
Capital outlay	8,231	361,561	369,792
Debt service:			
Principal retirement	31,178	43,400	74,578
Interest and fiscal charges	4,620	9,809	14,429
Total expenditures	<u>17,963,851</u>	<u>2,172,947</u>	<u>20,136,798</u>
Excess of revenues over (under) expenditures	<u>(536,567)</u>	<u>194,236</u>	<u>(342,331)</u>
<u>Other financing sources (uses):</u>			
Transfers in	-	10,103	10,103
Transfers out	(10,103)	-	(10,103)
Total other financing sources (uses)	<u>(10,103)</u>	<u>10,103</u>	<u>-</u>
Net change in fund balances	(546,670)	204,339	(342,331)
Fund balances beginning of year	2,094,630	591,310	2,685,940
Increase (decrease) in reserve for inventory	(4,992)	324	(4,668)
Fund balances end of year	<u>\$ 1,542,968</u>	<u>\$ 795,973</u>	<u>\$ 2,338,941</u>

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, 2003**

Net change in fund balances - total governmental funds \$ (342,331)

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	\$ 190,875	
Depreciation expense	(431,290)	
Excess of capital outlay over depreciation expense		(240,415)

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	\$ (95,987)	
Intergovernmental	(3,684)	
Charges for services	50,452	
Miscellaneous	25,125	
Net change in deferred revenues during the year		(24,094)

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. 74,578

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:

Decrease in compensated absences	\$ 21,798	
Increase in pension obligation	(11,603)	
Decrease in consumable inventory	(4,668)	
Decrease in accrued interest	2,681	
Total reduced expenditures		8,208

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. 601,305

Change in net assets of governmental activities \$ 77,251

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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 6,731,162	\$ 6,774,049	\$ 6,835,638	\$ 61,589
Intergovernmental	8,586,968	8,534,365	8,601,329	66,964
Interest	60,000	60,000	57,866	(2,134)
Tuition and fees	1,531,742	1,453,493	1,518,802	65,309
Rent	2,415	2,415	2,758	343
Miscellaneous	112,262	90,081	91,258	1,177
Total revenues	<u>17,024,549</u>	<u>16,914,403</u>	<u>17,107,651</u>	<u>193,248</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	8,640,554	9,280,636	8,797,821	482,815
Special	1,367,749	1,466,662	1,378,069	88,593
Vocational	746,883	801,771	759,183	42,588
Adult/continuing	1,625	1,745	1,660	85
Other	162,689	174,761	166,237	8,524
Support services:				
Pupils	764,823	821,504	767,228	54,276
Instructional staff	640,367	689,063	642,235	46,828
Board of education	26,431	28,253	26,008	2,245
Administration	1,394,428	1,496,255	1,423,214	73,041
Fiscal	514,455	562,781	517,717	45,064
Business	381,888	409,854	389,458	20,396
Operation and maintenance of plant	1,823,906	1,953,750	1,826,695	127,055
Pupil transportation	989,523	1,061,527	935,827	125,700
Central	60,078	64,531	61,136	3,395
Operation of non-instructional services	-	19,550	-	19,550
Extracurricular activities	449,235	462,033	451,879	10,154
Capital outlay	14,222	14,965	14,532	433
Total expenditures	<u>17,978,856</u>	<u>19,309,641</u>	<u>18,158,899</u>	<u>1,150,742</u>
Excess of revenues over (under) expenditures	<u>(954,307)</u>	<u>(2,395,238)</u>	<u>(1,051,248)</u>	<u>1,343,990</u>
<u>Other financing sources (uses):</u>				
Advances in	8,615	8,615	8,615	-
Advances out	(8,431)	(9,057)	-	9,057
Transfers out	(13,212)	(11,038)	(10,103)	935
Total other financing sources (uses)	<u>(13,028)</u>	<u>(11,480)</u>	<u>(1,488)</u>	<u>9,992</u>
Net change in fund balance	(967,335)	(2,406,718)	(1,052,736)	1,353,982
Fund balances at beginning of year	2,714,056	2,714,056	2,714,056	-
Prior year encumbrances appropriated	318,948	318,948	318,948	-
Fund balances at end of year	<u>\$ 2,065,669</u>	<u>\$ 626,286</u>	<u>\$ 1,980,268</u>	<u>\$ 1,353,982</u>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Fund Net Assets**  
**Internal Service Fund**  
**June 30, 2003**

	Self Insurance
<u>Assets:</u>	
Cash and cash equivalents:	
In segregated accounts	\$ 1,573,091
<u>Liabilities:</u>	
Deferred revenue	\$ 194,192
Claims payable	373,661
Total liabilities	567,853
<u>Net assets:</u>	
Unrestricted	1,005,238
Total liabilities and net assets	\$ 1,573,091

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, 2003**

	Self Insurance
<u>Operating revenues:</u>	
Charges for services	\$ 2,414,770
 <u>Operating expenses:</u>	
Purchased services	277,673
Claims	1,551,381
Total operating expenses	1,829,054
 Operating income	585,716
 <u>Non-operating revenues:</u>	
Interest	15,589
 Change in net assets	601,305
 Net assets beginning of year	403,933
Net assets end of year	\$ 1,005,238

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, 2003**

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 2,395,346
Cash payments to suppliers for goods and services	(277,673)
Cash payments for claims	(1,628,341)
Net cash provided by operating activities	<u>489,332</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	15,589
Net cash provided by investing financing	<u>15,589</u>
Net increase in cash and cash equivalents	504,921
Cash and cash equivalents at beginning of year	1,068,170
Cash and cash equivalents at end of year	<u>\$ 1,573,091</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	<u>\$ 585,716</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in liabilities:	
Claims payable	(76,960)
Deferred revenue	(19,424)
Net cash provided by operating activities	<u>\$ 489,332</u>

See accompanying notes to the basic financial statements.

***Norton City School District***  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2003**

	Private Purpose Trust	
	Scholarships	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ -	\$ 58,158
Cash and cash equivalents:		
In segregated accounts	55,209	-
Investments in segregated accounts	25,000	-
Interest receivable	3,339	-
Total assets	<u>\$ 83,548</u>	<u>\$ 58,158</u>
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 568
Due to students	-	57,590
Total liabilities	<u>-</u>	<u>\$ 58,158</u>
<u>Net assets:</u>		
Held in trust for scholarships	<u>\$ 83,548</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, 2003**

	<u>Scholarships</u>
<u>Additions:</u>	
Interest	\$ 3,284
Gifts and donations	<u>6,240</u>
Total additions	<u>9,524</u>
 <u>Deductions:</u>	
Payments in accordance with trust agreements	<u>9,900</u>
Change in net assets	(376)
Net assets beginning of year	<u>83,924</u>
Net assets end of year	<u><u>\$ 83,548</u></u>

See accompanying notes to the basic financial statements.

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

---

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 108 non-certificated employees and 193 certificated teaching and support personnel, including 16 administrators, that provides services to 2,369 students and other community members.

Reporting Entity

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

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

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

The School District is associated with the Northeast Ohio Network for Educational Technology and the Four Cities Educational Compact, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 15.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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 Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

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

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

Government-wide Financial Statements

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

The 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 has one major governmental fund:

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

Proprietary Fund Type

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

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

Fiduciary Fund Types

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

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

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

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

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

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 (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the statement of activities as an expense with a like amount reported as “Operating grants, contributions and interest” program revenue account. Unused donated commodities are reported as inventory held for resale within the basic financial statements.

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 2003. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

**E. Cash and Investments** To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements, certificates of deposit, and interest in STAR Ohio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board has passed a resolution to allow interest to also be recorded in other funds as listed in Note 5.

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

The School District invested funds in STAR Ohio during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the 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 STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

**F. Prepaids** Payments made to vendors for services that will benefit periods beyond June 30, 2003, 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 18 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>
<i>Land improvements</i>	<i>10 - 30 years</i>
<i>Buildings</i>	<i>30 - 50 years</i>
<i>Furniture and equipment</i>	<i>5 - 20 years</i>
<i>Vehicles</i>	<i>10 - 15 years</i>

**K. Compensated Absences**

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

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

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

**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.

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 and judgments, compensated absences, special termination benefits and contractually required pension contributions 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.

**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 with in 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 a portion of fund balances, which are available for appropriation in future periods. Fund balance reserves are established for encumbrances, inventories, prepaids and unclaimed monies.

### **NOTE 3 - RESTATEMENT OF NET ASSETS**

During the fiscal year, capital assets previously reported as land were reclassified as land improvements. As land, these assets were not previously depreciated. The following is the net effect on beginning net assets to account for accumulated depreciation on capital assets reclassified as land improvements:

	<i>Governmental Net Assets</i>
<i>Net assets as previously stated, June 30, 2002</i>	\$ 7,474,967
<i>Restatement</i>	<u>(662,630)</u>
<i>Restated June 30, 2002</i>	<u>\$ 6,812,337</u>

### **NOTE 4 - 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).

## Norton City School District

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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	\$ (551,662)
Revenue Accruals	(311,018)
Expenditure Accruals	120,452
Encumbrances (Budget Basis)	
Outstanding at year end	<u>(310,508)</u>
Budget Basis	<u>\$ (1,052,736)</u>

### NOTE 5 - 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;

## *Notes to the Basic Financial Statements*

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3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits: The carrying value of the School District's deposits totaled (\$272,744), and the bank balances of the deposits totaled \$144,917. Of the bank balance:

1. \$120,000 was covered by federal depository insurance; and
2. \$24,917 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

## Norton City School District

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

All interest is legally required to be placed in the general fund, the food service special revenue fund and the scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2003 amount to \$57,866, which includes \$8,528 assigned from other School District funds.

	<u>Category 3</u>	<u>Fair Value</u>
<u>Categorized Investments</u>		
Repurchase Agreements	\$ 1,385,000	\$ 1,385,000
Certificate of Deposit	<u>25,000</u>	<u>25,000</u>
Total Categorized	<u>\$ 1,410,000</u>	1,410,000
<u>Noncategorized Investments</u>		
State Treasurer's Pool		<u>3,585,759</u>
Total Investments		<u>\$ 4,995,759</u>

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

### **NOTE 6 - 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 on tangible personal property at 88% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value.

## *Notes to the Basic Financial Statements*

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

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$504,560 in the general fund and \$47,685 in the permanent improvement capital projects fund. These advances are recognized as revenue on the fund financial statements.

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

<u>Property Category</u>	<u>2001 Assessed Value</u>	<u>2002 Assessed Value</u>
<u>Real Property</u>		
<i>Residential and agricultural</i>	\$ 187,555,690	\$ 217,133,400
<i>Commercial, industrial and mineral</i>	31,346,640	38,019,310
<i>Public utilities</i>	8,294,520	8,768,500
 <u>Tangible Personal Property</u>		
<i>General</i>	<u>20,398,661</u>	<u>19,345,067</u>
<i>Total</i>	<u>\$ 247,595,511</u>	<u>\$ 283,266,277</u>

# Norton City School District

## NOTE 7 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Other than taxes, the general fund's intergovernmental receivable of \$333,350 is the only other significant receivable reported.

## NOTE 8 - CAPITAL ASSETS

The capital asset balances of the governmental activities have been restated due to asset reclassifications (See Note 3 for details). Capital asset activity for the fiscal year ended June 30, 2003 was as follows:

<i>Governmental Activities</i>	<i>Restated Balance June 30, 2002</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance June 30, 2003</i>
<i>Capital assets, not being depreciated:</i>				
<i>Land</i>	\$ 71,000	\$ -	\$ -	\$ 71,000
<i>Capital assets, being depreciated:</i>				
<i>Land improvements</i>	791,223	-	-	791,223
<i>Buildings</i>	6,864,005	-	-	6,864,005
<i>Furniture and equipment</i>	1,165,558	56,384	-	1,221,942
<i>Vehicles</i>	1,569,956	134,491	(15,342)	1,689,105
<i>Total capital assets, being depreciated</i>	<u>10,390,742</u>	<u>190,875</u>	<u>(15,342)</u>	<u>10,566,275</u>
<i>Less: Accumulated depreciation</i>				
<i>Land improvements</i>	(662,630)	(11,804)	-	(674,434)
<i>Buildings</i>	(4,069,880)	(136,224)	-	(4,206,104)
<i>Furniture and equipment</i>	(390,855)	(177,102)	-	(567,957)
<i>Vehicles</i>	(952,785)	(106,160)	15,342	(1,043,603)
<i>Total accumulated depreciation</i>	<u>(6,076,150)</u>	<u>(431,290)</u>	<u>15,342</u>	<u>(6,492,098)</u>
<i>Total capital assets being depreciated, net</i>	<u>4,314,592</u>	<u>(240,415)</u>	<u>-</u>	<u>4,074,177</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 4,385,592</u>	<u>\$ (240,415)</u>	<u>\$ -</u>	<u>\$ 4,145,177</u>

## Notes to the Basic Financial Statements

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Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>		
<i>Regular</i>	\$	85,696
<i>Special</i>		6,143
<i>Vocational</i>		22,405
<i>Support services:</i>		
<i>Pupils</i>		12,966
<i>Instructional staff</i>		24,543
<i>Administration</i>		25,091
<i>Fiscal</i>		327
<i>Business</i>		141
<i>Operation and maintenance of plant</i>		119,582
<i>Pupil transportation</i>		118,412
<i>Operation of non-instructional services</i>		10,541
<i>Operation of food services</i>		3,516
<i>Extracurricular activities</i>		1,927
	\$	<u>431,290</u>

### **NOTE 9 - INTERFUND TRANSFERS**

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.

During the fiscal year, the general fund made transfers to the uniform school supplies and district managed student activities special revenue funds in the amounts of \$1,603 and \$8,500, respectively. These transfers were made to move unrestricted balances to support these programs.

### **NOTE 10 - RISK MANAGEMENT**

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

## Norton City School District

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The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$373,661, reported in the fund at year end was estimated by third party administrators and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$60,000 per employee.

Changes in the fund's claims liability during 2002 and 2003 were:

<i>Fiscal Year</i>	<i>Balance at beginning of year</i>	<i>Current year claims</i>	<i>Claim payments</i>	<i>Balance at end of year</i>
2002	\$ 479,155	1,792,605	1,821,139	\$ 450,621
2003	\$ 450,621	1,551,381	1,628,341	\$ 373,661

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.

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### NOTE 11 - DEFINED BENEFIT PENSION PLANS

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#### A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 8.17% for pension obligations. For the fiscal year 2002, 5.46% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to the statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$251,627, \$152,933, and \$127,764, respectively; 39% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$153,441 representing the unpaid contribution for fiscal year 2003.

**B. State Teachers  
Retirement System**

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

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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

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 became disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 13% for pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$1,220,789, \$790,970, and \$756,450, respectively; 82% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal years 2003 were \$10,693 made by the School District and \$6,676 made by the plan members.

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**NOTE 12 - POST-EMPLOYMENT BENEFITS**

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

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$422,581 during the 2003 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$2.8 billion at June 30, 2003. For the year ended June 30, 2003, the net health care costs paid by the STRS were \$352,301,000 and eligible benefit recipients totaled 108,294.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. For fiscal year 2002, 8.54% was used to fund health care benefits.

## Notes to the Basic Financial Statements

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$310,364, which includes a surcharge of \$47,342 during the 2003 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, the Retirement System's net assets available for payment of health care benefits was \$303.6 million, at cost. The number of participants receiving health care benefits was approximately 50,000.

### NOTE 13 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

	<i>Balance July 1</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30</i>	<i>Due in one year</i>
<i><u>Governmental activities</u></i>					
<i><u>Bonds</u></i>					
<i>Energy conservation bonds, 5.65%, maturing July 15, 2005</i>	\$ 173,600	\$ -	\$ (43,400)	\$ 130,200	\$ 43,400
<i><u>Other Obligations</u></i>					
<i>Compensated absences</i>	708,626	95,897	(117,695)	686,828	109,963
<i>Capital leases payable</i>	65,287	-	(31,178)	34,109	34,109
<i>Total other liabilities</i>	<u>773,913</u>	<u>95,897</u>	<u>(148,873)</u>	<u>720,937</u>	<u>144,072</u>
<i>Governmental activities long-term liabilities</i>	<u>\$ 947,513</u>	<u>\$ 95,897</u>	<u>\$ (192,273)</u>	<u>\$ 851,137</u>	<u>\$ 187,472</u>

In fiscal year 1996 the School District issued \$434,000 of 1995 Series Energy Conservation Bonds to pay the costs of installations, modifications and remodeling of school buildings to conserve energy. All bonds are general obligations of the School District for which its full faith and credit are pledged for repayment. The energy conservation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the bond retirement debt service fund.

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

## Norton City School District

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Principal and interest requirements to amortize the energy conservation bonds outstanding at June 30, 2003 are as follows:

<i>Fiscal</i>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 43,400	\$ 7,356	\$ 50,756
2005	43,400	4,904	48,304
2006	<u>43,400</u>	<u>2,452</u>	<u>45,852</u>
<i>Total</i>	<u>\$ 130,200</u>	<u>\$ 14,712</u>	<u>\$ 144,912</u>

### NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Capital assets acquired by lease have been capitalized as equipment in the amount of \$133,000 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 \$31,178.

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

<i>Fiscal</i>	<i>Lease</i>
<u>Year</u>	<u>Payments</u>
2004	<u>\$ 35,802</u>
<i>Total minimum lease payments</i>	35,802
<i>Less: amount representing interest</i>	<u>(1,693)</u>
<i>Total</i>	<u>\$ 34,109</u>

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

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Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in the consortium are required to pay fees, charges, and assessments as charged. NEOnet is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from the general fund. During fiscal year 2003, the School District contributed \$15,177 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Ave., Suite 200, Cuyahoga Falls, Ohio 44221.

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

**NOTE 16 – FUND DEFICITS**

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As of June 30, 2003, two funds had deficit fund balances. These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficits at year-end:

<i>Fund</i>	<i>Deficit</i>
<i>IDEA Grant special revenue</i>	\$ 87
<i>Title I special revenue</i>	6,542

**NOTE 17 - 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.

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...". As of the date of these financial statements 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.

**NOTE 18 - 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, 2003, the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Total</i>
<i>Set-aside cash balance as of</i>			
<i>June 30, 2002</i>	\$ (717,938)	\$ -	\$ (717,938)
<i>Current year set-aside requirement</i>	361,854	361,854	723,708
<i>Current year offset</i>	-	(592,395)	(592,395)
<i>Qualifying disbursements</i>	<u>(368,567)</u>	<u>-</u>	<u>(368,567)</u>
<i>Total</i>	<u>\$ (724,651)</u>	<u>\$ (230,541)</u>	<u>\$ (955,192)</u>
<i>Balance carried forward to FY2004</i>	<u>\$ (724,651)</u>		<u>\$ (724,651)</u>

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**Combining Statements and  
Individual Fund Schedules**

## Combining Statements – Nonmajor Governmental Funds

### Nonmajor Special Revenue Funds

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

Food Services: To account for all revenues and 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.

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

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.

## Combining Statements – Nonmajor Governmental Funds

### 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.

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

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

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

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.

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

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

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

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

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.

## Combining Statements – Nonmajor Governmental Funds

### Nonmajor Special Revenue Funds (continued)

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

### Nonmajor Debt Service Fund

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

### Nonmajor Capital Projects Funds

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

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

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

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 392,758	\$ 4,703	\$ 313,583	\$ 711,044
Cash and cash equivalents:				
In segregated accounts	-	-	16,542	16,542
With fiscal agents	-	51,146	-	51,146
Receivables:				
Taxes	-	50,756	604,749	655,505
Prepaid items	7,628	-	-	7,628
Inventory held for resale	4,745	-	-	4,745
Materials and supplies inventory	906	-	-	906
Total assets	<u>\$ 406,037</u>	<u>\$ 106,605</u>	<u>\$ 934,874</u>	<u>\$ 1,447,516</u>
<u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 12,413	\$ -	\$ -	\$ 12,413
Accrued wages	9,474	-	-	9,474
Retainage payable	-	-	16,542	16,542
Intergovernmental payable	4,904	-	-	4,904
Deferred revenue	-	50,756	557,064	607,820
Matured interest payable	-	390	-	390
Total liabilities	<u>26,791</u>	<u>51,146</u>	<u>573,606</u>	<u>651,543</u>
<u>Fund balance:</u>				
Reserved for encumbrances	54,199	-	91,251	145,450
Reserved for inventory	5,651	-	-	5,651
Reserved for prepaid items	7,628	-	-	7,628
Unreserved:				
Undesignated, reported in:				
Special revenue funds	311,768	-	-	311,768
Debt service fund	-	55,459	-	55,459
Capital projects funds	-	-	270,017	270,017
Total fund balance	<u>379,246</u>	<u>55,459</u>	<u>361,268</u>	<u>795,973</u>
Total liabilities and fund balance	<u>\$ 406,037</u>	<u>\$ 106,605</u>	<u>\$ 934,874</u>	<u>\$ 1,447,516</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, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Taxes	\$ -	\$ 103,965	\$ 624,174	\$ 728,139
Intergovernmental	626,953	-	114,800	741,753
Interest	2,112	-	-	2,112
Tuition and fees	60,371	-	-	60,371
Extracurricular activities	219,150	-	-	219,150
Gifts and donations	64,699	-	-	64,699
Customer services	528,739	-	-	528,739
Miscellaneous	22,220	-	-	22,220
Total revenues	<u>1,524,244</u>	<u>103,965</u>	<u>738,974</u>	<u>2,367,183</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	351,771	-	36,965	388,736
Special	117,652	-	-	117,652
Vocational	6,601	-	-	6,601
Support services:				
Pupils	6,749	-	73,321	80,070
Instructional staff	89,681	-	-	89,681
Administration	88,201	-	22,037	110,238
Fiscal	-	-	8,857	8,857
Business	6,648	-	-	6,648
Operation and maintenance of plant	-	-	17,296	17,296
Pupil transportation	34,868	-	115,978	150,846
Central	3,142	-	-	3,142
Operation of non-instructional services	382	-	-	382
Operation of food services	676,038	-	-	676,038
Extracurricular activities	101,990	-	-	101,990
Capital outlay	-	-	361,561	361,561
Debt service:				
Principal retirement	-	43,400	-	43,400
Interest and fiscal charges	-	9,809	-	9,809
Total expenditures	<u>1,483,723</u>	<u>53,209</u>	<u>636,015</u>	<u>2,172,947</u>
Excess of revenues over (under) expenditures	<u>40,521</u>	<u>50,756</u>	<u>102,959</u>	<u>194,236</u>
<u>Other financing sources (uses):</u>				
Transfers in	10,103	-	-	10,103
Net change in fund balances	50,624	50,756	102,959	204,339
Fund balances at beginning of year	328,298	4,703	258,309	591,310
Increase in reserve for inventory	324	-	-	324
Fund balances at end of year	<u>\$ 379,246</u>	<u>\$ 55,459</u>	<u>\$ 361,268</u>	<u>\$ 795,973</u>

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2003**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Customer Service Rotary</u>	<u>Adult Education</u>	<u>Public School Support</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 134,157	\$ 52,939	\$ 21,174	\$ 12,484	\$ 56,104
Prepaid items	7,628	-	-	-	-
Inventory held for resale	4,745	-	-	-	-
Materials and supplies inventory	906	-	-	-	-
Total assets	<u>\$ 147,436</u>	<u>\$ 52,939</u>	<u>\$ 21,174</u>	<u>\$ 12,484</u>	<u>\$ 56,104</u>
<u>Liabilities and fund equity :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 5,393	\$ -	\$ -	\$ -	\$ 2,981
Accrued wages	3,199	-	-	-	-
Intergovernmental payable	982	2,733	-	-	-
Total liabilities	<u>9,574</u>	<u>2,733</u>	<u>-</u>	<u>-</u>	<u>2,981</u>
<u>Fund balance:</u>					
Reserved for encumbrances	32,328	8,492	-	500	3,605
Reserved for inventory	5,651	-	-	-	-
Reserved for prepaid items	7,628	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	<u>92,255</u>	<u>41,714</u>	<u>21,174</u>	<u>11,984</u>	<u>49,518</u>
Total fund balance	<u>137,862</u>	<u>50,206</u>	<u>21,174</u>	<u>12,484</u>	<u>53,123</u>
Total liabilities and fund balance	<u>\$ 147,436</u>	<u>\$ 52,939</u>	<u>\$ 21,174</u>	<u>\$ 12,484</u>	<u>\$ 56,104</u>

<u>Miscellaneous Local Grants</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>
\$ 7,620	\$ 11,000	\$ 7,755	\$ 6,437	\$ 14,352	\$ 3,672
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,620</u>	<u>\$ 11,000</u>	<u>\$ 7,755</u>	<u>\$ 6,437</u>	<u>\$ 14,352</u>	<u>\$ 3,672</u>
\$ -	\$ -	\$ 1,850	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	362
-	-	1,850	-	-	362
-	-	2,934	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,620	11,000	2,971	6,437	14,352	3,310
7,620	11,000	5,905	6,437	14,352	3,310
<u>\$ 7,620</u>	<u>\$ 11,000</u>	<u>\$ 7,755</u>	<u>\$ 6,437</u>	<u>\$ 14,352</u>	<u>\$ 3,672</u>

(Continued)

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2003**

	<u>Ohio Reads</u>	<u>Miscellaneous State Grants</u>	<u>Eisenhower</u>	<u>IDEA Grant</u>	<u>Title I</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 2,445	\$ 13,932	\$ -	\$ -	\$ 412
Prepaid items	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ 2,445</u>	<u>\$ 13,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412</u>
<u>Liabilities and fund equity :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 2,076	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-	6,275
Intergovernmental payable	-	28	-	87	679
Total liabilities	<u>2,076</u>	<u>28</u>	<u>-</u>	<u>87</u>	<u>6,954</u>
<u>Fund balance:</u>					
Reserved for encumbrances	369	-	-	-	411
Reserved for inventory	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	-	13,904	-	(87)	(6,953)
Total fund balance	<u>369</u>	<u>13,904</u>	<u>-</u>	<u>(87)</u>	<u>(6,542)</u>
Total liabilities and fund balance	<u>\$ 2,445</u>	<u>\$ 13,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412</u>

<u>Title V</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>
\$ 6,207	\$ 3,482	\$ -	\$ 37,171	\$ 1,415	\$ 392,758
-	-	-	-	-	7,628
-	-	-	-	-	4,745
-	-	-	-	-	906
<u>\$ 6,207</u>	<u>\$ 3,482</u>	<u>\$ -</u>	<u>\$ 37,171</u>	<u>\$ 1,415</u>	<u>\$ 406,037</u>
\$ 113	\$ -	\$ -	\$ -	\$ -	\$ 12,413
-	-	-	-	-	9,474
-	11	-	22	-	4,904
<u>113</u>	<u>11</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>26,791</u>
2,014	3,482	-	64	-	54,199
-	-	-	-	-	5,651
-	-	-	-	-	7,628
<u>4,080</u>	<u>(11)</u>	<u>-</u>	<u>37,085</u>	<u>1,415</u>	<u>311,768</u>
<u>6,094</u>	<u>3,471</u>	<u>-</u>	<u>37,149</u>	<u>1,415</u>	<u>379,246</u>
<u>\$ 6,207</u>	<u>\$ 3,482</u>	<u>\$ -</u>	<u>\$ 37,171</u>	<u>\$ 1,415</u>	<u>\$ 406,037</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, 2003**

	Food Services	Uniform School Supplies	Customer Service Rotary	Adult Education	Public School Support
<u>Revenues:</u>					
Intergovernmental	\$ 137,293	\$ -	\$ -	\$ -	\$ -
Interest	2,112	-	-	-	-
Tuition and fees	-	60,371	-	-	-
Extracurricular activities	-	-	-	-	141,586
Gifts and donations	-	-	-	-	52,763
Customer services	525,549	-	-	3,190	-
Miscellaneous	15,000	-	-	-	-
Total revenues	<u>679,954</u>	<u>60,371</u>	<u>-</u>	<u>3,190</u>	<u>194,349</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	68,758	-	-	167,275
Special	-	-	-	-	-
Vocational	-	6,601	-	-	-
Support services:					
Pupils	-	-	-	-	-
Instructional staff	-	-	-	1,382	13,431
Administration	-	-	-	-	8,985
Business	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-
Operation of food services	676,038	-	-	-	-
Extracurricular activities	-	-	-	-	-
Total expenditures	<u>676,038</u>	<u>75,359</u>	<u>-</u>	<u>1,382</u>	<u>189,691</u>
Excess of revenues over (under) expenditures	<u>3,916</u>	<u>(14,988)</u>	<u>-</u>	<u>1,808</u>	<u>4,658</u>
<u>Other financing sources (uses):</u>					
Transfers in	-	1,603	-	-	-
Net change in fund balances	3,916	(13,385)	-	1,808	4,658
Fund balances (deficit) at beginning of year	133,622	63,591	21,174	10,676	48,465
Increase in reserve for inventory	324	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 137,862</u>	<u>\$ 50,206</u>	<u>\$ 21,174</u>	<u>\$ 12,484</u>	<u>\$ 53,123</u>

<u>Miscellaneous Local Grants</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>
\$ 2,740	\$ -	\$ -	\$ 9,579	\$ 21,000	\$ 7,122
-	-	-	-	-	-
-	-	-	-	-	-
-	-	77,564	-	-	-
2,772	-	9,164	-	-	-
-	-	-	-	-	-
-	-	7,220	-	-	-
<u>5,512</u>	<u>-</u>	<u>93,948</u>	<u>9,579</u>	<u>21,000</u>	<u>7,122</u>
5,006	-	-	-	-	-
465	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	7,954
-	-	-	-	-	-
-	-	-	-	6,648	-
-	-	-	-	-	-
-	-	-	3,142	-	-
-	-	381	-	-	-
-	-	-	-	-	-
-	-	101,990	-	-	-
<u>5,471</u>	<u>-</u>	<u>102,371</u>	<u>3,142</u>	<u>6,648</u>	<u>7,954</u>
<u>41</u>	<u>-</u>	<u>(8,423)</u>	<u>6,437</u>	<u>14,352</u>	<u>(832)</u>
-	-	8,500	-	-	-
41	-	77	6,437	14,352	(832)
7,579	11,000	5,828	-	-	4,142
-	-	-	-	-	-
<u>\$ 7,620</u>	<u>\$ 11,000</u>	<u>\$ 5,905</u>	<u>\$ 6,437</u>	<u>\$ 14,352</u>	<u>\$ 3,310</u>

(Continued)

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2003**

	<u>Ohio Reads</u>	<u>Miscellaneous State Grants</u>	<u>Eisenhower</u>	<u>IDEA Grant</u>	<u>Title I</u>
<u>Revenues:</u>					
Intergovernmental	\$ 21,000	\$ 20,576	\$ -	\$ 209,937	\$ 109,077
Interest	-	-	-	-	-
Tuition and fees	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Customer services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>21,000</u>	<u>20,576</u>	<u>-</u>	<u>209,937</u>	<u>109,077</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	24,478	22,160	-	15,518	14,389
Special	-	27	-	31,432	84,675
Vocational	-	-	-	-	-
Support services:					
Pupils	-	-	189	6,560	-
Instructional staff	-	356	26	43,494	6,323
Administration	-	-	-	79,216	-
Business	-	-	-	-	-
Pupil transportation	-	-	-	34,868	-
Central	-	-	-	-	-
Operation of non-instructional services	-	1	-	-	-
Operation of food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Total expenditures	<u>24,478</u>	<u>22,544</u>	<u>215</u>	<u>211,088</u>	<u>105,387</u>
Excess of revenues over (under) expenditures	<u>(3,478)</u>	<u>(1,968)</u>	<u>(215)</u>	<u>(1,151)</u>	<u>3,690</u>
<u>Other financing sources (uses):</u>					
Transfers in	-	-	-	-	-
Net change in fund balance	(3,478)	(1,968)	(215)	(1,151)	3,690
Fund balances (deficit) at beginning of year	3,847	15,872	215	1,064	(10,232)
Increase in reserve for inventory	-	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 369</u>	<u>\$ 13,904</u>	<u>\$ -</u>	<u>\$ (87)</u>	<u>\$ (6,542)</u>

<u>Title V</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>
\$ 14,635	\$ 8,706	\$ 4,034	\$ 58,660	\$ 2,594	\$ 626,953
-	-	-	-	-	2,112
-	-	-	-	-	60,371
-	-	-	-	-	219,150
-	-	-	-	-	64,699
-	-	-	-	-	528,739
-	-	-	-	-	22,220
<u>14,635</u>	<u>8,706</u>	<u>4,034</u>	<u>58,660</u>	<u>2,594</u>	<u>1,524,244</u>
-	8,251	-	25,936	-	351,771
-	-	1,053	-	-	117,652
-	-	-	-	-	6,601
-	-	-	-	-	6,749
13,681	-	3,034	-	-	89,681
-	-	-	-	-	88,201
-	-	-	-	-	6,648
-	-	-	-	-	34,868
-	-	-	-	-	3,142
-	-	-	-	-	382
-	-	-	-	-	676,038
-	-	-	-	-	101,990
<u>13,681</u>	<u>8,251</u>	<u>4,087</u>	<u>25,936</u>	<u>-</u>	<u>1,483,723</u>
<u>954</u>	<u>455</u>	<u>(53)</u>	<u>32,724</u>	<u>2,594</u>	<u>40,521</u>
-	-	-	-	-	10,103
954	455	(53)	32,724	2,594	50,624
5,140	3,016	53	4,425	(1,179)	328,298
-	-	-	-	-	324
<u>\$ 6,094</u>	<u>\$ 3,471</u>	<u>\$ -</u>	<u>\$ 37,149</u>	<u>\$ 1,415</u>	<u>\$ 379,246</u>

***Norton City School District***  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2003**

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 313,583	\$ -	\$ 313,583
Cash and cash equivalents:			
In segregated accounts	16,542	-	16,542
Receivables:			
Taxes	604,749	-	604,749
Total assets	<u>\$ 934,874</u>	<u>\$ -</u>	<u>\$ 934,874</u>
 <u>Liabilities and fund equity :</u>			
<u>Liabilities:</u>			
Retainage payable	\$ 16,542	\$ -	\$ 16,542
Deferred revenue	557,064	-	557,064
Total liabilities	<u>573,606</u>	<u>-</u>	<u>573,606</u>
 <u>Fund balance:</u>			
Reserved for encumbrances	91,251	-	91,251
Unreserved:			
Undesignated, reported in:			
Capital projects funds	270,017	-	270,017
Total fund balance	<u>361,268</u>	<u>-</u>	<u>361,268</u>
Total liabilities and fund balance	<u>\$ 934,874</u>	<u>\$ -</u>	<u>\$ 934,874</u>

***Norton City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2003**

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>			
Taxes	\$ 624,174	\$ -	\$ 624,174
Intergovernmental	77,860	36,940	114,800
Total revenues	<u>702,034</u>	<u>36,940</u>	<u>738,974</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	36,965	36,965
Support services:			
Pupils	73,321	-	73,321
Administration	22,037	-	22,037
Fiscal	8,857	-	8,857
Operation and maintenance of plant	17,296	-	17,296
Pupil transportation	115,978	-	115,978
Capital outlay	361,561	-	361,561
Total expenditures	<u>599,050</u>	<u>36,965</u>	<u>636,015</u>
Net change in fund balances	102,984	(25)	102,959
Fund balances at beginning of year	258,284	25	258,309
Fund balances at end of year	<u>\$ 361,268</u>	<u>\$ -</u>	<u>\$ 361,268</u>

***Norton City School District***  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Beginning Balance <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2003</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 57,773	\$ 385	\$ -	\$ 58,158
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 568	\$ -	\$ 568
Due to students	57,773	-	183	57,590
Total liabilities	\$ 57,773	\$ 568	\$ 183	\$ 58,158

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

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 6,774,049	\$ 6,835,638	\$ 61,589
Intergovernmental	8,534,365	8,601,329	66,964
Interest	60,000	57,866	(2,134)
Tuition and fees	1,453,493	1,518,802	65,309
Rent	2,415	2,758	343
Miscellaneous	90,081	91,258	1,177
<b>Total revenues</b>	<b>16,914,403</b>	<b>17,107,651</b>	<b>193,248</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
<b>Regular:</b>			
Salaries and wages	6,465,035	6,007,113	457,922
Fringe benefits	2,141,930	2,131,970	9,960
Purchased services	394,580	390,514	4,066
Materials and supplies	262,014	251,802	10,212
Capital outlay - new	14,188	14,188	-
Capital outlay - replacement	1,303	1,303	-
Other	1,586	931	655
<b>Total regular</b>	<b>9,280,636</b>	<b>8,797,821</b>	<b>482,815</b>
<b>Special:</b>			
Salaries and wages	910,310	830,447	79,863
Fringe benefits	395,103	389,157	5,946
Purchased services	154,766	152,386	2,380
Materials and supplies	6,483	6,079	404
<b>Total special</b>	<b>1,466,662</b>	<b>1,378,069</b>	<b>88,593</b>
<b>Vocational:</b>			
Salaries and wages	489,934	449,813	40,121
Fringe benefits	163,811	162,940	871
Purchased services	42,507	42,223	284
Materials and supplies	22,373	21,090	1,283
Capital outlay - new	81,750	81,750	-
Capital outlay - replacement	417	388	29
Other	979	979	-
<b>Total vocational</b>	<b>801,771</b>	<b>759,183</b>	<b>42,588</b>
<b>Adult/continuing:</b>			
Salaries and wages	1,745	1,660	85
<b>Other:</b>			
Purchased services	174,761	166,237	8,524
<b>Total instruction</b>	<b>11,725,575</b>	<b>11,102,970</b>	<b>622,605</b>

**Norton City School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Support services:			
Pupils:			
Salaries and wages	553,193	506,729	46,464
Fringe benefits	198,306	190,762	7,544
Purchased services	63,318	63,056	262
Materials and supplies	5,676	5,670	6
Capital outlay - new	890	890	-
Capital outlay - replacement	121	121	-
Total pupils	<u>821,504</u>	<u>767,228</u>	<u>54,276</u>
Instructional staff:			
Salaries and wages	455,820	415,551	40,269
Fringe benefits	115,527	113,997	1,530
Purchased services	46,964	46,301	663
Materials and supplies	15,223	12,286	2,937
Capital outlay - new	3,692	3,691	1
Other	51,837	50,409	1,428
Total instructional staff	<u>689,063</u>	<u>642,235</u>	<u>46,828</u>
Board of education:			
Salaries and wages	10,205	8,960	1,245
Fringe benefits	2,655	2,585	70
Purchased services	3,595	3,562	33
Materials and supplies	30	-	30
Other	11,768	10,901	867
Total board of education	<u>28,253</u>	<u>26,008</u>	<u>2,245</u>
Administration:			
Salaries and wages	932,240	927,540	4,700
Fringe benefits	312,169	307,194	4,975
Purchased services	224,984	163,355	61,629
Materials and supplies	24,097	23,118	979
Capital outlay - new	493	493	-
Capital outlay - replacement	435	-	435
Other	1,837	1,514	323
Total administration	<u>1,496,255</u>	<u>1,423,214</u>	<u>73,041</u>
Fiscal:			
Salaries and wages	261,782	234,970	26,812
Fringe benefits	105,251	104,798	453
Purchased services	5,561	5,557	4
Materials and supplies	5,395	3,921	1,474
Capital outlay - new	7,385	7,361	24
Capital outlay - replacement	3,825	2,427	1,398
Other	173,582	158,683	14,899
Total fiscal	<u>562,781</u>	<u>517,717</u>	<u>45,064</u>

(Continued)

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Business:			
Salaries and wages	141,044	121,060	19,984
Fringe benefits	29,662	29,601	61
Purchased services	236,561	236,314	247
Materials and supplies	2,587	2,483	104
Total business	<u>409,854</u>	<u>389,458</u>	<u>20,396</u>
Operation and maintenance of plant:			
Salaries and wages	840,005	744,337	95,668
Fringe benefits	322,573	320,620	1,953
Purchased services	616,147	614,440	1,707
Materials and supplies	139,640	111,990	27,650
Capital outlay - new	27,685	27,683	2
Capital outlay - replacement	7,700	7,625	75
Total operation and maintenance of plant	<u>1,953,750</u>	<u>1,826,695</u>	<u>127,055</u>
Pupil transportation:			
Salaries and wages	566,449	498,769	67,680
Fringe benefits	180,380	171,021	9,359
Purchased services	53,944	38,535	15,409
Materials and supplies	219,608	186,395	33,213
Capital outlay - new	500	461	39
Capital outlay - replacement	40,646	40,646	-
Total pupil transportation	<u>1,061,527</u>	<u>935,827</u>	<u>125,700</u>
Central:			
Salaries and wages	43,353	40,212	3,141
Fringe benefits	19,428	19,328	100
Purchased services	864	764	100
Materials and supplies	886	832	54
Total central	<u>64,531</u>	<u>61,136</u>	<u>3,395</u>
Total support services	<u>7,087,518</u>	<u>6,589,518</u>	<u>498,000</u>
Operation of non-instructional services:			
Community services:			
Salaries and wages	19,550	-	19,550
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	49,792	47,874	1,918
Fringe benefits	6,774	6,644	130
Other	3,000	3,000	-
Total academic and subject oriented activities	<u>59,566</u>	<u>57,518</u>	<u>2,048</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Sports oriented activities:			
Salaries and wages	245,931	244,578	1,353
Fringe benefits	51,621	45,248	6,373
Purchased services	21,035	21,035	-
Materials and supplies	3,880	3,500	380
Capital outlay - new	80,000	80,000	-
Total sports oriented activities	402,467	394,361	8,106
Total extracurricular activities	462,033	451,879	10,154
Capital outlay:			
Facilities acquisition and construction services:			
Site acquisition services:			
Purchased services	433	-	433
Architecture and engineering services:			
Purchased services	14,532	14,532	-
Total capital outlay	14,965	14,532	433
Total expenditures	19,309,641	18,158,899	1,150,742
Excess of revenues over (under) expenditures	(2,395,238)	(1,051,248)	1,343,990
<u>Other financing sources (uses):</u>			
Advances in	8,615	8,615	-
Advances out	(9,057)	-	9,057
Transfers out	(11,038)	(10,103)	935
Total other financing sources (uses)	(11,480)	(1,488)	9,992
Net change in fund balance	(2,406,718)	(1,052,736)	1,353,982
Fund balance at beginning of year	2,714,056	2,714,056	-
Prior year encumbrances appropriated	318,948	318,948	-
Fund balance at end of year	\$ 626,286	\$ 1,980,268	\$ 1,353,982

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Food Services Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 135,412	\$ 137,293	\$ 1,881
Interest	4,229	2,112	(2,117)
Charges for services	525,361	525,549	188
Miscellaneous	15,000	15,000	-
Total revenues	<u>680,002</u>	<u>679,954</u>	<u>(48)</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Operation of food services:			
Salaries and wages	323,429	235,724	87,705
Fringe benefits	130,006	128,165	1,841
Purchased services	6,954	6,528	426
Materials and supplies	318,347	312,113	6,234
Capital outlay - new	5,843	5,743	100
Capital outlay - replacement	22,862	22,684	178
Total expenditures	<u>807,441</u>	<u>710,957</u>	<u>96,484</u>
Net change in fund balance	(127,439)	(31,003)	96,436
Fund balance at beginning of year	94,551	94,551	-
Prior year encumbrances appropriated	32,888	32,888	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 96,436</u>	<u>\$ 96,436</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Uniform School Supplies Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 60,371	\$ 60,371	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	200	-	200
Materials and supplies	108,305	76,856	31,449
Total regular	108,505	76,856	31,649
Special:			
Materials and supplies	217	-	217
Vocational:			
Materials and supplies	16,844	6,996	9,848
Total expenditures	125,566	83,852	41,714
Excess of revenues over (under) expenditures	(65,195)	(23,481)	41,714
<u>Other financing sources (uses):</u>			
Advances in	1,603	1,603	-
Net change in fund balance	(63,592)	(21,878)	41,714
Fund balance at beginning of year	58,478	58,478	-
Prior year encumbrances appropriated	5,114	5,114	-
Fund balance at end of year	\$ -	\$ 41,714	\$ 41,714

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Customer Service Rotary Fund**  
**For the Fiscal Year Ended June 30, 2003**

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

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Adult Education Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 3,190	\$ 3,190	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Purchased services	7,550	500	7,050
Materials and supplies	5,863	1,382	4,481
Other	453	-	453
Total expenditures	13,866	1,882	11,984
Net change in fund balance	(10,676)	1,308	11,984
Fund balance at beginning of year	10,620	10,620	-
Prior year encumbrances appropriated	56	56	-
Fund balance at end of year	\$ -	\$ 11,984	\$ 11,984

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Public School Support Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 141,633	\$ 141,586	\$ (47)
Gifts and donations	52,763	52,763	-
Total revenues	<u>194,396</u>	<u>194,349</u>	<u>(47)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	102,835	89,093	13,742
Materials and supplies	69,406	57,240	12,166
Capital outlay - new	8,751	7,855	896
Other	27,932	20,402	7,530
Total instruction	<u>208,924</u>	<u>174,590</u>	<u>34,334</u>
Support services:			
Instructional staff:			
Materials and supplies	18,304	13,431	4,873
Administration:			
Purchased services	2,594	-	2,594
Materials and supplies	2,768	151	2,617
Capital outlay - new	14,560	9,425	5,135
Total administration	<u>19,922</u>	<u>9,576</u>	<u>10,346</u>
Pupil transportation:			
Materials and supplies	12	-	12
Total support services	<u>38,238</u>	<u>23,007</u>	<u>15,231</u>
Total expenditures	<u>247,162</u>	<u>197,597</u>	<u>49,565</u>
Net change in fund balance	(52,766)	(3,248)	49,518
Fund balance at beginning of year	34,375	34,375	-
Prior year encumbrances appropriated	18,391	18,391	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 49,518</u>	<u>\$ 49,518</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Miscellaneous Local Grants Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,740	\$ 2,740	\$ -
Gifts and donations	2,772	2,772	-
Total revenues	<u>5,512</u>	<u>5,512</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	30	-	30
Materials and supplies	2,522	2,266	256
Capital outlay - new	3,391	2,740	651
Total regular	<u>5,943</u>	<u>5,006</u>	<u>937</u>
Special:			
Materials and supplies	500	465	35
Adult/continuing:			
Capital outlay - new	6,648	-	6,648
Total expenditures	<u>13,091</u>	<u>5,471</u>	<u>7,620</u>
Net change in fund balance	(7,579)	41	7,620
Fund balance at beginning of year	6,948	6,948	-
Prior year encumbrances appropriated	631	631	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 7,620</u>	<u>\$ 7,620</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Underground Storage Tanks Fund**  
**For the Fiscal Year Ended June 30, 2003**

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

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**District Managed Student Activity Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 77,564	\$ 77,564	\$ -
Gifts and donations	9,164	9,164	-
Miscellaneous	7,220	7,220	-
Total revenues	<u>93,948</u>	<u>93,948</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Enterprise operations:			
Purchased services	113	113	-
Materials and supplies	195	195	-
Total operation of non-instructional services	<u>308</u>	<u>308</u>	<u>-</u>
Extracurricular activities:			
Sports oriented activities:			
Salaries and wages	4,883	4,883	-
Purchased services	72,845	69,801	3,044
Materials and supplies	18,303	18,303	-
Capital outlay - replacement	325	325	-
Other	12,051	12,051	-
Total extracurricular activities	<u>108,407</u>	<u>105,363</u>	<u>3,044</u>
Total expenditures	<u>108,715</u>	<u>105,671</u>	<u>3,044</u>
Excess of revenues over (under) expenditures	<u>(14,767)</u>	<u>(11,723)</u>	<u>3,044</u>
<u>Other financing sources (uses):</u>			
Transfers in	<u>8,500</u>	<u>8,500</u>	<u>-</u>
Net change in fund balance	(6,267)	(3,223)	3,044
Fund balance at beginning of year	5,582	5,582	-
Prior year encumbrances appropriated	685	685	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,044</u>	<u>\$ 3,044</u>

***Norton City School District***

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP) and Actual  
Management Information System Fund  
For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,579	\$ 9,579	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Salaries and wages	6,284	3,142	3,142
Net change in fund balance	3,295	6,437	3,142
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 3,295	\$ 6,437	\$ 3,142

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Data Communications Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 21,000	\$ 21,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	13,070	-	13,070
Support services:			
Business:			
Purchased services	7,930	6,648	1,282
Total expenditures	21,000	6,648	14,352
Net change in fund balance	-	14,352	14,352
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 14,352	\$ 14,352

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**School Net Professional Development Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 7,122	\$ 7,122	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	6,264	2,592	3,672
Fringe benefits	396	396	-
Purchased services	4,397	4,397	-
Materials and supplies	207	207	-
Total expenditures	11,264	7,592	3,672
Net change in fund balance	(4,142)	(470)	3,672
Fund balance at beginning of year	4,142	4,142	-
Fund balance at end of year	\$ -	\$ 3,672	\$ 3,672

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Ohio Reads Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 21,000	\$ 21,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	8,700	8,700	-
Purchased services	2,000	2,000	-
Materials and supplies	16,031	16,031	-
Total expenditures	26,731	26,731	-
Net change in fund balance	(5,731)	(5,731)	-
Fund balance at beginning of year	2,000	2,000	-
Prior year encumbrances appropriated	3,731	3,731	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Miscellaneous State Grants Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 21,112	\$ 21,112	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	28,779	18,484	10,295
Fringe benefits	5,309	3,190	2,119
Purchased services	400	314	86
Materials and supplies	250	172	78
Total regular	34,738	22,160	12,578
Support services:			
Instructional staff:			
Salaries and wages	1,710	356	1,354
Total expenditures	36,448	22,516	13,932
Excess of revenues over (under) expenditures	(15,336)	(1,404)	13,932
<u>Other financing sources (uses):</u>			
Advances out	(536)	(536)	-
Net change in fund balance	(15,872)	(1,940)	13,932
Fund balance at beginning of year	15,872	15,872	-
Fund balance at end of year	\$ -	\$ 13,932	\$ 13,932

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Eisenhower Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Materials and supplies	189	189	-
Instructional staff:			
Purchased services	26	26	-
Total expenditures	215	215	-
Net change in fund balance	(215)	(215)	-
Fund balance at beginning of year	119	119	-
Prior year encumbrances appropriated	96	96	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**IDEA Grant Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 209,937	\$ 209,937	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	1,113	1,113	-
Materials and supplies	6,692	6,692	-
Capital outlay - new	7,713	7,713	-
Total regular	15,518	15,518	-
Special:			
Purchased services	31,266	31,266	-
Materials and supplies	211	211	-
Capital outlay - new	1,454	1,454	-
Total special	32,931	32,931	-
Total instruction	48,449	48,449	-
Support services:			
Pupils:			
Purchased services	7,310	7,310	-
Materials and supplies	5,003	5,003	-
Total pupils	12,313	12,313	-
Instructional staff:			
Salaries and wages	35,586	35,586	-
Fringe benefits	7,289	7,289	-
Purchased services	635	635	-
Total instructional staff	43,510	43,510	-
Administration:			
Salaries and wages	64,167	64,167	-
Fringe benefits	7,850	7,850	-
Purchased services	1,440	1,440	-
Materials and supplies	1,975	1,975	-
Capital outlay - replacement	3,735	3,735	-
Total administration	79,167	79,167	-
Pupil transportation:			
Materials and supplies	34,868	34,868	-
Total support services	169,858	169,858	-
Total expenditures	218,307	218,307	-
Net change in fund balance	(8,370)	(8,370)	-
Fund balance at beginning of year	675	675	-
Prior year encumbrances appropriated	7,695	7,695	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Title I Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 111,936	\$ 111,936	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	13,000	13,000	-
Fringe benefits	1,352	1,352	-
Total regular	14,352	14,352	-
Special:			
Salaries and wages	56,800	56,800	-
Fringe benefits	31,638	31,638	-
Purchased services	3,528	3,528	-
Materials and supplies	200	200	-
Total special	92,166	92,166	-
Total instruction	106,518	106,518	-
Support services:			
Instructional staff:			
Salaries and wages	4,000	4,000	-
Fringe benefits	2,312	2,312	-
Total support services	6,312	6,312	-
Operation of non-instructional services:			
Community services:			
Purchased services	411	411	-
Total expenditures	113,241	113,241	-
Excess of revenues over (under) expenditures	(1,305)	(1,305)	-
<u>Other financing sources (uses):</u>			
Advances out	(2,859)	(2,859)	-
Net change in fund balance	(4,164)	(4,164)	-
Fund balance at beginning of year	4,164	4,164	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Title V Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 19,855	\$ 19,855	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	5,616	3,024	2,592
Fringe benefits	867	461	406
Purchased services	1,452	1,452	-
Materials and supplies	11,956	10,874	1,082
Capital outlay - new	1,000	1,000	-
Total expenditures	20,891	16,811	4,080
Excess of revenues over (under) expenditures	(1,036)	3,044	4,080
<u>Other financing sources (uses):</u>			
Advances out	(5,220)	(5,220)	-
Net change in fund balance	(6,256)	(2,176)	4,080
Fund balance at beginning of year	193	193	-
Prior year encumbrances appropriated	6,063	6,063	-
Fund balance at end of year	\$ -	\$ 4,080	\$ 4,080

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Drug Free School Grant Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 8,706	\$ 8,706	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	5,224	5,224	-
Materials and supplies	3,016	3,016	-
Total instruction	8,240	8,240	-
Support services:			
Operation and maintenance of plant:			
Purchased services	1,741	1,741	-
Capital outlay - new	1,741	1,741	-
Total support services	3,482	3,482	-
Total expenditures	11,722	11,722	-
Net change in fund balance	(3,016)	(3,016)	-
Fund balance at beginning of year	1,498	1,498	-
Prior year encumbrances appropriated	1,518	1,518	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**EHA Preschool Grant Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 4,034	\$ 4,034	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Materials and supplies	1,053	1,053	-
Support services:			
Instructional staff:			
Salaries and wages	3,034	3,034	-
Total expenditures	4,087	4,087	-
Net change in fund balance	(53)	(53)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	53	53	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Title II-A Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 58,660	\$ 58,660	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	25,866	12,879	12,987
Fringe benefits	2,219	1,820	399
Purchased services	35,000	11,279	23,721
Total expenditures	63,085	25,978	37,107
Net change in fund balance	(4,425)	32,682	37,107
Fund balance at beginning of year	4,425	4,425	-
Fund balance at end of year	\$ -	\$ 37,107	\$ 37,107

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Miscellaneous Federal Grants Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,594	\$ 2,594	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and supplies	1,415	-	1,415
Support services:			
Instructional staff:			
Purchased services	1,179	1,179	-
Total expenditures	2,594	1,179	1,415
Net change in fund balance	-	1,415	1,415
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 1,415	\$ 1,415

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Bond Retirement Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 103,965	\$ 103,965	\$ -
<u>Expenditures:</u>			
Debt service:			
Principal retirement	87,190	86,800	390
Interest and fiscal charges	21,478	17,165	4,313
Total expenditures	108,668	103,965	4,703
Net change in fund balance	(4,703)	-	4,703
Fund balance at beginning of year	4,703	4,703	-
Fund balance at end of year	\$ -	\$ 4,703	\$ 4,703

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Permanent Improvement Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 580,737	\$ 592,395	\$ 11,658
Intergovernmental	89,518	77,860	(11,658)
Total revenues	<u>670,255</u>	<u>670,255</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Capital outlay - new	8,445	-	8,445
Capital outlay - replacement	73,321	73,321	-
Total pupils	<u>81,766</u>	<u>73,321</u>	<u>8,445</u>
Administration:			
Capital outlay - new	1,035	1,035	-
Capital outlay - replacement	21,002	21,002	-
Total administration	<u>22,037</u>	<u>22,037</u>	<u>-</u>
Fiscal:			
Other	8,857	8,857	-
Operation and maintenance of plant:			
Capital outlay - new	1,402	-	1,402
Capital outlay - replacement	30,458	17,296	13,162
Total operation and maintenance of plant	<u>31,860</u>	<u>17,296</u>	<u>14,564</u>
Pupil transportation:			
Capital outlay - new	78,085	78,085	-
Capital outlay - replacement	37,893	37,893	-
Total pupil transportation	<u>115,978</u>	<u>115,978</u>	<u>-</u>
Total support services	<u>260,498</u>	<u>237,489</u>	<u>23,009</u>
Capital outlay:			
Site improvement services:			
Capital outlay - new	390,023	220,732	169,291
Capital outlay - replacement	262,112	232,080	30,032
Total capital outlay	<u>652,135</u>	<u>452,812</u>	<u>199,323</u>
Total expenditures	<u>912,633</u>	<u>690,301</u>	<u>222,332</u>
Net change in fund balance	(242,378)	(20,046)	222,332
Fund balance at beginning of year	18,032	18,032	-
Prior year encumbrances appropriated	224,346	224,346	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 222,332</u>	<u>\$ 222,332</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**SchoolNet Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 36,940	\$ 36,940	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and supplies	25	25	-
Capital outlay - new	36,940	36,940	-
Total expenditures	36,965	36,965	-
Net change in fund balance	(25)	(25)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	25	25	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Self Insurance Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 2,395,346	\$ 2,395,346	\$ -
Interest	15,627	15,589	(38)
Total revenues	<u>2,410,973</u>	<u>2,410,935</u>	<u>(38)</u>
<u>Expenses:</u>			
Purchased services:			
Central support services	<u>3,479,143</u>	<u>1,912,014</u>	<u>1,567,129</u>
Net change in fund balance	(1,068,170)	498,921	1,567,091
Fund balance at beginning of year	<u>1,068,170</u>	<u>1,068,170</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,567,091</u>	<u>\$ 1,567,091</u>

***Norton City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP) and Actual**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 3,692	\$ 791	\$ (2,901)
Gifts and donations	6,240	6,240	-
Total revenues	<u>9,932</u>	<u>7,031</u>	<u>(2,901)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Other	<u>90,113</u>	<u>9,900</u>	<u>80,213</u>
Net change in fund balance	(80,181)	(2,869)	77,312
Fund balance at beginning of year	<u>83,078</u>	<u>83,078</u>	-
Fund balance at end of year	<u>\$ 2,897</u>	<u>\$ 80,209</u>	<u>\$ 77,312</u>

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## STATISTICAL SECTION



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**Norton City School District**

**General Governmental Revenues by Source and Expenditures by Function**

**Last Ten Fiscal Years (1), (2)**

	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000
<u>Revenues:</u>				
Taxes	\$ 7,877,702	\$ 7,378,369	\$ 7,368,737	\$ 6,931,423
Intergovernmental	9,329,822	10,221,987	8,787,464	8,556,448
Interest	59,978	136,929	320,425	321,810
Tuition and fees	1,511,325	265,164	355,139	146,249
Extracurricular activities	219,150	238,837	193,290	180,012
Gifts and donations	64,699	26,243	71,967	13,305
Charges for services	528,739	539,641	-	-
Rent	2,758	2,415	9,073	-
Miscellaneous	200,294	124,778	76,745	99,517
Total revenues	<u>\$ 19,794,467</u>	<u>\$ 18,934,363</u>	<u>\$ 17,182,840</u>	<u>\$ 16,248,764</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 9,241,788	\$ 8,697,751	\$ 8,259,175	\$ 7,325,399
Special	1,450,656	1,381,199	1,313,992	1,113,521
Vocational	759,539	722,660	640,602	507,387
Adult/continuing	1,653	4,146	17,189	15,835
Other	166,237	35,787	34,532	27,373
Support services:				
Pupils	851,076	934,375	710,539	634,511
Instructional staff	699,535	750,519	632,444	730,814
Board of education	41,034	28,098	15,006	24,176
Administration	1,505,272	1,456,769	1,312,524	1,178,060
Fiscal	525,049	496,683	430,129	470,814
Business	351,943	297,993	388,122	258,196
Operation and maintenance of plant	1,728,571	1,772,897	1,674,486	1,636,887
Pupil transportation	1,061,598	1,179,126	875,637	899,240
Central	65,030	59,904	49,219	7,195
Operation of non-instructional services	382	1,694	13,484	11,570
Operation of food services	676,038	720,204	-	-
Extracurricular activities	552,598	439,060	424,299	386,554
Capital outlay	369,792	931,824	538,950	1,003,816
Debt service	89,007	91,460	93,911	60,565
Total expenditures	<u>\$ 20,136,798</u>	<u>\$ 20,002,149</u>	<u>\$ 17,424,240</u>	<u>\$ 16,291,913</u>

Source: School District financial records.

(1) 1994 through 1996 reported on a cash basis, 1997-2003 on a modified accrual GAAP basis.

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

(2) Includes general, special revenue, debt service and capital projects funds for fiscal years 2002 and 2003. Fiscal years 1994-2001 included general, special revenue, debt service, capital projects and expendable trust funds.

Fiscal Year Ended June 30, 1999	Fiscal Year Ended June 30, 1998	Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996	Fiscal Year Ended June 30, 1995	Fiscal Year Ended June 30, 1994
\$ 7,088,311	\$ 6,701,222	\$ 6,432,707	\$ 5,720,534	\$ 5,079,251	\$ 4,893,367
7,930,250	7,413,515	7,014,244	6,282,663	5,669,661	5,526,745
247,073	157,888	118,911	111,639	102,587	66,286
232,262	197,069	175,239	13,975	80,380	80,054
158,845	146,710	152,561	110,193	92,749	96,485
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
169,596	160,730	111,102	158,610	79,407	61,986
<u>\$ 15,826,337</u>	<u>\$ 14,777,134</u>	<u>\$ 14,004,764</u>	<u>\$ 12,397,614</u>	<u>\$ 11,104,035</u>	<u>\$ 10,724,923</u>

\$ 6,813,089	\$ 6,932,488	\$ 6,281,782	\$ 5,779,762	\$ 5,536,567	\$ 5,212,505
1,052,907	982,493	1,013,884	940,604	851,512	803,454
611,958	677,539	650,805	636,943	585,837	572,304
9,672	17,318	1,818	-	-	-
-	-	-	-	-	-
512,235	480,932	479,455	407,180	418,952	387,504
473,678	351,553	331,534	255,535	207,974	220,241
19,081	14,456	23,144	15,906	23,211	16,995
1,128,782	993,579	963,244	842,648	843,687	754,797
403,386	390,357	298,796	336,653	284,312	378,315
281,573	165,808	226,293	228,129	282,696	267,947
1,333,538	1,374,875	1,245,964	1,186,926	1,227,119	1,177,755
741,979	775,043	663,761	685,048	515,462	603,759
7,119	6,802	6,596	6,751	6,282	5,904
9,347	22,880	8,473	8,587	2,532	2,470
-	-	-	-	-	-
346,942	285,750	326,543	244,445	205,006	213,766
511,031	112,200	885,275	704,021	213,227	149,717
63,017	65,469	68,738	-	51,500	54,500
<u>\$ 14,319,334</u>	<u>\$ 13,649,542</u>	<u>\$ 13,476,105</u>	<u>\$ 12,279,138</u>	<u>\$ 11,255,876</u>	<u>\$ 10,821,933</u>

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

Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
2002	\$ 8,208,384	\$ 655,210	\$ 8,863,594	\$ 7,933,684	96.65%	\$ 345,998	\$ 8,279,682	93.41%	\$ 583,912
2001	8,400,858	633,570	9,034,428	8,113,663	96.58%	264,795	8,378,458	92.74%	655,970
2000	8,161,748	556,618	8,718,366	7,871,681	96.45%	228,223	8,099,904	92.91%	618,462
1999	7,900,026	581,689	8,481,715	7,689,081	97.33%	252,684	7,941,765	93.63%	539,950
1998	7,781,981	620,136	8,402,117	7,587,912	97.51%	233,503	7,821,415	93.09%	580,702
1997	7,420,409	440,589	7,860,998	7,185,887	96.84%	163,207	7,349,094	93.49%	511,904
1996	7,146,046	360,941	7,506,987	6,979,978	97.68%	164,583	7,144,561	95.17%	362,426
1995	5,669,942	319,601	5,989,543	5,537,967	97.67%	135,427	5,673,394	94.72%	316,149
1994	5,605,214	329,050	5,934,264	5,469,466	97.58%	182,366	5,651,832	95.24%	282,432
1993	5,350,559	291,652	5,642,211	5,192,516	97.05%	132,720	5,325,236	94.38%	316,975

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

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

(2) Represents collection year. 2003 information cannot be presented because all collections have not been made by June 30.

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

***Norton City School District***  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Collection Years**

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$ 255,152,710	\$ 729,007,743	\$ 8,768,500	\$ 9,964,205	\$ 19,345,067	\$ 77,380,268	\$ 283,266,277	\$ 816,352,215
2002	218,902,330	625,435,229	8,294,520	9,425,591	20,398,661	81,594,644	247,595,511	716,455,463
2001	215,833,090	616,665,971	12,132,210	13,786,602	18,292,861	73,171,444	246,258,161	703,624,018
2000	210,768,550	602,195,857	13,181,080	14,978,500	19,048,419	76,193,676	242,998,049	693,368,033
1999	183,968,200	525,623,429	12,819,380	14,567,477	18,157,729	72,630,916	214,945,309	612,821,822
1998	180,696,320	516,275,200	11,662,850	13,253,239	18,422,694	73,690,776	210,781,864	603,219,215
1997	178,423,000	509,780,000	11,578,900	13,157,841	17,107,776	68,431,104	207,109,676	591,368,945
1996	151,196,360	431,989,600	11,916,780	13,541,795	15,842,483	63,369,932	178,955,623	508,901,327
1995	149,610,000	427,457,143	13,059,840	14,840,727	14,925,300	59,701,200	177,595,140	501,999,070
1994	147,117,930	420,336,943	12,894,970	14,653,375	14,028,746	56,114,984	174,041,646	491,105,302

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

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

(2) Public utility personal is assessed at 88% of actual value, prior to 1991 it was assessed at 100% of actual value.

(3) Tangible personal property is assessed at 27% of actual value for 1991, 26% for 1992, and 25% for all other years.

***Norton City School District***  
**Property Tax Rates - Direct and Overlapping Governments (1)**  
**Last Ten Calendar Years**

<u>Collection Year</u>	<u>School Levy</u>	<u>City Levy (2)</u>	<u>Franklin Township Levy</u>	<u>County Levy</u>	<u>Akron Summit Library Levy</u>	<u>Total</u>
2003	55.00	10.00	14.65	13.07	1.59	94.31
2002	55.00	10.00	14.65	13.07	1.35	94.07
2001	55.00	10.00	14.65	13.07	1.39	94.11
2000	55.00	10.00	14.65	12.27	1.39	93.31
1999	55.00	10.00	14.65	12.27	1.79	93.71
1998	55.00	6.50	14.65	11.65	1.87	89.67
1997	55.00	6.50	14.65	11.39	0.89	88.43
1996	55.00	6.50	14.65	13.99	0.89	91.03
1995	47.10	6.50	15.65	14.16	0.89	84.30
1994	47.38	6.50	15.65	12.31	0.89	82.73

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

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

(2) The City of Barberton now has overlapping valuations, therefore this includes 6.5 from the City of Norton and 3.5 from the City of Barberton (1999-2003 only).

***Norton City School District***  
**Computation of Legal Debt Margin**  
**June 30, 2003**

Assessed Valuation (2002)	<u>\$ 283,266,277</u>
Bonded Debt Limit - 9% of Assessed Value (1)	25,493,965
Outstanding debt:	
Energy Conservation Bonds	130,200
Less: Amount available in debt service fund	<u>(55,459)</u>
Total outstanding debt	<u>\$ 74,741</u>
Amount of debt applicable to debt limit	74,741
Voted Debt Margin	<u>\$ 25,419,224</u>
Bonded Debt Limit - .10% of Assessed Value (1)	283,266
Outstanding debt:	
Energy Conservation Bonds	130,200
Less: Amount available in debt service fund	<u>(55,459)</u>
Total outstanding debt	\$ 74,741
Less exemptions:	
Energy Conservation Bonds	130,200
Amount of debt applicable to debt limit	<u>(55,459)</u>
Unvoted Debt Margin	<u>\$ 338,725</u>

Source: Summit County Fiscal Officer and School District financial records.

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

***Norton City School District***  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net General Bonded Debt Per Capita**  
**Last Ten Collection Years**

<u>Collection Year</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value</u>	<u>Population (1)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2003	\$ 74,741	\$ 283,266,277	11,523	0.03%	\$ 6.49
2002	168,897	247,595,511	11,523	0.07%	14.66
2001	212,297	246,258,161	11,523	0.09%	18.42
2000	255,697	242,998,049	11,523	0.11%	22.19
1999	299,097	214,945,309	11,477	0.14%	26.06
1998	342,497	210,781,864	11,477	0.16%	29.84
1997	385,897	207,109,676	11,477	0.19%	33.62
1996	429,297	178,955,623	11,477	0.24%	37.40
1995	-	177,595,140	11,477	0.00%	-
1994	19,837	174,041,646	11,477	0.01%	1.73

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

(1) Population data for 1994 through 1999 was assumed to be the same as the 1990 census,  
Population data for 2001 through 2003 was assumed to be the same as the 2000 census,  
as interim data was not available.

***Norton City School District***

**Ratio of Annual Debt Service Expenditures for**

**General Bonded Debt to Total General Governmental Expenditures**

**Last Ten Fiscal Years**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to Governmental Expenditures (Percentages)</u>
2003	\$ 43,400	\$ 9,809	\$ 53,209	\$ 20,136,798	0.26%
2002	43,400	12,261	55,661	20,002,149	0.28%
2001	43,400	14,713	58,113	17,424,240	0.33%
2000	43,400	17,165	60,565	16,291,913	0.37%
1999	43,400	19,617	63,017	14,319,334	0.44%
1998	43,400	22,069	65,469	13,649,542	0.48%
1997	43,400	25,338	68,738	13,476,105	0.51%
1996	-	68,738	68,738	12,279,138	0.56%
1995	50,000	1,500	51,500	11,255,876	0.46%
1994	50,000	4,500	54,500	10,821,933	0.50%

Source: School District records and School District audit reports.

***Norton City School District***  
**Demographic Statistics**

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

Source: U.S. Bureau of the Census

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

Year	Total Assessed Values	Certified Bank Deposits	Value of Building Permits Issued
2002	\$ 283,266,277	\$ 8,097,304,000	\$ 5,503,740
2001	247,595,511	7,870,201,000	5,761,270
2000	246,258,161	7,920,486,000	12,196,018
1999	242,998,049	7,071,487,000	11,216,324
1998	214,945,309	5,749,282,000	18,232,505
1997	210,781,864	5,153,519,000	8,157,470
1996	207,109,676	4,342,660,000	9,641,452
1995	178,955,623	4,267,009,000	3,629,308
1994	177,595,140	4,199,905,000	7,453,531
1993	174,041,646	3,792,255,000	5,443,521

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

**Norton City School District**  
**Principal Taxpayers**

Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility (1)	Total
B&C Corp	\$ 2,527,730	\$ 2,027,460	\$ -	\$ 4,555,190	1.61%	\$ 7,222,086	\$ 2,303,932	\$ -	\$ 9,526,018
Columbia Woods Apt. LL	3,458,640	-	-	3,458,640	1.22%	9,881,829	-	-	9,881,829
Ohio Edison	-	-	3,452,880	3,452,880	1.22%	-	-	13,811,520	13,811,520
PPG Industries	-	2,854,830	-	2,854,830	1.01%	-	3,244,125	-	3,244,125
Albrecht, Inc.	2,176,540	-	-	2,176,540	0.77%	6,218,686	-	-	6,218,686
Mack W. Seal	1,959,100	-	-	1,959,100	0.69%	5,597,429	-	-	5,597,429
Ohio Bell Telephone	-	-	1,280,620	1,280,620	0.45%	-	-	5,122,480	5,122,480
Pittsburgh Plate Glass Co.	1,260,100	-	-	1,260,100	0.44%	3,600,286	-	-	3,600,286
East Ohio Gas	-	-	1,212,070	1,212,070	0.43%	-	-	4,848,280	4,848,280
Fomo Products, Inc.	-	1,175,140	-	1,175,140	0.41%	-	1,335,386	-	1,335,386
<b>Total Top Ten Taxpayers</b>	<b>\$ 11,382,110</b>	<b>\$ 6,057,430</b>	<b>\$ 5,945,570</b>	<b>\$ 23,385,110</b>	<b>8.26%</b>	<b>\$ 32,520,314</b>	<b>\$ 6,883,443</b>	<b>\$ 23,782,280</b>	<b>\$ 63,186,037</b>
<b>Total All Assessed Valuations</b>	<b>\$ 255,152,710</b>	<b>\$ 19,345,067</b>	<b>\$ 8,768,500</b>	<b>\$ 283,266,277</b>					

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Source: Summit County Fiscal Officer

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

***Norton City School District***  
**Computation of Direct and Overlapping Debt**  
**June 30, 2003**

	<u>Assessed Valuation (1)</u>	<u>Net General Tax Supported Debt (2)</u>	<u>Percent Overlapping (3)</u>	<u>Amount Applicable to Norton CSD</u>
Direct:				
Norton City School District	\$ 283,266,277	<u>\$ 74,741</u>	100.00%	<u>\$ 74,741</u>
Overlapping:				
City of Norton	252,884,785	3,615,000	96.31%	3,481,607
Franklin Township	294,010,375	-	14.14%	-
City of Barberton	418,055,815	16,753,137	0.11%	18,428
Summit County	11,876,411,268	72,400,000	2.40%	1,737,600
Metro Regional Transit Authority	11,876,411,268	<u>1,515,000</u>	2.40%	<u>36,360</u>
Total overlapping:		<u>94,283,137</u>		<u>5,273,995</u>
Total direct and overlapping debt:		<u><u>\$ 94,357,878</u></u>		<u><u>\$ 5,348,736</u></u>

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

(1) All valuations are reported as of December 31, 2002 which is the latest information available.

(2) All debt reported is as of December 31, 2002, except for Norton City School District, which is reported as of June 30, 2003.

(3) Overlapping percentages are calculated based on overlapping valuation and total entity valuation.

***Norton City School District***  
**Miscellaneous Statistics**  
**Last Ten Fiscal Years (1)**

	<u>Fiscal Year Ended June 30, 2003</u>	<u>Fiscal Year Ended June 30, 2002</u>	<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>
Fall Enrollment	2,369	2,592	2,552	2,564
Average Teacher Salary	\$ 45,145	43,225	42,303	44,931
Percent of Teachers With No Degree	0.00%	-	-	-
Percent of Teachers With Bachelor Degree	48.00%	53.60	53.40	56.60
Percent of Teachers With Masters Degree	52.00%	46.40	46.60	43.40
Average Teacher Experience (yrs.)	11.00	12.50	13.50	13.43
Pupil Attendance Rate	95.10%	95.00	95.20	95.10
Graduation Rate	96.70%	92.90	88.80	87.60
Honors Diplomas	15.00%	24.00	19.90	-
College Prep Award of Merit	20.00%	28.57	25.10	-

Source: Ohio Department of Education/School District records.

(1) Honors Diplomas and College Prep Award of Merit information was not available for 1994 through 2000.

<u>Fiscal Year Ended June 30, 1999</u>	<u>Fiscal Year Ended June 30, 1998</u>	<u>Fiscal Year Ended June 30, 1997</u>	<u>Fiscal Year Ended June 30, 1996</u>	<u>Fiscal Year Ended June 30, 1995</u>	<u>Fiscal Year Ended June 30, 1994</u>
2,506	2,553	2,453	2,402	2,428	2,465
38,720	39,419	39,039	38,811	37,798	36,640
0.72	-	2.20	2.23	2.28	2.38
18.24	17.43	17.20	14.12	15.20	13.70
40.89	35.58	40.34	37.22	35.71	36.42
13.60	14.10	15.70	16.60	16.30	22.20
95.10	95.15	95.22	95.30	94.76	95.10
87.60	89.22	87.72	86.57	84.68	80.47
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## COMPLIANCE SECTION



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

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

We have audited the financial statements of the Norton City School District as of and for the year ended June 30, 2003, and have issued our report thereon dated February 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

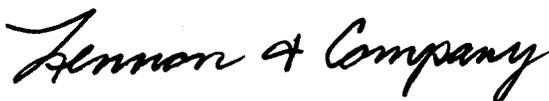
### Compliance

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

### Internal Control Over Financial Reporting

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

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



LENNON & COMPANY  
Certified Public Accountant  
February 17, 2004

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

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

### Compliance

We have audited the compliance of Norton City School District, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Norton City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Norton City School District's management. Our responsibility is to express an opinion on Norton City School District's compliance based on our audit.

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

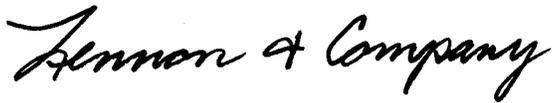
In our opinion, Norton City School District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

### Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



LENNON & COMPANY  
Certified Public Accountant  
February 17, 2004

***Norton City School District***  
Summit County  
Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$ -	\$ 48,775	\$ -	\$ 48,775
National School Lunch Program	N/A	10.555	131,408	-	131,408	-
Total U.S. Department of Agriculture - Nutrition Cluster			131,408	48,775	131,408	48,775
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education Grants to States	6B-SF-02 P 6B-SF-03 P	84.027	1,440 208,497 209,937	- - -	9,810 208,497 218,307	- - -
EHA Preschool Grants for the Handicapped	PG-S1-02 PG-S1-03	84.173	- 4,034 4,034	- - -	53 4,034 4,087	- - -
Total Special Education Cluster			213,971	-	222,394	-
Class Size Reduction	CR-S1-02	84.340	-	-	4,425	-
Title II-A	TR-S1-03	84.367	58,660	-	21,489	-
Title I ESEA	C1-S1-02 C1-S1-03	84.010	2,859 109,077 111,936	- - -	4,164 108,666 112,830	- - -
Drug Free Schools	DR-S1-02 DR-S1-03	84.186	- 8,706 8,706	- - -	3,016 5,224 8,240	- - -
Title II IASA Eisenhower Grant	MS-S1-02	84.281	-	-	215	-
Technology Literacy Challenge	TJ-S1-03	84.318	2,594	-	1,179	-
Advanced Placement	AV-S1-03	84.330	50	-	50	-
Innovative Educational Program Strategies	C2-S1-02 C2-S1-03	84.298	5,220 14,634 19,854	- - -	6,256 8,427 14,683	- - -
Total U.S. Department of Education			415,771	-	385,505	-
TOTAL FEDERAL ASSISTANCE			\$ 547,179	\$ 48,775	\$ 516,913	\$ 48,775

See accompanying notes to the Schedule of Federal Awards Expenditures.

***Norton City School District***

Notes to the Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 2003

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the School District had no significant food commodities in inventory.

**NOTE C – MATCHING REQUIREMENTS**

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

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

**NORTON CITY SCHOOL DISTRICT**  
**June 30, 2003**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Grants to States: CFDA 84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None



**Auditor of State  
Betty Montgomery**

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**NORTON CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 15, 2004**