



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF NORTON
SUMMIT COUNTY
DECEMBER 31, 2018

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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Norton
Summit County
4060 Columbia Woods Drive
Norton, Ohio 44203

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Summit County, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, reading "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

June 28, 2019



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City of Norton
Summit County
4060 Columbia Woods Drive
Norton, Ohio 44203

To the Members of City Council:

Report on Compliance for the Major Federal Program

We have audited City of Norton's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Norton's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Norton complied, in all material respects with the compliance requirements referred to above that could directly and materially affect the its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information of City of Norton (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 28, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We conducted our audit to opine on the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Keith Faber
Auditor of State

Columbus, Ohio

June 28, 2019

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**CITY OF NORTON
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning & Construction Cluster		20.205	
Cleveland-Massillon Road	PID 97638		\$ 971,018
Cleveland-Massillon Road	PID 84498		\$ 2,173
Total Highway Planning & Construction Cluster			\$ 973,191
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 973,191
U.S. DEPARTMENT OF JUSTICE			
<i>Direct</i>			
Public Safety Partnership and Community Policing Grants	2016UMWX0198	16.710	53,390
Total Public Safety Partnership and Community Policing Grants			\$ 53,390
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ 53,390
TOTAL DISBURSEMENTS OF FEDERAL AWARDS			\$ 1,026,581

The accompanying notes are an integral part of this schedule.

**CITY OF NORTON
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Norton (the City's) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**CITY OF NORTON
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Highway Construction Planning Grant and (CFDA #20.205)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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CITY OF

NORTON, OHIO



NORTON
B I C E N T E N N I A L

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED—DECEMBER 31

2018

City of Norton, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

Issued by:

City of Norton
Department of Finance

Ronald Messner
Director of Finance

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City of Norton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2018
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Mayor Mike Zita

CITY OF NORTON

4060 Columbia Woods Drive

Norton, Ohio 44203

Offices: 330-825-7815 Fax: 330-825-3104

Website: www.cityofnorton.org

June 28, 2019

Members of City Council and
Citizens of Norton

This report enables the City of Norton (City) to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State rendered an opinion on the City's financial statements as of December 31, 2018, and the Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

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

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

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

The City is located in the counties of Summit and Wayne in northeastern Ohio, and is approximately 21 square miles in size. The City of Norton is approximately 40 miles south of Cleveland, and five miles southwest of Akron. The Highway system includes State Route 21, U.S. 224 and Interstate 76 with

access to Interstate 77. The Ohio Turnpike and Interstate 71 are approximately 15 minutes away. The Akron-Canton Airport, 20 miles south, and Cleveland–Hopkins Airport, 35 miles north, both offer commercial, passenger and freight service. Wheeling and Lake Erie provide rail service to the community.

The City of Norton has an excellent public school system which is supplemented by local vocational and technical schools. An array of higher education programs are available at nearby University of Akron (5 miles), as well as Baldwin Wallace, Lake Erie College, Oberlin, John Carroll, Kenyon, Ashland, Malone, Walsh, Stark State, Cleveland State, Cuyahoga County Community College, Notre Dame (Cleveland), Mount Union, Northeast Ohio Medical University, Case Western Reserve University, Kent State University, Wooster ATI and Wooster College – all within a one-hour drive.

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

- ◆ The Service Department includes the division of Streets, Parks and Cemeteries. The Service Department is also responsible for maintenance of City facilities and vehicles.
- ◆ The Safety Department includes the divisions of Police, Fire and Emergency Medical Services.
- ◆ The Administration Department is responsible for all other functions including building, zoning and development.

As previously mentioned, Norton was organized as a Village in 1961; the Village was and the City is a home-rule municipal corporation operating under the laws of the State of Ohio. The original charter was adopted on November 6, 1962. The Charter was readopted by the voters in its entirety on November 5, 1991. The Charter has been amended various times since this date.

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

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

The Mayor is elected for a four-year term to begin the first day of January following the election. According to the Charter, the Mayor is the executive of the City and is responsible to the electors for enforcement of all laws and ordinances, and for control and proper operation of all administrative departments and divisions. The Mayor appoints an Administrative Officer, Director of Finance, Director of Law, and Director of Community Development, subject to confirmation by a majority vote of Council. The Administrative Officer serves as the head of the service and safety departments. The Directors are responsible to the Mayor for the general administration of the affairs of the City. The Director of Community Development is currently an unfilled position, and those tasks are shared by the Administrative Officer and through the utilization of a consultant, inSITE Advisory Group.

LOCAL ECONOMY

Development of Community Reinvestment Area The hiring of inSITE Advisory Group continues to be a wise investment to assist in jump-starting economic development efforts in Norton. In order to encourage new construction and renovation in the City of Norton, inSITE developed and filed necessary State approvals to create a Community Reinvestment Area (CRA). With the unanimous support of City Council, Ordinance #44-2015 was passed, which designated the City of Norton as a CRA to offer real property tax incentives for eligible commercial and industrial projects. By offering tax incentives through

the CRA program, the City will now be able to attract new companies to Norton and provide incentives to existing businesses in the City to assist in their expansion and renovation projects, which create and retain jobs and increases property values throughout the community. The CRA provides the City with more equal footing with the surrounding communities in economic incentives.

CITY PROJECTS

Consolidation of Services Results in Efficiency In April of 2016, the City opted to contract with the City of Barberton to provide building services. The contract with the City of Barberton saves approximately \$100,000 in overhead, while still allowing the City of Norton to receive some revenue. The City of Norton's building revenue was \$4,473 for 2018. The zoning department maintained its office with the City and refocused on complaint driven zoning issues.

During 2016, the City approved an energy upgrade project with Gardiner, which included a complete LED lighting retrofit of all facilities, convert park lights to LED, convert all traffic signals to LED, convert administration building HVAC system to variable air volume, convert the service garage from all electrical to natural gas heating, install new heater at the park garage, upgrade demand side and supply side utility contracts and place a new HVAC unit at the Community Center. The agreement was signed in early 2017 and work began in January of 2017. The City improvements did not exceed \$556,000, and repayments on the ten year lease began in March of 2018. Guaranteed annual energy savings to the City make this project budget neutral.

Engineering

Road Evaluation An action list, which had been developed by Michael Benza and Associates, Incorporated, continued to be used as a strategic guideline for planning for the resurfacing of poor roads and general maintenance of good roads so that good roads continue to rate at a high standard. In addition, the City also relies on its Service Department manager's review of road conditions in determining which roads will be repaired and its annual road repair budget.

Cleveland-Massillon Road Widening Project

Phase I: Pleasant Road to Grenfall Road This project was awarded to Karvo Construction Company to lay the additional sewers from Grandpa's Cheese Barn down to Shellhart Road, and also to pave the road. Phase I was completed in September of 2017.

Phases II and III: Pleasant Road to Shannon Avenue Plans for Phases II and III were combined and approved by Ohio Department of Transportation (ODOT) in late 2018. Trans Systems began the ODOT process to acquire necessary right-of-ways. These two phases go through the dense commercial development in the center of the City; therefore, there are many complex issues related to right of ways. The City administration has worked closely with Trans Systems and landowners to achieve the best resolution of all issues. Federal funding, which had caused a delay in the Phase II and III schedules, has been approved. Construction began in mid-April of 2019 and is expected to be completed in mid to late 2020.

Other Infrastructure Projects

Road and Waterlines The City repaired roads that included eleven streets along with street signage during 2018. The City has awarded several contracts to engineering companies for 2019 for waterline improvements in several areas of the City.

MAJOR INITIATIVES

The City concluded negotiations with the City of Barberton with a memorandum of understanding to takeover sanitary sewer assets within the City of Norton. The final agreement was signed in early January of 2017. In an effort to correct the ongoing issues within the Nash Heights project, bids were submitted and Rudzik Excavating was awarded the construction agreement by the City of Barberton. Work on this project commenced in April 2017 and was completed in April of 2018.

FINANCIAL PLANNING AND POLICIES

The City continues to target 15 to 25 percent carryover balances as a percentage of appropriations needed to cover accrued obligations and unexpected expenditures. Further, the healthy balances are intended to be attractive to financing sources when the City issues debt. The City received an AA+ bond rating in August 2017. It is also notable that the City received \$155,500 in entertainment device charges for services from seven skilled gaming locations in 2018.

NEW TAXES SUPPORT LOCAL GOVERNMENT

In November of 2004, the voters of Norton approved a half (1/2) percent increase for City income tax and then in 2005 out-sourced the collection to Central Collection Agency, a regional income tax collecting service in Cleveland. The annual income tax collections (cash basis) increased from \$2,657,039 in 2004 to \$4,014,015 in 2008 for an increase of 51.07 percent.

In 2009, the Norton City Council passed a change to the tax credit from a full credit up to 1 and 1/2 percent credit effective July 1, 2009. As a result, all residents pay at least a 1/2 percent income tax to the City of Norton. On a cash basis, 2018 income tax results for the general fund were \$5,751,246, of which \$630,180 was moved to other funds due to the change in the tax credit. The proceeds from this change are intended to be used on water and sewer improvements. The fund that accounts for this was established in 2009, and as of December 31, 2018, has an ending unencumbered cash balance of \$2,661,806.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norton for its Comprehensive Annual Financial Reports for the year ended December 31, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period. The City of Norton has received a Certificate of Achievement for 15 years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for review.

The Director of Finance received the Ohio Auditor of State Award of Distinction in 2018 for the prior year. This award was only given to five percent of the over 5,900 municipalities in Ohio. The Director of Finance strongly supports full disclosure of the City's finances. The employees of the City of Norton are dedicated to serve its citizens. The preparation of a report of this scope depends upon the assistance of many employees, but especially to the employees in the Department of Finance and to the Local Government Services Section of the Auditor of State's Office for their assistance and guidance in the preparation of this report.

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

Respectfully submitted,


Mike Zita
Mayor


Ronald Messner
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Norton
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

City of Norton, Ohio

Principal Officials

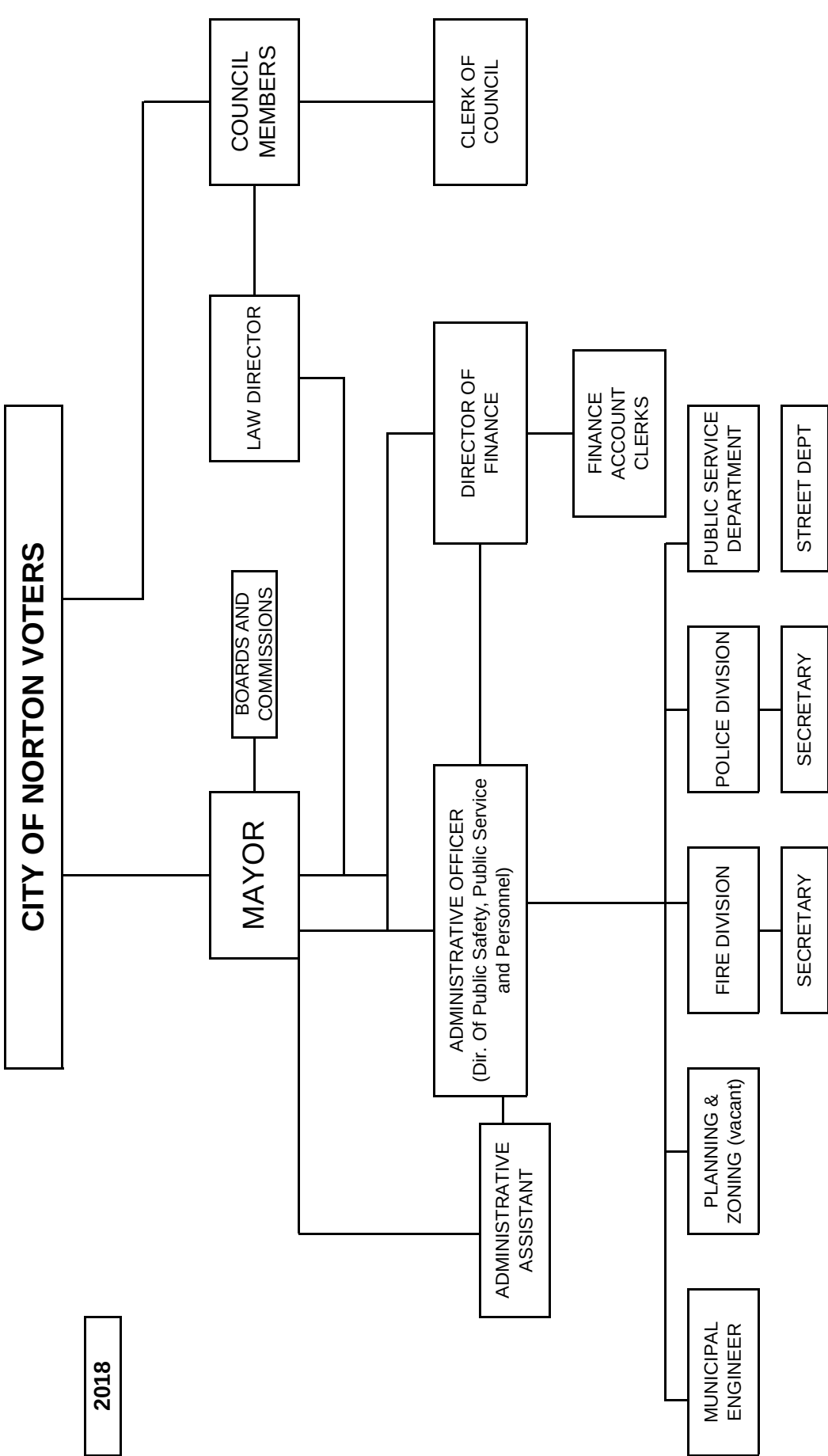
December 31, 2018

Elected Officials

Mike Zita..... Mayor
Scott Pelot..... Council President, City Council, At-Large
Joe Kernan..... Council Vice President, City Council, At-Large
Jack Gainer..... City Council, Ward 1
Dennis McGlone..... City Council, Ward 2
Dan Karant..... City Council, Ward 3
Paul Tousley..... City Council, Ward 4
Charlotte Whipkey..... City Council, At-Large

Administrators

Robert Fowler..... Administrative Officer
Ronald Messner..... Director of Finance and Tax Administrator
Justin Markey..... Director of Law
John Dalessandro..... Police Chief
Mike Schultz..... Chief of Fire/EMS
William Braman..... Zoning Inspector
Kerry Macomber..... Clerk of Council



2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of
NORTON

Financial

Section



2018

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Canton, Ohio 44702-1509
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EastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

City of Norton
Summit County
4060 Columbia Woods Drive
Norton, Ohio 44203

To the Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Summit County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Norton, Summit County, Ohio as of December 31, 2018, and the respective changes in its financial position thereof and the respective budgetary comparisons General, Street Construction Maintenance and Repair, and Fire/EMS Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2018, the City adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements, and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

June 28, 2019

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City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

The discussion and analysis for the City of Norton's (City) financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2018. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the transmittal letter, the basic financial statements and notes to the basic financial statements.

Financial Highlights

The financial summary for 2018 follows:

- The City made a final payment of the remaining \$100,000 for the radio equipment bond anticipation notes to finance Motorola P-25 emergency radios for Fire/EMS, Police and Service Departments.
- There was a one-time event that created a significant increase in fines and forfeitures revenue during 2018. In order to decrease the amount of car accidents in a construction zone on Interstate 76 within city limits, the City contracted with Blue Lines Solutions LLC for the use of cameras that could simultaneously check a vehicle's speed while also taking a picture of the driver and license plate number. The contract allowed 60 percent of each \$200 per speeding ticket to go to the City during the months of September and October of 2018, which was deposited into the City's police equipment, economic development, road program and law enforcement special revenue funds.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information from a summary perspective showing the effects of the operations for the year 2018 and how they affected the City of Norton's operations. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City of Norton as a Whole

Statement of Net Position and the Statement of Activities

This financial view of the City as a whole considers all transactions and answers the question of how the City of Norton performed financially during 2018. The statement of net position and the statement of activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status.

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

These statements include all non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. Transactions are booked when they occur and not when actual cash is received for revenues or when invoices are paid.

These two statements report the City's net position and any changes in net position. The change in net position is important because it indicates whether the financial position of the City has improved or declined. To evaluate the overall position of the City, particular items must be taken into consideration. These items include the current economic situation as a whole, the current tax base for the City and the age and condition of City buildings and infrastructure.

The statement of net position and the statement of activities for the City of Norton are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning of Year and Year's End

Reporting the City of Norton's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 11. Fund financial reports give detailed information of activities within these funds. The City currently has twenty-seven funds, which have been established to account for the multitude of services provided to residents, for the operation of facilities, as well as for infrastructure and capital purchases. These fund financial statements focus on the City's five major funds: the general fund, the street construction, maintenance and repair fund, the fire/EMS fund, the special assessment bond retirement fund and the water and sewer improvements capital projects fund.

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

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

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

The City of Norton as a Whole

The statement of net position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2018 as they compare to 2017.

Table 1
Net Position

	Governmental Activities		
	2018	Restated 2017	Change
<i>Assets</i>			
Current and Other Assets	\$19,653,234	\$18,492,902	\$1,160,332
Capital Assets, Net	24,532,947	22,473,324	2,059,623
Total Assets	44,186,181	40,966,226	3,219,955
<i>Deferred Outflows of Resources</i>			
Deferred Charges on Refunding	34,466	41,360	(6,894)
Pension	1,686,949	2,389,027	(702,078)
OPEB	507,561	28,070	479,491
Total Deferred Outflows of Resources	2,228,976	2,458,457	(229,481)
<i>Liabilities</i>			
Current and Other Liabilities	610,870	638,267	27,397
Long-term Liabilities			
Due Within One Year	966,668	951,110	(15,558)
Due in More than One Year:			
Net Pension Liability	5,693,097	6,510,535	817,438
Net OPEB Liability	5,059,736	4,355,619	(704,117)
Other Amounts	5,383,073	5,389,242	6,169
Total Liabilities	17,713,444	17,844,773	131,329
<i>Deferred Inflows of Resources</i>			
Property Taxes	2,047,873	1,995,196	(52,677)
Pension	547,439	114,950	(432,489)
OPEB	157,165	0	(157,165)
Total Deferred Outflows of Resources	2,752,477	2,110,146	(642,331)
<i>Net Position</i>			
Net Investment in Capital Assets	20,431,843	18,234,870	2,196,973
Restricted:			
Capital Projects	390,117	384,597	5,520
Debt Service	889,748	1,174,698	(284,950)
Police	730,136	300,936	429,200
Fire/EMS	1,766,020	1,884,573	(118,553)
Transportation	846,707	675,219	171,488
Public Utilities	2,205,841	2,160,341	45,500
Economic Development	158,783	0	158,783
Unclaimed Monies	14,879	9,542	5,337
Unrestricted (Deficit)	(1,484,838)	(1,355,012)	(129,826)
Total Net Position	\$25,949,236	\$23,469,764	\$2,479,472

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

The net pension liability (NPL) is one of the largest liabilities reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefit (OPEB). For reasons discussed that follow, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows or resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$27,797,313 to \$23,469,764.

Total assets have increased from the prior year primarily due to increases in cash and cash equivalents and capital assets. The increase in cash and cash equivalents was primarily due to the increase in fines and forfeitures revenue, which increased because of a speed camera that was used in a construction zone on Interstate 76 during September and October of 2018. As the Cleveland-Massillon Road widening project continues, nondepreciable assets also increased due to miscellaneous waterline projects. The increase in depreciable capital assets was due to the purchases of parking lot repairs; a budgeting program for the accounting system; new service department trailers, dump truck, truck and tandem vehicle; police department garage repairs, fingerprinting system, tasers, and three vehicles; fire department turn out gear and ambulance; and miscellaneous road repairs and resurfacings.

Liabilities decreased slightly from the prior year primarily due to a decrease in the net pension liability, which was offset by an increase in the net OPEB liability. The change in the net pension/OPEB liabilities represent the City's proportionate share of the OPERS and OPF traditional plan's unfunded benefits. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Table 2 shows the changes in net position for 2018 compared to 2017.

Table 2
Changes in Net Position

	Governmental Activities		
	2018	Restated 2017	Change
<i>Revenues:</i>			
Program Revenues:			
Charges for Services and Sales	\$1,704,345	\$1,376,376	\$327,969
Operating Grants and Contributions	1,151,850	1,083,744	68,106
Capital Grants and Contributions	1,077,712	610,681	467,031
Total Program Revenues	<u>\$3,933,907</u>	<u>\$3,070,801</u>	<u>\$863,106</u>

(continued)

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Table 2
Changes in Net Position (continued)

	Governmental Activities		
	2018	Restated 2017	Change
<i>Revenues:</i>			
General Revenues:			
Property Taxes	\$2,011,560	\$2,020,586	(\$9,026)
Income Tax	6,336,185	6,312,094	24,091
Grants and Entitlements	690,108	491,771	198,337
Interest	48,658	54,646	(5,988)
Other	353,752	126,991	226,761
Total General Revenues	9,440,263	9,006,088	434,175
<i>Total Revenues</i>	<u>13,374,170</u>	<u>12,076,889</u>	<u>1,297,281</u>
<i>Program Expenses:</i>			
General Government	2,650,174	2,074,731	(575,443)
Security of Persons and Property	5,573,805	5,126,841	(446,964)
Transportation	1,887,289	1,827,182	(60,107)
Community Environment	51,948	61,897	9,949
Public Health Services	135,116	103,112	(32,004)
Leisure Time Activities	407,627	326,356	(81,271)
Interest and Fiscal Charges	188,739	218,080	29,341
<i>Total Expenses</i>	<u>10,894,698</u>	<u>9,738,199</u>	<u>(1,156,499)</u>
Special Item - Transfer of Operations	0	(5,949,503)	5,949,503
<i>Changes in Net Position</i>	<u>2,479,472</u>	<u>(3,610,813)</u>	<u>6,090,285</u>
<i>Net Position Beginning of Year</i>	<u>23,469,764</u>	<u>N/A</u>	<u>N/A</u>
<i>Net Position End of Year</i>	<u>\$25,949,236</u>	<u>\$23,469,764</u>	<u>\$2,479,472</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available; therefore, 2017 functional expenses still include OPEB expense of \$28,070 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$400,280. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$10,894,698
OPEB expense under GASB 75	(400,280)
2018 contractually required contribution	<u>18,489</u>
Adjusted 2018 program expenses	10,512,907
Total 2017 program expenses under GASB 45	<u>9,738,199</u>
Increase in program expenses not related to OPEB	<u>\$774,708</u>

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Total revenues increased due, in large part, to increases in charges for services and sales and capital grants and contributions. The increase in charges for services and sales is due to increased fines and forfeitures from speeding tickets issued in a construction zone on Interstate-76 and the increase in capital grants and contributions is due to increased grants received by the Cleveland-Massillon widening fund.

Total general government and security of persons and property expenses increased from the prior year. These increases were related to normal increased operational costs and the increase of the OPF net OPEB liability, respectively.

Governmental Activities

Several revenue sources fund governmental activities with the City of Norton's municipal income tax being the largest contributor. The income tax rate of 1 percent was created by City Charter adopted November 6, 1962 and re-adopted in its entirety by the voters at a general election held on November 5, 1992. The City allowed a 100 percent credit of taxes paid to other municipalities, up to 1 percent of income. The 1 percent tax created by the Charter remained in effect until July 1, 1974, when Norton's electorate increased the income tax rate to 1.5 percent, with a 100 percent credit of taxes paid to other municipalities up to 1.5 percent of income. The 1.5 percent tax remained in effect until November 4, 2004, when Norton's electorate increased the income tax rate effective January 1, 2005 to 2 percent, with a 100 percent credit of taxes paid to other municipalities up to 2 percent of income. In 2009, City Council reduced the credit to a maximum of 1.5 percent towards the 2 percent tax, with the proceeds going to sewer and water improvement projects.

The operations of the City's safety forces account for the largest expense in governmental activities, representing about half of the total governmental activity expenses. The police service for the City of Norton is a full time, 24-hour per day, 365 days per year operation. The staff consists of a full time chief, a full time captain, three full time sergeants, eleven full time patrol officers, five part time patrol officers and one full time office manager. As of December 31, 2013, dispatch was run as a joint project with Copley Township. In January of 2014, the dispatch operations changed over to the Southwest Summit Council of Governments which includes the cities of Barberton, Norton, and Copley Township.

The fire/paramedic division is a full-time, 24-hour per day, 365-days per year operation utilizing one fire station. The staff consists of a full time chief and an assistant chief, nine full time fire/paramedics, six of which are Lieutenants and three are Captains, twenty-two part time fire/EMT/paramedics, and one full time secretary.

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for by using the modified accrual method of accounting. This year was marked by an increase in both revenues and expenditures. Historically, the City has maintained healthy carryover balances in operating funds and saves up carryover balances in capital funds.

Revenues and other financing sources exceeded expenditures and other financing uses overall, increasing the City-wide fund balance. Significant changes to the City's major funds are described as follows.

For the general fund, the carryover balance increased. This increase was due to increased fine and forfeitures and intergovernmental revenues. There were increased speeding ticket related revenues that were the reason for the fine and forfeitures revenue increase. The intergovernmental increase was mainly due to the reimbursement of engineering costs for the Nash Heights sewer project that the City of Barberton took over.

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

The street construction, maintenance and repair fund had a decrease in fund balance. This decrease was due to increases in operational expenditures from the prior year.

The fire/EMS fund had a decrease in fund balance. Although revenues increased, expenditures also increased, which created a negative net change in fund balance.

The special assessment bond retirement fund decreased its fund balance slightly from the prior year. Special assessment revenues decreased from the prior year. The church that was assessed for the 2010 various purpose bond for Johnson Meadows paid the remaining balance in 2017, inflating special assessment revenues in the prior year.

The water and sewer improvements capital projects fund balance increased from the prior year. This was achieved by the City of Barberton paying \$150,000 to the City of Norton for the transfer of sewer operations as part of their agreement.

General Fund Budgeting Highlights

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

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

For the general fund, final budgeted revenues exceeded original budgeted revenues due to conservative budgeting at the beginning of the year. Even though final budgeted expenditures increased from original budgeted expenditures, actuals were lower than original budgeted expenditures. This was due to conservative spending during 2018.

Actual revenue collections for the general fund were higher than final budgeted revenues, which is attributed to higher than anticipated property tax, charges for services, intergovernmental and other revenues, offset by lower than anticipated income tax revenues. Actual expenditures were lower than final budgeted expenditures, which was due to efforts to control actual expenditures.

Capital Assets and Debt Administration

Capital Assets

Capital assets have increased over the prior year due to additions exceeding depreciation and deletions. Additions, or purchases, consisted of road projects, repairs to the administrative parking lot and driveway, a budgeting program for the accounting system, new service department equipment and vehicles, police department garage repairs and equipment/vehicles, fire department equipment, and miscellaneous road repairs and resurfacings throughout the City. For more information about the City's capital assets, see Note 9 to the basic financial statements.

City of Norton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Debt

The general obligation bonds outstanding are to finance various projects in the City, including fire station projects; street improvements, road programs, and engineering; a police radio system; ballfields; and Barber Road sanitary sewer improvements. The bonds related to street improvements and road programs and a police radio system were paid off in 2018. The bonds are paid from property taxes, cable franchise fees and monies transferred from the general fund.

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

For more information about the City's debt, see Notes 10, 11, and 12 in the basic financial statements.

Current Financial Related Issues

Meeting the financial and infrastructure needs of the community continues to be the primary goal of the City. The City has maintained services at past levels while adjusting to lower revenues through fiscal management by the Administration and City Council making budget supervision more of a priority. To facilitate the pay-down of debt, equipment purchases as well as facility improvements, acquisition and other necessary major purchases have been paid for in cash where possible but the City also uses capital leases for equipment purchases. The City continues to work to attain healthy carryover balances.

The Administration's commitment to its residents has always been one of full disclosure of the financial position of the City. Also offered for many years is information on the City of Norton's website regarding finances, services and other matters of interest to the residents. In December of 2017, the City began participation in Ohio Checkbook through the Treasurer State of Ohio Office. The Administration continues toward its goal of keeping all residents and other interested parties fully informed of all financial aspects of the City of Norton. The City has been awarded for a number of years the prestigious Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officer Association. In 2018, the City and Director of Finance also received the prestigious Ohio Auditor of State Award of Distinction. Less than five percent of the 5,900 of Ohio municipalities receive this award.

Contacting the City of Norton's Finance Department

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

City of Norton, Ohio
Statement of Net Position
December 31, 2018

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,339,836
Materials and Supplies Inventory	219,368
Accounts Receivable	358,029
Accrued Interest Receivable	31,076
Intergovernmental Receivable	884,427
Prepaid Items	43,769
Income Taxes Receivable	1,766,100
Property Taxes Receivable	2,213,839
Loans Receivable	225,000
Special Assessments Receivable	1,571,790
Nondepreciable Capital Assets	5,524,536
Depreciable Capital Assets, Net	19,008,411
<i>Total Assets</i>	<u>44,186,181</u>
Deferred Outflows of Resources	
Deferred Charges on Refunding	34,466
Deferred Outflows - Pension	1,686,949
Deferred Outflows - OPEB	507,561
<i>Total Deferred Outflows of Resources</i>	<u>2,228,976</u>
Liabilities	
Accounts Payable	165,434
Accrued Wages	157,900
Intergovernmental Payable	187,056
Contracts Payable	61,499
Accrued Interest Payable	38,981
Long-Term Liabilities:	
Due Within One Year	966,668
Due in More Than One Year:	
Net Pension Liability (See Note 14)	5,693,097
Net OPEB Liability (See Note 15)	5,059,736
Other Amounts	5,383,073
<i>Total Liabilities</i>	<u>17,713,444</u>
Deferred Inflows of Resources	
Property Taxes	2,047,873
Deferred Inflows - Pension	547,439
Deferred Inflows - OPEB	157,165
<i>Total Deferred Inflows of Resources</i>	<u>2,752,477</u>
Net Position	
Net Investment in Capital Assets	20,431,843
Restricted for:	
Capital Projects	390,117
Debt Service	889,748
Police	730,136
Fire/EMS	1,766,020
Transportation	846,707
Public Utilities	2,205,841
Economic Development	158,783
Unclaimed Monies	14,879
Unrestricted (Deficit)	(1,484,838)
<i>Total Net Position</i>	<u>\$25,949,236</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Activities
For the Year Ended December 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$2,650,174	\$260,145	\$72,585	\$0	(\$2,317,444)
Security of Persons and Property	5,573,805	666,507	257,938	0	(4,649,360)
Transportation	1,887,289	500,760	821,277	1,003,114	437,862
Community Environment	51,948	2,685	0	0	(49,263)
Public Health Services	135,116	249,304	0	74,598	188,786
Leisure Time Activities	407,627	24,944	50	0	(382,633)
Interest and Fiscal Charges	188,739	0	0	0	(188,739)
Totals	\$10,894,698	\$1,704,345	\$1,151,850	\$1,077,712	(6,960,791)
General Revenues					
Property Taxes Levied for:					
General Purposes					358,665
Police and Fire Disability and Pension					67,250
Fire/EMS					1,585,645
Income Taxes Levied for:					
General Purposes					5,782,387
Water and Sewer Improvements					553,798
Grants and Entitlements not Restricted to Specific Programs					690,108
Interest					48,658
Other					353,752
Total General Revenues					9,440,263
Change in Net Position					2,479,472
Net Position Beginning of Year - Restated (Note 3)					23,469,764
Net Position End of Year					\$25,949,236

See accompanying notes to the basic financial statements

City of Norton, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General	Street Construction, Maintenance and Repair	Fire/EMS	Special Assessment Bond Retirement	Water and Sewer Improvements	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$3,363,933	\$177,114	\$1,352,763	\$243,505	\$2,679,803	\$4,507,839	\$12,324,957
Materials and Supplies Inventory	6,621	212,747	0	0	0	0	219,368
Accounts Receivable	61,865	0	238,101	0	0	58,063	358,029
Accrued Interest Receivable	31,076	0	0	0	0	0	31,076
Intergovernmental Receivable	441,947	248,074	119,280	0	0	75,126	884,427
Prepaid Items	33,715	3,166	6,888	0	0	0	43,769
Income Taxes Receivable	1,571,299	0	0	0	194,801	0	1,766,100
Property Taxes Receivable	393,194	0	1,746,922	0	0	73,723	2,213,839
Loans Receivable	0	0	0	0	225,000	0	225,000
Special Assessments Receivable	0	0	0	1,571,790	0	0	1,571,790
Restricted Assets:							
Equity in Pooled Cash and Cash Equivalents	14,879	0	0	0	0	0	14,879
Total Assets	\$5,918,529	\$641,101	\$3,463,954	\$1,815,295	\$3,099,604	\$4,714,751	\$19,653,234
Liabilities							
Accounts Payable	\$68,557	\$85,756	\$4,146	\$0	\$0	\$6,975	\$165,434
Accrued Wages	88,736	16,554	52,610	0	0	0	157,900
Intergovernmental Payable	128,382	15,178	24,979	0	0	18,517	187,056
Contracts Payable	45,774	646	240	0	3,264	11,575	61,499
Total Liabilities	331,449	118,134	81,975	0	3,264	37,067	571,889
Deferred Inflows of Resources							
Property Taxes	363,718	0	1,615,959	0	0	68,196	2,047,873
Unavailable Revenue	1,146,739	161,835	442,679	1,571,790	347,376	57,511	3,727,930
Total Deferred Inflows of Resources	1,510,457	161,835	2,058,638	1,571,790	347,376	125,707	5,775,803
Fund Balances							
Nonspendable	55,215	215,913	6,888	0	0	0	278,016
Restricted	0	145,219	1,316,453	243,505	225,000	3,997,008	5,927,185
Committed	160,374	0	0	0	2,523,964	25,533	2,709,871
Assigned	868,526	0	0	0	0	542,078	1,410,604
Unassigned (Deficit)	2,992,508	0	0	0	0	(12,642)	2,979,866
Total Fund Balances	4,076,623	361,132	1,323,341	243,505	2,748,964	4,551,977	13,305,542
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$5,918,529	\$641,101	\$3,463,954	\$1,815,295	\$3,099,604	\$4,714,751	\$19,653,234

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018*

Total Governmental Fund Balances		\$13,305,542
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,532,947
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	165,966	
Municipal Income Tax	1,109,480	
Charges for Services	192,436	
Special Assessments	1,571,790	
Intergovernmental	463,258	
Consideration on Transfer of Operations	<u>225,000</u>	
Total		3,727,930
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(38,981)
Long-term liabilities, including notes, bonds, capital leases payable, and compensated absences are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(2,715,507)	
Special Assessment Bonds	(1,718,002)	
Capital Leases	(1,050,809)	
Compensated Absences	<u>(865,423)</u>	
Total		(6,349,741)
Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position.		34,466
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,686,949	
Deferred Outflows - OPEB	507,561	
Net Pension Liability	(5,693,097)	
Net OPEB Liability	(5,059,736)	
Deferred Inflows - Pension	(547,439)	
Deferred Inflows - OPEB	<u>(157,165)</u>	
Total		<u>(9,262,927)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$25,949,236</u></u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Street Construction, Maintenance and Repair	Fire/EMS	Special Assessment Bond Retirement	Water and Sewer Improvements	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$365,962	\$0	\$1,628,564	\$0	\$0	\$68,618	\$2,063,144
Municipal Income Tax	5,479,088	0	0	0	519,667	0	5,998,755
Charges for Services	213,258	24,410	272,437	0	0	434,538	944,643
Special Assessments	0	0	0	178,454	0	0	178,454
Licenses, Permits and Fees	29,203	0	0	0	0	0	29,203
Fines and Forfeitures	492,193	0	0	0	0	561,863	1,054,056
Intergovernmental	771,570	605,569	238,894	0	74,598	1,311,326	3,001,957
Contributions and Donations	60,113	0	0	0	0	50	60,163
Interest	45,447	2,106	0	0	0	1,105	48,658
Rentals	15,454	0	0	0	0	0	15,454
Other	287,160	22,659	37,214	0	150,000	6,719	503,752
Total Revenues	7,759,448	654,744	2,177,109	178,454	744,265	2,384,219	13,898,239
Expenditures							
Current:							
General Government	2,577,314	0	0	3,003	0	55	2,580,372
Security of Persons and Property	2,392,634	0	2,266,292	0	0	164,944	4,823,870
Transportation	839,880	1,730,043	0	0	0	153,300	2,723,223
Community Environment	53,651	0	0	0	0	0	53,651
Public Health Services	0	0	0	0	0	147,748	147,748
Leisure Time Activities	290,941	0	0	0	0	0	290,941
Capital Outlay	0	0	0	0	24,294	1,202,761	1,227,055
Debt Service:							
Principal Retirement	46,000	142,227	55,240	134,320	85,680	238,990	702,457
Interest and Fiscal Charges	2,168	3,655	3,067	67,287	16,594	104,235	197,006
Total Expenditures	6,202,588	1,875,925	2,324,599	204,610	126,568	2,012,033	12,746,323
Excess of Revenues Over (Under) Expenditures	1,556,860	(1,221,181)	(147,490)	(26,156)	617,697	372,186	1,151,916
Other Financing Sources (Uses)							
Sale of Capital Assets	9,350	2,371	0	0	0	0	11,721
Inception of Capital Lease	0	389,703	109,342	0	0	0	499,045
Transfers In	64,294	725,000	0	0	0	772,500	1,561,794
Transfers Out	(1,497,500)	(13,500)	(50,794)	0	0	0	(1,561,794)
Total Other Financing Sources (Uses)	(1,423,856)	1,103,574	58,548	0	0	772,500	510,766
Net Change in Fund Balances	133,004	(117,607)	(88,942)	(26,156)	617,697	1,144,686	1,662,682
Fund Balances Beginning of Year	3,943,619	478,739	1,412,283	269,661	2,131,267	3,407,291	11,642,860
Fund Balances End of Year	\$4,076,623	\$361,132	\$1,323,341	\$243,505	\$2,748,964	\$4,551,977	\$13,305,542

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018*

Net Change in Fund Balances - Total Governmental Funds	\$1,662,682
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***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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Asset Additions	2,902,801	
Current Year Depreciation	(815,950)	
Total		2,086,851

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(27,228)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	(51,584)	
Municipal Income Taxes	337,430	
Charges for Services	(172,212)	
Special Assessments	(345,253)	
Intergovernmental	(142,450)	
Consideration on Transfer of Operations	(150,000)	
Total		(524,069)

Repayment of bond and capital lease principal is an expenditure or other financing use in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	702,457
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Some expenses reported in the statement of activities do not require the use expenditures in the governmental funds:

Accrued Interest on Bonds	(3,561)	
Amortization of Premium on Bonds	18,722	
Amortization of Deferred Charges on Refunding	(6,894)	
Total		8,267

Compensated absences 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.	(231,523)
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Other financing sources, such as an inception of capital lease, in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.	(499,045)
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	574,156	
OPEB	18,489	
Total		592,645

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities.

Pension	(891,285)	
OPEB	(400,280)	
Total		(1,291,565)

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$2,479,472</u></u>
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See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$303,583	\$325,533	\$365,962	\$40,429
Municipal Income Tax	5,800,000	5,800,000	5,751,246	(48,754)
Charges for Services	192,246	192,246	213,197	20,951
Licenses, Permits and Fees	25,429	25,429	28,200	2,771
Fines and Forfeitures	14,259	14,259	15,813	1,554
Intergovernmental	460,563	475,740	509,546	33,806
Interest	98,121	98,121	101,074	2,953
Contributions and Donations	54,206	54,206	60,113	5,907
Rentals	4,356	4,356	4,831	475
Other	113,357	113,357	273,659	160,302
<i>Total Revenues</i>	<u>7,066,120</u>	<u>7,103,247</u>	<u>7,323,641</u>	<u>220,394</u>
Expenditures				
Current:				
General Government	2,622,018	2,857,801	2,530,606	327,195
Security of Persons and Property	2,918,915	2,918,915	2,450,491	468,424
Community Environment	50,671	53,888	53,888	0
Leisure Time Activities	293,772	293,772	279,128	14,644
Debt Service:				
Principal Retirement	84,000	84,000	84,000	0
<i>Total Expenditures</i>	<u>5,969,376</u>	<u>6,208,376</u>	<u>5,398,113</u>	<u>810,263</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,096,744</u>	<u>894,871</u>	<u>1,925,528</u>	<u>1,030,657</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	8,431	8,431	9,350	919
Advances Out	(36,000)	(36,000)	0	36,000
Transfers In	125	125	0	(125)
Transfers Out	(950,000)	(2,448,760)	(2,303,760)	145,000
<i>Total Other Financing Sources (Uses)</i>	<u>(977,444)</u>	<u>(2,476,204)</u>	<u>(2,294,410)</u>	<u>181,794</u>
<i>Net Change in Fund Balance</i>	<u>119,300</u>	<u>(1,581,333)</u>	<u>(368,882)</u>	<u>1,212,451</u>
<i>Fund Balance Beginning of Year</i>	<u>2,497,615</u>	<u>2,497,615</u>	<u>2,497,615</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>362,833</u>	<u>362,833</u>	<u>362,833</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,979,748</u>	<u>\$1,279,115</u>	<u>\$2,491,566</u>	<u>\$1,212,451</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$44,929	\$44,929	\$24,410	(\$20,519)
Intergovernmental	1,222,847	1,222,847	631,687	(591,160)
Interest	3,876	3,876	2,106	(1,770)
Other	40,452	40,452	22,659	(17,793)
<i>Total Revenues</i>	<u>1,312,104</u>	<u>1,312,104</u>	<u>680,862</u>	<u>(631,242)</u>
Expenditures				
Current:				
Transportation	<u>1,682,940</u>	<u>1,682,940</u>	<u>1,390,427</u>	<u>292,513</u>
Debt Service:				
Principal Retirement	155,727	155,727	155,727	0
Interest and Fiscal Charges	<u>3,655</u>	<u>3,655</u>	<u>3,655</u>	<u>0</u>
<i>Total Debt Service</i>	<u>159,382</u>	<u>159,382</u>	<u>159,382</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,842,322</u>	<u>1,842,322</u>	<u>1,549,809</u>	<u>292,513</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(530,218)</u>	<u>(530,218)</u>	<u>(868,947)</u>	<u>(338,729)</u>
Other Financing Sources				
Sale of Capital Assets	2,371	2,371	2,371	0
Transfers In	<u>600,000</u>	<u>1,275,000</u>	<u>725,000</u>	<u>(550,000)</u>
<i>Total Other Financing Sources</i>	<u>602,371</u>	<u>1,277,371</u>	<u>727,371</u>	<u>(550,000)</u>
<i>Net Change in Fund Balance</i>	<u>72,153</u>	<u>747,153</u>	<u>(141,576)</u>	<u>(888,729)</u>
<i>Fund Balance Beginning of Year</i>	<u>38,531</u>	<u>38,531</u>	<u>38,531</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>72,070</u>	<u>72,070</u>	<u>72,070</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$182,754</u>	<u>\$857,754</u>	<u>(\$30,975)</u>	<u>(\$888,729)</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,599,564	\$1,626,796	\$1,628,564	\$1,768
Charges for Services	270,683	270,683	276,384	5,701
Intergovernmental	234,640	238,635	238,894	259
Other	36,643	36,643	37,414	771
<i>Total Revenues</i>	<u>2,141,530</u>	<u>2,172,757</u>	<u>2,181,256</u>	<u>8,499</u>
Expenditures				
Current:				
Security of Persons and Property	<u>2,652,245</u>	<u>2,821,445</u>	<u>2,243,837</u>	<u>577,608</u>
Debt Service:				
Principal Retirement	103,740	103,740	103,740	0
Interest and Fiscal Charges	<u>5,361</u>	<u>5,361</u>	<u>5,361</u>	<u>0</u>
Total Debt Service	<u>109,101</u>	<u>109,101</u>	<u>109,101</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,761,346</u>	<u>2,930,546</u>	<u>2,352,938</u>	<u>577,608</u>
<i>Net Change in Fund Balance</i>	(619,816)	(757,789)	(171,682)	586,107
<i>Fund Balance Beginning of Year</i>	1,382,167	1,382,167	1,382,167	0
Prior Year Encumbrances Appropriated	<u>116,336</u>	<u>116,336</u>	<u>116,336</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$878,687</u>	<u>\$740,714</u>	<u>\$1,326,821</u>	<u>\$586,107</u>

See accompanying notes to the basic financial statements

City of Norton, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2018

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$89,263</u></u>
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Liabilities

Undistributed Assets	<u><u>\$89,263</u></u>
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See accompanying notes to the basic financial statements

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the City and Reporting Entity

The City of Norton (the "City") is a chartered municipal corporation, incorporated under the laws of the State of Ohio. Norton became a City in 1969. The City operates under a council/mayor form of government. Legislative power is vested in a seven-member council, including the President, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. The Administrator is appointed by the Mayor with Council approval and handles the operational activities of the City's departments. All other City officials are also appointed by the Mayor with Council approval.

Reporting Entity

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

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

The City participates in one joint venture, the Southwest Summit Council of Governments. This organization is described in Note 21 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described as follows.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the City that are governmental and those that are considered business-type; the City, however, has no business-type activities.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

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

Fund Accounting

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

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

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

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

Fire/EMS Special Revenue Fund The fire/EMS fund accounts for and reports restricted property taxes for operations and capital purchases of the fire/EMS department. A portion of revenues generated by the levies have been allocated for capital purchases.

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

City of Norton, Ohio
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Water and Sewer Improvements Capital Projects Fund The water and sewer improvements fund accounts for and reports restricted sale of capital proceeds for debt service and committed income tax revenues generated from a reduction in the credit for income tax paid to other municipalities.

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

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

Measurement Focus

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statement for governmental funds.

Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include deferred charges on refunding, pension and OPEB reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, charges for services, special assessments, consideration on transfer of operations, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15.)

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

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

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Budgetary Process

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

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

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

The law enforcement assistance and scrap tire special revenue funds and the buildings, storm sewer, and sanitary sewer capital projects funds do not have any budgetary activity in 2018; therefore, budgetary information is not provided.

Cash, Cash Equivalents and Investments

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

During 2018, investments were limited to government securities, negotiable certificates of deposit and US treasury notes. Government securities, negotiable certificates of deposit, and US treasury notes are reported at fair value which is based on quoted market prices.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue is distributed to the general fund and certain special revenue funds. Interest revenue credited to the general fund during 2018 amounted to \$45,447, of which \$32,278 was assigned from other City funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Inventory

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

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are valued at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	10 - 30 years
Building and Improvements	75 years
Equipment, Furniture and Fixtures	5 - 30 years
Vehicles	2 - 50 years
Infrastructure	100 years

The City's infrastructure consists of waterlines and roads and includes infrastructure acquired after 2003.

Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

City of Norton, Ohio
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For the Year Ended December 31, 2018

Compensated Absences

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

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

The entire compensated absences liability is reported on the government-wide financial statements.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term notes are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

City of Norton, Ohio
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Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (ordinance or resolution, as both are equally legally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for road program, community center, Greenwich Road, recycling, scrap tire, and compensated absences.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Net Position

Net position represents the difference between all other elements in a statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when limitations are imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Estimates

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

Deferred Charges on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Note 3 – Changes in Accounting Principles and Restatement of Net Position and Fund Balance

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

For 2018, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net Position December 31, 2017	\$27,797,313
Adjustments:	
Net OPEB Liability	(4,355,619)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>28,070</u>
Restated Net Position December 31, 2017	<u><u>\$23,469,764</u></u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

It was also determined that the special permissive license plate tax fund should be reported as a special revenue fund rather than being rolled into the general fund for reporting purposes. This change had the following effect on beginning fund balance:

	General	Street Construction, Maintenance and Repair	Fire/EMS	Speical Assessment Bond Retirement	Water and Sewer Improvements	Other Governmental Funds	Total Governmental Funds
Fund Balance at December 31, 2017	\$3,944,619	\$478,739	\$1,412,283	\$269,661	\$2,131,267	\$3,406,291	\$11,642,860
Special Permissive Licence Plate Tax Fund	<u>(1,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>0</u>
Restated Fund Balance at December 31, 2017	<u><u>\$3,943,619</u></u>	<u><u>\$478,739</u></u>	<u><u>\$1,412,283</u></u>	<u><u>\$269,661</u></u>	<u><u>\$2,131,267</u></u>	<u><u>\$3,407,291</u></u>	<u><u>\$11,642,860</u></u>

Note 4 – Accountability and Compliance

Accountability

At December 31, 2018, the DWI enforcement and education special revenue fund had a fund deficit of \$12,642.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The deficit resulted from the recognition of accrued liabilities. The general fund is responsible to cover deficit fund balances by means of a transfer; however, this is done when cash is needed rather than when accruals occur.

Compliance

Contrary to Ohio Revised Code Section 5705.39, the Cleveland-Massillon widening capital project fund had final appropriations in excess of certified available resources, as of December 31, 2018, in the amount of \$215,267.

Contrary to Ohio Revised Code Section 5705.41(B), the following funds had expenditures plus encumbrances in excess of final appropriations as of December 31, 2018:

	Final	Actual	Variance
Special Revenue Funds:			
Water System:			
Public Health Services:			
Purchased Services	\$34,576	\$51,223	(\$16,647)
Capital Outlay	53,224	142,550	(89,326)
Police Equipment:			
Security of Persons and Property:			
Capital Outlay	66,500	68,091	(1,591)
Capital Projects Fund:			
Newpark Drive Reconstruction:			
Capital Outlay:			
Principal Retirement	13,900	13,990	(90)
Cleveland-Massillon Widening:			
Capital Outlay:			
Capital Outlay	1,056,595	1,240,484	(183,889)

Although the budgetary violation was not corrected by year end, management has indicated that this will be closely monitored to ensure no future violations.

Note 5 – Deposits and Investments

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

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

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

City of Norton, Ohio
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Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation 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 any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

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.

City of Norton, Ohio
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The City has passed an ordinance allowing the City to invest monies not required to be used for a period of six months or more in the following:

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2018, \$1,729,287 of the City's total bank balance of \$4,692,206 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the City's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments are reported at fair value. As of December 31, 2018, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 2 Inputs:				
Federal National Mortgage Association	\$1,642,023	Less than four years	AA+	20.94
Federal Farm Credit Bank	494,535	Less than four years	AA+	6.31
Federal Home Loan Bank	1,151,705	Less than four years	AA+	14.69
Federal Home Loan Mortgage Corporation	1,022,639	Less than three years	AA+	13.05
Negotiable Certificates of Deposit	3,281,122	Less than five years	N/A	41.85 %
US Treasury Notes	247,510	Less than one year	AA+	3.16
Total	<u>\$7,839,534</u>			<u>100.00 %</u>

City of Norton, Ohio
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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the City's recurring fair value measurements as of December 31, 2018. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk The City has no investment policy that addresses interest rate risk beyond the requirement in State statute which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the fair value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had a repurchase agreement in 2018 that was exposed to custodial credit risk in that it was uninsured, unregistered, and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute, which states that the securities must be delivered into the custody of the Director of Finance or the Director of Finance's agent.

Concentration of Credit Risk With the exception of U.S. Treasury securities, federal government agency securities, STAR Ohio and authorized pools, no more than 40 percent of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

Note 6 – Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balance/net position on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget (non-GAAP basis) and actual presented for the general and major special revenue funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.
3. Investments are reported at cost (budget) rather than fair value (GAAP).

City of Norton, Ohio
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4. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
5. Principal payments on short-term note obligations are reported in the fund that received the proceeds (GAAP) rather than in the debt service fund (budget).
6. Budgetary revenues and expenditures of the road program, community center, Greenwich road, recycling, and compensated absences funds are reclassified to the general fund for GAAP reporting.
7. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).

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

	Net Change in Fund Balances		
	General	Street Construction, Maintenance and Repair	Fire/EMS
GAAP Basis	\$133,004	(\$117,607)	(\$88,942)
Net Adjustment for Revenue Accruals	649,224	(363,585)	(105,395)
Beginning Unrecorded Cash	2,500	0	200
Beginning Fair Value Adjustment for Investments	22,691	0	0
Ending Fair Value Adjustment for Investments	90,790	0	0
Net Adjustment for Expenditure Accruals	(681,415)	547,705	48,397
Debt Principal Retirement	(100,000)	0	0
Perspective Differences:			
Road Program Fund	(253,556)	0	0
Community Center Fund	7,824	0	0
Greenwich Road Fund	(2,691)	0	0
Recycling Fund	(12,306)	0	0
Compensated Absences Fund	(150,000)	0	0
Encumbrances	(74,947)	(208,089)	(25,942)
Budget Basis	<u>(\$368,882)</u>	<u>(\$141,576)</u>	<u>(\$171,682)</u>

Note 7 – Receivables

Receivables at December 31, 2018, consisted of municipal income taxes, property taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, interest, accounts receivable and loans.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except for special assessments, delinquent property taxes, and loans, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

City of Norton, Ohio
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Special assessments expected to be collected in one year amount to \$126,808, with the remaining \$1,444,982 expected to be collected in more than one year. At December 31, 2018, the amount of delinquent special assessments was \$15,472.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$9.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

	<u>Assessed Values</u>
Real Estate	
Residential/Agricultural	\$209,709,910
Other Real Estate	40,240,850
Tangible Personal Property	
Public Utility	<u>9,796,980</u>
Total	<u><u>\$259,747,740</u></u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Norton, Ohio
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Income Tax

The City levies a municipal income tax of two percent on salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. Residents of the City are granted a credit for taxes paid to other municipalities up to 1.5 percent of income.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds, after income tax department expenditures, are credited to the general fund and the water and sewer improvement capital projects fund. See Note 20 for information regarding the Joint Economic Development Zones with the City of Barberton.

Intergovernmental Receivables

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

	<u>Amounts</u>
Gasoline Tax and Cents Per Gallon	\$202,253
Local Government	162,661
Homestead and Rollback	151,147
OPWC Reimbursement	125,000
OWDA Reimbursement	125,000
Motor Vehicle License Registration	68,325
Permissive Motor Vehicle License Tax	47,546
Miscellaneous	<u>2,495</u>
Total	<u><u>\$884,427</u></u>

Loans Receivable

During 2017, a memorandum of understanding (MOU) was signed between the City and the City of Barberton. As part of the agreement, the City of Barberton will pay the City \$375,000 in annual installments of \$75,000 over a five year period beginning in 2018. The City received the amounts associated with 2017 and 2018 during the year. The amount outstanding for the City of Barberton at December 31, 2018 is \$225,000. The loan is related to the transfer of all sewer lines throughout the City to the City of Barberton in a transfer of operations. See Note 16 for details of the transfer.

Note 8 – Tax Abatements

As of December 31, 2018, the City provides tax abatements through a community reinvestment area.

Pursuant to Ohio Revised Code Chapter 5709, the City established the community reinvestment area (CRA) to provide property tax abatements to encourage employment growth within the City. Abatements are obtained if the entity meets the established level of employment and builds a facility within two years. The value of the taxes being abated are 50 percent of all real estate taxes that the entity would have to pay for 10 years. There were deductions in the City's property taxes during 2018 related to this abatement in the amount of \$2,370.

City of Norton, Ohio
Notes to the Basic Financial Statements
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Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,373,148	\$0	\$0	\$1,373,148
Construction in Progress	2,870,153	1,281,235	0	4,151,388
<i>Total Capital Assets, not being depreciated</i>	<u>4,243,301</u>	<u>1,281,235</u>	<u>0</u>	<u>5,524,536</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,311,346	97,995	0	1,409,341
Buildings and Improvements	5,626,130	36,257	0	5,662,387
Equipment, Furniture and Fixtures	1,341,391	95,379	(32,527)	1,404,243
Vehicles	3,539,010	575,204	(39,483)	4,074,731
Infrastructure:				
Water Lines	6,615,238	0	0	6,615,238
Roads	7,302,711	816,731	0	8,119,442
<i>Total Capital Assets, being depreciated</i>	<u>25,735,826</u>	<u>1,621,566</u>	<u>(72,010)</u>	<u>27,285,382</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(511,785)	(60,458)	0	(572,243)
Buildings and Improvements	(982,290)	(109,866)	0	(1,092,156)
Equipment, Furniture and Fixtures	(871,801)	(56,629)	22,706	(905,724)
Vehicles	(2,111,423)	(187,979)	22,076	(2,277,326)
Infrastructure:				
Water Lines	(962,917)	(66,152)	0	(1,029,069)
Roads	(2,065,587)	(334,866)	0	(2,400,453)
<i>Total Accumulated Depreciation</i>	<u>(7,505,803)</u>	<u>(815,950) *</u>	<u>44,782</u>	<u>(8,276,971)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>18,230,023</u>	<u>805,616</u>	<u>(27,228)</u>	<u>19,008,411</u>
Governmental Activities Capital Assets, Net	<u>\$22,473,324</u>	<u>\$2,086,851</u>	<u>(\$27,228)</u>	<u>\$24,532,947</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$64,989
Security of Persons and Property	209,518
Transportation	418,588
Community Environment	17
Public Health Services	66,152
Leisure Time Activities	56,686
Total Depreciation Expense	<u>\$815,950</u>

City of Norton, Ohio
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Note 10 – Short-Term Obligations

A summary of note transactions for the year ended December 31, 2018 follows:

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18
Governmental Activities				
2017 Series BAN	\$100,000	\$0	(\$100,000)	\$0

On December 11, 2017, the City refinanced \$100,000 in bond anticipation notes to purchase Motorola P-25 emergency radios for the Fire, Police, and Service Departments at an interest rate of 2.30 percent. The notes matured on December 10, 2018, and were fully repaid.

Note 11 – Long-Term Obligations

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

	Year of Issuance	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds:				
2010 Various Purpose Bonds - Series A:				
Fire Station	2010	2 - 5%	\$2,600,000	December 1, 2035
2012 Refunding Bonds:				
Street Improvement	2012	2 - 3	220,000	December 1, 2018
Police Radio System	2012	2 - 3	158,000	December 1, 2018
Road Program	2012	2 - 3	200,000	December 1, 2018
Ballfields	2012	2 - 3	157,000	December 1, 2023
Gardner Engineering	2012	2 - 3	115,000	December 1, 2023
Barber Road Sanitary Sewer	2012	2 - 3	871,182	December 1, 2023
Special Assessment Bonds				
with Governmental Commitment:				
2010 Various Purpose Bonds - Series B:				
Wadsworth, Berry, McGowan Waterlines	2010	2 - 5	294,399	December 1, 2030
Cleveland-Massillon Waterline	2010	2 - 5	522,896	December 1, 2030
Gardner Phase II	2010	2 - 5	224,042	December 1, 2030
Hazelwood Connect	2010	2 - 5	102,019	December 1, 2030
Johnson Meadows	2010	2 - 5	146,644	December 1, 2030
2012 Various Purpose Bonds:				
Greenwich Street Sewer	2012	2 - 4	232,000	December 1, 2032
Gardner Street Waterline	2012	2 - 4	195,000	December 1, 2032
Oak Street Sewer	2012	2 - 4	230,000	December 1, 2032
2012 Refunding Bonds:				
Barber Road	2012	2 - 3	516,818	December 1, 2023
OPWC Loan:				
Newpark Drive Reconstruction - Phase I	2017	N/A	13,990	July 1, 2047

City of Norton, Ohio
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For the Year Ended December 31, 2018

A schedule of changes in bonds and other long-term obligations of the City during 2018 is as follows:

	Amounts Outstanding 12/31/17	Additions	Reductions	Amounts Outstanding 12/31/18	Amounts Due in One Year
General Obligation Bonds:					
2010 Various Purpose Bonds - Series A:					
Fire Station - Serial	\$245,000	\$0	(\$80,000)	\$165,000	\$80,000
Fire Station - Term	1,845,000	0	0	1,845,000	0
Premium	57,997	0	(4,461)	53,536	0
Total 2010 Various Purpose Bonds	2,147,997	0	(84,461)	2,063,536	80,000
2012 Refunding Bonds:					
Street Improvement	45,000	0	(45,000)	0	0
Police Radio System	35,000	0	(35,000)	0	0
Road Program	40,000	0	(40,000)	0	0
Ballfields	95,000	0	(15,000)	80,000	15,000
Gardner Engineering	75,000	0	(10,000)	65,000	10,000
Barber Road Sanitary Sewer	549,894	0	(85,680)	464,214	86,940
Premium	51,309	0	(8,552)	42,757	0
Total 2012 Refunding Bonds	891,203	0	(239,232)	651,971	111,940
Total General Obligation Bonds	3,039,200	0	(323,693)	2,715,507	191,940
Special Assessment Bonds					
with Governmental Commitment:					
2010 Various Purpose Bonds - Series B:					
Wadsworth, Berry, McGowan Waterlines - Serial	38,795	0	(12,552)	26,243	12,552
Cleveland-Massillon Waterline - Serial	68,911	0	(22,294)	46,617	22,294
Gardner Phase II - Serial	29,524	0	(9,552)	19,972	9,552
Hazelwood Connect - Serial	13,445	0	(4,350)	9,095	4,350
Johnson Meadows - Serial	19,325	0	(6,252)	13,073	6,252
Wadsworth, Berry, McGowan Waterlines - Term	173,444	0	0	173,444	0
Cleveland-Massillon Waterline - Term	308,063	0	0	308,063	0
Gardner Phase II - Term	131,994	0	0	131,994	0
Hazelwood Connect - Term	60,104	0	0	60,104	0
Johnson Meadows - Term	86,395	0	0	86,395	0
Premium	32,344	0	(1,797)	30,547	0
Total 2010 Various Purpose Bonds	962,344	0	(56,797)	905,547	55,000
2012 Various Purpose Bonds:					
Greenwich Street Sewer - Serial	64,000	0	(10,000)	54,000	10,000
Gardner Street Waterline - Serial	53,000	0	(8,000)	45,000	8,000
Oak Street Sewer - Serial	65,000	0	(11,000)	54,000	9,000
Greenwich Street Sewer - Term	124,000	0	0	124,000	0
Gardner Street Waterline - Term	104,000	0	0	104,000	0
Oak Street Sewer - Term	122,000	0	0	122,000	0
Premium	20,175	0	(1,345)	18,830	0
Total 2012 Various Purpose Bonds	552,175	0	(30,345)	521,830	27,000
2012 Refunding Bonds:					
Barber Road - Serial	328,106	0	(50,320)	277,786	51,060
Premium	15,406	0	(2,567)	12,839	0
Total 2012 Refunding Bonds	343,512	0	(52,887)	290,625	51,060
Total Special Assessment Bonds					
with Governmental Commitment	1,858,031	0	(140,029)	1,718,002	133,060
Other Long-Term Liabilities:					
OPWC Newpark Drive Reconstruction - Phase I Loan	13,990	0	(13,990)	0	0
Capital Leases	795,231	499,045	(243,467)	1,050,809	237,296
Compensated Absences	633,900	587,542	(356,019)	865,423	404,372
Total Other Long-Term Liabilities	1,443,121	1,086,587	(613,476)	1,916,232	641,668
Net Pension Liability:					
OPERS	2,032,847	0	(714,893)	1,317,954	0
OPF	4,477,688	0	(102,545)	4,375,143	0
Total Net Pension Liability	6,510,535	0	(817,438)	5,693,097	0
Net OPEB Liability:					
OPERS	999,934	20,837	0	1,020,771	0
OPF	3,355,685	683,280	0	4,038,965	0
Total Net OPEB Liability	4,355,619	704,117	0	5,059,736	0
Total Long-Term Liabilities	\$17,206,506	\$1,790,704	(\$1,894,636)	\$17,102,574	\$966,668

City of Norton, Ohio
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General Obligation Bonds

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds will be paid from taxes and transfers received in the debt service funds.

Various Purpose General Obligation Bond

On September 1, 2010, the City issued \$2,600,000 of general obligation various purpose bonds, series 2010A. The bonds were issued for a period of 25 years at an interest rate varying from 2 to 5 percent. The bond issue was composed of \$755,000 in serial bonds and \$1,845,000 in term bonds. These bonds were issued to pay costs of constructing, furnishing, equipping, and other improvements to a fire station. The bonds are being retired from the general obligation bond retirement fund.

The 2010A various purpose general obligation term bonds maturing on December 1, 2030, are subject to optional redemption on and after December 1, 2020, by and at the option of the City, in whole or in part, as selected by the City, on any date, in integral multiples of \$5,000, at 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The 2010A various purpose general obligation term bonds maturing on December 1, 2030 and 2035 are subject to mandatory redemption and are to be redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue	
	\$1,080,000	\$765,000
2021	\$85,000	\$0
2022	90,000	0
2023	95,000	0
2024	100,000	0
2025	105,000	0
2026	110,000	0
2027	115,000	0
2028	120,000	0
2029	125,000	0
2031	0	140,000
2032	0	145,000
2033	0	155,000
2034	0	160,000
Total	<u>\$945,000</u>	<u>\$600,000</u>
<i>Stated Maturity</i>	<i>12/1/2030</i>	<i>12/1/2035</i>

The remaining principal amount of the term bonds (\$135,000 and \$165,000) will mature at the stated maturity.

In 2012, the City issued various purpose general obligation refunding bonds, in the amount of \$1,721,182, to refund a portion of the 2003 various purpose general obligation bonds. The bonds were issued with interest rates varying from 2 to 3 percent. The bonds were issued for a 12 year period with a final maturity on

City of Norton, Ohio
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December 1, 2023. A portion of the bonds were paid for by the water and sewer improvement fund and land and land improvement fund, with the remainder being paid by the general obligation bond retirement debt service fund.

Special Assessment Bonds

The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

Various Purpose Special Assessment Bonds

On September 16, 2010, the City issued \$1,290,000 of special assessment various purpose bonds, series 2010B. The bonds were issued for a period of 20 years at an interest rate varying from 2 to 5 percent. The bond issue was composed of \$530,000 in serial bonds and \$760,000 in term bonds. These bonds were issued to pay the property owners' portion, in anticipation of the collection of special assessments and the cost of constructing, grading, curbing and paving Meadows Lane in the City and constructing sanitary sewers, water lines, hydrants, storm sewers, utilities, and the costs of constructing and installing water mains, water lines, hydrants, and other related improvements. The bond will be paid over 20 years. The bonds are being retired from the special assessment bond retirement debt service fund.

The 2010B various purpose special assessment term bonds maturing on and after December 1, 2021, are subject to optional redemption on and after December 1, 2020, by and at the option of the City, in whole or in part, as selected by the City, on any date, in integral multiples of \$5,000, at 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The 2010B various purpose special assessment term bonds maturing on December 1, 2026 and 2030 are subject to mandatory redemption and are to be redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue	
	\$415,000	\$345,000
2021	\$60,000	\$0
2022	65,000	0
2023	65,000	0
2024	70,000	0
2025	75,000	0
2027	0	80,000
2028	0	85,000
2029	0	90,000
Total	\$335,000	\$255,000
<i>Stated Maturity</i>	<i>12/1/2026</i>	<i>12/1/2030</i>

The remaining principal amount of the term bonds (\$80,000 and \$90,000) will mature at the stated maturity.

On September 19, 2012, the City issued \$657,000 of special assessment various purpose bonds, series 2012. The bonds were issued for a period of twenty years at an interest rate varying from 2 to 4 percent. The bond issue was composed of \$307,000 in serial bonds and \$350,000 in term bonds. These bonds were issued to pay the property owners' portion, in anticipation of the collection of special assessments, of the construction

City of Norton, Ohio
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and installation of sanitary sewer and waterlines and other related improvements. The bond will be paid over 20 years. The bonds are being retired from the special assessment bond retirement debt service fund. The bonds were originally issued for capital purposes, but due to the transfer of operations the outstanding bonds are not capital related any longer. See Note 16 for more detail of the transfer of operations.

The 2012 various purpose special assessment term bonds maturing on and after December 1, 2022, are subject to optional redemption on and after June 1, 2022, by and at the option of the City, in whole or in part, as selected by the City, on any date, in integral multiples of \$5,000, at 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The 2012 various purpose special assessment term bonds maturing on December 1, 2027 and 2032 are subject to mandatory redemption and are to be redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue	
	\$140,000	\$210,000
2024	\$35,000	\$0
2025	35,000	0
2026	35,000	0
2028	0	40,000
2029	0	40,000
2030	0	40,000
2031	0	45,000
Total	\$105,000	\$165,000
<i>Stated Maturity</i>	<i>12/1/2027</i>	<i>12/1/2032</i>

The remaining principal amount of the term bonds (\$35,000 and \$45,000) will mature at the stated maturity.

In 2012, the City issued various purpose special assessment refunding bonds, in the amount of \$516,818, to refund a portion of the 2003 various purpose special assessment bonds. The bonds were issued at an interest rate of 2 to 3 percent. The bonds were issued for a 12 year period with a final maturity on December 1, 2023. The bonds are being retired from the special assessment bond retirement debt service fund. The bonds were originally issued for capital purposes, but due to the transfer of operations the outstanding bonds are not capital related any longer. See Note 16 for more detail of the transfer of operations.

The bonds were sold at a premium of \$122,311. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the various purpose refunding bonds. As a result, \$2,205,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. On December 31, 2018, \$890,000 of the defeased bonds are still outstanding.

The Ohio Public Works Commission (OPWC) loan was paid from Newpark Drive reconstruction capital projects fund. While the stated maturity for this loan was July 1, 2047, the City paid off the full amount of the loan in 2018. The capital leases will be paid from the general fund and street construction, maintenance and repair and fire/EMS special revenue funds.

City of Norton, Ohio
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Compensated absences will be paid from the compensated absences special revenue fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension/OPEB contributions are made from the general fund and the street construction, maintenance and repair and fire/EMS special revenue funds. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

The City's overall debt margin was \$24,652,286 and the unvoted legal debt margin was \$11,664,899 at December 31, 2018.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2018, are as follows:

General Obligation Bonds						
	Serial Bonds		Term Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$191,940	\$111,749	\$0	\$0	\$191,940	\$111,749
2020	201,980	105,991	0	0	201,980	105,991
2021	123,870	11,506	85,000	88,425	208,870	99,931
2022	126,390	7,790	90,000	84,175	216,390	91,965
2023	130,034	3,998	95,000	79,675	225,034	83,673
2024-2028	0	0	550,000	322,125	550,000	322,125
2029-2033	0	0	700,000	172,750	700,000	172,750
2034-2035	0	0	325,000	22,050	325,000	22,050
Totals	<u>\$774,214</u>	<u>\$241,034</u>	<u>\$1,845,000</u>	<u>\$769,200</u>	<u>\$2,619,214</u>	<u>\$1,010,234</u>

Special Assessment Bonds						
	Serial Bonds		Term Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$133,060	\$63,421	\$0	\$0	\$133,060	\$63,421
2020	143,020	59,429	0	0	143,020	59,429
2021	86,130	20,155	60,000	34,982	146,130	55,137
2022	88,610	17,572	65,000	31,982	153,610	49,554
2023	94,966	14,914	65,000	28,732	159,966	43,646
2024-2028	0	0	570,000	137,671	570,000	137,671
2029-2032	0	0	350,000	24,723	350,000	24,723
Totals	<u>\$545,786</u>	<u>\$175,491</u>	<u>\$1,110,000</u>	<u>\$258,090</u>	<u>\$1,655,786</u>	<u>\$433,581</u>

Note 12 – Capital Leases

During 2018, the City entered into lease agreements for an ambulance, a dump truck, a freightliner truck, and a tandem truck. In prior years, the City entered into lease agreements for an excavator, loader, back hoe, an ambulance, and an energy conservation project in the City's buildings. The leases meet the criteria for capital leases and have been recorded on the government-wide statements. The assets acquired through the capital leases were capitalized at the present value of the minimum lease payments, plus the value of equipment trade-ins, at the time the leases were entered into.

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The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$205,372
Vehicles	789,949
Building Improvements	556,000
Less: Accumulated Depreciation	<u>(166,023)</u>
Total	<u><u>\$1,385,298</u></u>

The leases provide for minimum, annual lease payments as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$237,296	\$30,370	\$267,666
2020	205,373	22,999	228,372
2021	153,665	16,881	170,546
2022	158,475	11,857	170,332
2023	57,000	6,660	63,660
2024-2027	<u>239,000</u>	<u>13,589</u>	<u>252,589</u>
Totals	<u><u>\$1,050,809</u></u>	<u><u>\$102,356</u></u>	<u><u>\$1,153,165</u></u>

Note 13 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Each year the City contracts with insurance companies for various types of insurance. The coverage and deductibles are as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage</u>
RLI Insurance Company	Bond - Mayor	\$0	\$50,000
Ohio Casualty Insurance Company	Bond - Finance Director	0	100,000
Wichert Insurance Agency	Public Officials Liability	10,000	1,000,000
	Law Enforcement Liability	10,000	1,000,000
	Commercial and Personal Property	1,000	11,182,944
	Inland Marine	1,000	2,866,274
	General Liability	0	1,000,000-2,000,000
	Commercial Crime - Employee Theft Per Loss	1,000	1,000,000
	Cyberrisk	10,000	1,000,000
	Automobile Liability	0	1,000,000
	Automobile Uninsured Motorists	0	50,000
	Automobile Underinsured Motorists	0	50,000
	Umbrella Liability	0	10,000,000

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

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

Note 14 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liabilities represent the City's proportionate share of each pension/OPEB plans' collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plans' fiduciary net position. The net pension/OPEB liabilities calculation are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for these liabilities to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liabilities are solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities. Resulting adjustments to the net pension/OPEB liabilities would be effective when the changes are legally enforceable. The Ohio Revised Code (ORC) permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

City of Norton, Ohio
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Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System. OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' financial report referenced previously for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a COLA of the defined benefit portion of their pension

City of Norton, Ohio
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benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer healthcare rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for healthcare with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, the City's contractually required contribution was \$161,896 for the traditional plan and \$21,029 for the member-directed plan. The City does not contribute to the combined plan. Of these amounts, \$13,996 is reported as an intergovernmental payable for the traditional plan and \$1,819 for the member-directed plan.

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Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – City full-time police and firefighters participate in Ohio Police and Fire Pension Fund, a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments (COLA), and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the members' average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF's financial report referenced previously for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members' base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$412,260 for 2018. Of this amount, \$32,647 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS	OPF	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00840100%	0.07128600%	
Prior Measurement Date	0.00895200%	0.07069400%	
Change in Proportionate Share	-0.00055100%	0.00059200%	
Proportionate Share of the Net Pension Liability	\$1,317,954	\$4,375,143	Total \$5,693,097
Pension Expense	\$182,041	\$709,244	\$891,285

2018 pension expense for the member-directed defined contribution plan was \$21,029.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS	OPF	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$1,346	\$66,395	\$67,741
Changes of assumptions	157,504	190,648	348,152
Changes in proportion and differences between City contributions and proportionate share of contributions	0	696,900	696,900
City contributions subsequent to the measurement date	161,896	412,260	574,156
Total Deferred Outflows of Resources	<u>\$320,746</u>	<u>\$1,366,203</u>	<u>\$1,686,949</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$25,973	\$7,915	\$33,888
Net difference between projected and actual earnings on pension plan investments	282,947	151,346	434,293
Changes in proportion and differences between City contributions and proportionate share of contributions	79,258	0	79,258
Total Deferred Inflows of Resources	<u>\$388,178</u>	<u>\$159,261</u>	<u>\$547,439</u>

City of Norton, Ohio
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\$574,156 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
2019	\$67,877	\$296,292	\$364,169
2020	(56,343)	256,501	200,158
2021	(124,595)	99,743	(24,852)
2022	(116,267)	64,710	(51,557)
2023	0	64,404	64,404
Thereafter	<u>0</u>	<u>13,032</u>	<u>13,032</u>
Total	<u>(\$229,328)</u>	<u>\$794,682</u>	<u>\$565,354</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented as follows:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the traditional pension plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table that follows displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$2,340,351	\$1,317,954	\$465,583

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Changes Between Measurement Date and Report Date

In October of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented as follows:

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

City of Norton, Ohio
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For the January 1, 2016 valuation, rates of death were based on the RP-2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2017, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

OPF's Board of Trustees has incorporated the risk parity concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members; therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

City of Norton, Ohio
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Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$6,065,096	\$4,375,143	\$2,996,833

Social Security System

As of December 31, 2018, the City's part-time firefighters have elected to be covered by Social Security rather than OPERS. The City's liability is 6.2 percent of wages paid.

Note 15 – Postemployment Benefits

See Note 14 for a description of the net OPEB liability.

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' financial report referenced later for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

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Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$8,411 for 2018. Of this amount, \$727 is reported as an intergovernmental payable.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund sponsored health care program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an OPEB as described in GASB Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.opf.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Norton, Ohio
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Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OPF was \$10,078 for 2018. Of this amount, \$797 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OPF	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.009400%	0.0712860%	
Prior Measurement Date	0.009900%	0.0706940%	
Change in Proportionate Share	<u>-0.0005000%</u>	<u>0.0005920%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,020,771	\$4,038,965	\$5,059,736
OPEB Expense	\$75,874	\$324,406	\$400,280

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At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OPF	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$795	\$0	\$795
Changes of assumptions	74,323	394,117	468,440
Changes in proportion and differences between City contributions and proportionate share of contributions	0	19,837	19,837
City contributions subsequent to the measurement date	8,411	10,078	18,489
Total Deferred Outflows of Resources	<u>\$83,529</u>	<u>\$424,032</u>	<u>\$507,561</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$20,371	\$20,371
Net difference between projected and actual earnings on OPEB plan investments	76,041	26,586	102,627
Changes in proportion and differences between City contributions and proportionate share of contributions	34,167	0	34,167
Total Deferred Inflows of Resources	<u>\$110,208</u>	<u>\$46,957</u>	<u>\$157,165</u>

\$18,489 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OPF	Total
2019	\$569	\$50,894	\$51,463
2020	569	50,894	51,463
2021	(17,217)	50,894	33,677
2022	(19,011)	50,894	31,883
2023	0	57,541	57,541
Thereafter	0	105,880	105,880
Total	<u>(\$35,090)</u>	<u>\$366,997</u>	<u>\$331,907</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

City of Norton, Ohio
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Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary

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goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$1,356,138	\$1,020,771	\$749,462

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now

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virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$976,660	\$1,020,771	\$1,066,336

Changes Between Measurement Date and Report Date

In October of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

Actuarial Assumptions – OPF

OPF's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows:

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The OPF health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OPF's fiduciary net position was projected to not be able to make all future benefit payments of current plan members; therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

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	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$5,048,755	\$4,038,965	\$3,261,969

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current health care cost trend current rates as outlined in the previous table, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$3,137,541	\$4,038,965	\$5,253,780

Changes Between Measurement Date and Report Date

In March 2018, the OPF Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's net OPEB liability is not known.

Note 16 – Transfer of Operations

In January of 2017, a memorandum of understanding (MOU) was effective between the City and the City of Barberton that a transfer of sewer operation from the City to the City of Barberton would occur. The City of Barberton now controls all sanitary sewer line operations and owns all sewer lines within the City. Environmental remediation mandates from the Ohio Environmental Protection Agency (EPA) also transferred from the City to the City of Barberton. No expenditures related to the sewer operation were reported by the City of Norton in 2018.

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The City was notified by the Ohio EPA that a number of discharging and/or failing septic systems in the Nash Heights subdivision of the City were contributing to elevated bacteria in the City's Municipal Separate Storm Sewer System (MS4) and the Wolf Creek Watershed. The City worked with the Ohio EPA and the Summit County General Health District in order to resolve this issue. On January 21, 2013, the City submitted a plan and schedule to the Ohio EPA to address the alleged illicit discharges from failing septic systems into the MS4 and the Wolf Creek Watershed. On November 14, 2013, the Ohio EPA issued its Final Findings and Orders ordering the City to construct certain sewerage improvements in the Nash Heights subdivision of the City pursuant to a schedule that ended on May 30, 2017. If the City failed to comply with the Findings and Orders the City could be subject to further enforcement. The sewerage improvements are to be constructed by the City in order to prevent future discharges into the MS4 and Wolf Creek Watershed. Based on the MOU, the City of Barberton assumed all responsibility for the EPA orders and supervision of construction by Rudzik Excavating. Rudzik Excavating began construction in April of 2017 and completed in April of 2018. The total cost of the project was determined to be just over \$7.5 million, and assessments were levied in January of 2019 to charge to the applicable residents. The City will be responsible for making annual payments from the City's own water and sewer improvement capital project fund and from the special assessments levied for the project to the City of Barberton beginning in April of 2019 over a 30 year period.

As a result of the transfer of operations in 2017, the City will receive payment of \$375,000 from the City of Barberton (See Note 7).

Note 17 - Contingencies

Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2018.

Note 18 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending upon length of service. All accumulated unused vacation time, up to 2 years, is paid upon termination of employment.

Employees earn sick leave at the rate of 10 hours per month of service. Sick leave accumulation is unlimited, but upon retirement or death, an employee with less than ten years of service receives a prorated amount of one tenth for each year up to ten years after which they are paid the accumulated amount of unused sick leave up to a maximum of 120 days.

Employee Health Insurance

The City provides health insurance through the COSE Health Insurance Program provided by Medical Mutual.

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Note 19 – Interfund Transfers

Interfund transfers for the year ended December 31, 2018, consisted of the following:

Transfer To	Transfer From			Total
	General	Street Construction, Maintenance and Repair	Fire/EMS	
General	\$0	\$13,500	\$50,794	\$64,294
Street Construction, Maintenance and Repair	725,000	0	0	725,000
Other Governmental Funds	772,500	0	0	772,500
Total	<u>\$1,497,500</u>	<u>\$13,500</u>	<u>\$50,794</u>	<u>\$1,561,794</u>

Transfers from the general fund were used to move unrestricted revenues collected in the general fund to finance various programs accounted for in the street construction, maintenance and repair special revenue fund and other governmental funds in accordance with budgetary authorizations, to provide additional resources for current operations, to pay debt, and to segregate money for anticipated capital projects. The street construction, maintenance and repair and fire/EMS funds transferred to the general fund to reclassify short-term obligations payments.

Note 20 – Joint Economic Development Zones

In an effort to promote regional growth and economic development, the City has entered into a contract with the City of Barberton to create Joint Economic Development Zones (JEDZ). The JEDZ are all located within Norton City limits. The agreement became effective on April 30, 1996. Per the agreement, the City pays Barberton 40 percent of income tax withholdings (based on the 1.5 percent rate) collected from the businesses located within the JEDZ. In exchange, the City of Barberton provides water and sanitary sewer service to the businesses in the JEDZ.

Note 21 – Joint Venture

The City participates in the Southwest Summit Council of Governments (the Council) which is a statutorily created political subdivision of the State. The Council is a joint venture between the City of Norton, the City of Barberton, and Copley Township. The Council is controlled by an executive board which is composed of a President, Vice President/Secretary, and Fiscal Officer who serve without compensation. Each member's control over the operation of the Council is limited to its representation on the board. Currently, the Mayor of the City of Norton serves as the President of the Council. The Council was formed to share services, promote cooperative arrangements, and coordinate action among its members in matters relating to public safety dispatch operations. The Council may also, at its discretion, promote cooperative agreements and contracts among its members or other governmental agencies and private persons, corporations, or agencies. Continued existence of the Council is dependent on the City's continued participation; however, the City does not have an equity interest in the Council. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2018, the City contributed \$604,592 to the Council for dispatch services and \$91,687 for information technology services. Complete financial statements can be obtained from the Southwest Summit Council of Governments, Summit County, Ohio.

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 22 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year or soon thereafter, were as follows:

General	\$74,947
Street Construction, Maintenance and Repair	208,089
Fire/EMS	25,942
Water and Sewer Improvements	17,997
Other Governmental Funds	278,112
Total	<u>\$605,087</u>

Note 23 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Street Construction, Maintenance and Repair	Fire/EMS	Special Assessment Bond Retirement	Water and Sewer Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Materials and Supplies Inventory	\$6,621	\$212,747	\$0	\$0	\$0	\$0	\$219,368
Prepays Items	33,715	3,166	6,888	0	0	0	43,769
Unclaimed Monies	14,879	0	0	0	0	0	14,879
<u>Total Nonspendable</u>	<u>55,215</u>	<u>215,913</u>	<u>6,888</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>278,016</u>
<u>Restricted for:</u>							
Capital Projects	0	0	0	0	225,000	387,492	612,492
Debt Service	0	0	0	243,505	0	2,013	245,518
Police	0	0	0	0	0	719,577	719,577
Fire/EMS	0	0	1,316,453	0	0	0	1,316,453
Transportation	0	145,219	0	0	0	276,788	422,007
Public Utilities	0	0	0	0	0	2,452,355	2,452,355
Economic Development	0	0	0	0	0	158,783	158,783
<u>Total Restricted</u>	<u>0</u>	<u>145,219</u>	<u>1,316,453</u>	<u>243,505</u>	<u>225,000</u>	<u>3,997,008</u>	<u>5,927,185</u>
<u>Committed to:</u>							
Public Utilities	0	0	0	0	2,523,964	0	2,523,964
Purchases on Order	10,374	0	0	0	0	0	10,374
Compensated Absences	150,000	0	0	0	0	0	150,000
Cemetery	0	0	0	0	0	20,274	20,274
Special Events	0	0	0	0	0	5,259	5,259
<u>Total Committed</u>	<u>160,374</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,523,964</u>	<u>25,533</u>	<u>2,709,871</u>
<u>Assigned to:</u>							
Capital Projects	0	0	0	0	0	542,078	542,078
Transportation	760,032	0	0	0	0	0	760,032
Purchases on Order	54,218	0	0	0	0	0	54,218
Community Center	20,430	0	0	0	0	0	20,430
Greenwich Road	5,757	0	0	0	0	0	5,757
Recycling	27,446	0	0	0	0	0	27,446
Scrap Tire	643	0	0	0	0	0	643
<u>Total Assigned</u>	<u>868,526</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>542,078</u>	<u>1,410,604</u>
Unassigned (Deficit)	2,992,508	0	0	0	0	(12,642)	2,979,866
<u>Total Fund Balances</u>	<u>\$4,076,623</u>	<u>\$361,132</u>	<u>\$1,323,341</u>	<u>\$243,505</u>	<u>\$2,748,964</u>	<u>\$4,551,977</u>	<u>\$13,305,542</u>

City of Norton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 24 – Subsequent Events

On December 10, 2018, the City passed legislation levying special assessments for the purpose of the Nash Heights subdivision of the City that the City is obligated to pay to the City of Barberton. Each property owner in the subdivision will be paying a lump sum of \$10,700 in 2019. The total special assessments represent 41 percent of the total debt obligation that is owed over the course of the next 30 years.

On January 14, 2019, the City passed legislation providing for the issuance of a State Infrastructure Bank (SIB) loan with the Ohio Department of Transportation, not to exceed \$3,158,000, for the purpose of paying costs of constructing the widening of and otherwise improving the Pleasant Road to Shannon Avenue portion of Cleveland-Massillon Road.

On May 13, 2019, the City passed legislation providing for the issuance of a bond anticipation note, not to exceed \$800,000, for the purpose of purchasing land within the City from the Summit Metro Parks, which will be developed for more business within the City. In addition to the note being passed through legislation, the City will pay the additional \$460,000 for the full purchase of the Metro Park. The sale and issuance are expected to be finalized in late June of 2019.

City of Norton, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
*Last Five Years (1) **

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.00840100%	0.00895200%	0.00921100%	0.01085700%	0.01085700%
City's Proportionate Share of the Net Pension Liability	\$1,317,954	\$2,032,847	\$1,595,462	\$1,309,476	\$1,279,899
City's Covered Payroll	\$1,110,154	\$1,157,242	\$1,146,400	\$1,331,017	\$1,550,131
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.72%	175.66%	139.17%	98.38%	82.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

City of Norton, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
*Last Two Years (1) **

	2018	2017
City's Proportion of the Net OPEB Liability	0.00940000%	0.00990000%
City's Proportionate Share of the Net OPEB Liability	\$1,020,771	\$999,934
City's Covered Payroll	\$1,331,279	\$1,367,542
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.68%	73.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

City of Norton, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
*Last Five Years (1) **

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.07128600%	0.07069400%	0.05931100%	0.04933120%	0.04933120%
City's Proportionate Share of the Net Pension Liability	\$4,375,143	\$4,477,688	\$3,815,516	\$2,555,560	\$2,402,584
City's Covered Payroll	\$1,624,772	\$1,477,940	\$1,187,377	\$1,051,452	\$1,136,466
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	269.28%	302.97%	321.34%	243.05%	211.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

City of Norton, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Police and Fire Pension Fund
*Last Two Years (1) **

	2018	2017
City's Proportion of the Net OPEB Liability	0.07128600%	0.07069400%
City's Proportionate Share of the Net OPEB Liability	\$4,038,965	\$3,355,685
City's Covered Payroll	\$1,624,772	\$1,477,940
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	248.59%	227.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

City of Norton, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Six Years (1)

	2018	2017	2016	2015	2014	2013
Net Pension Liability - Traditional Plan						
Contractually Required Contribution	\$161,896	\$144,320	\$138,869	\$137,568	\$159,722	\$201,517
Contributions in Relation to the Contractually Required Contribution	<u>(161,896)</u>	<u>(144,320)</u>	<u>(138,869)</u>	<u>(137,568)</u>	<u>(159,722)</u>	<u>(201,517)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$1,156,400	\$1,110,154	\$1,157,242	\$1,146,400	\$1,331,017	\$1,550,131
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
Net OPEB Liability - OPEB Plan (3)						
Contractually Required Contribution	\$8,411	\$8,845	\$8,412			
Contributions in Relation to the Contractually Required Contribution	<u>(8,411)</u>	<u>(8,845)</u>	<u>(8,412)</u>			
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			
City Covered Payroll (2)	\$1,366,675	\$1,331,279	\$1,367,542			
OPEB Contributions as a Percentage of Covered Payroll	<u>0.62%</u>	<u>0.66%</u>	<u>0.62%</u>			

(1) Although this schedule is intended to show information for ten years, information prior to 2013 is not available. An additional column will be added each year.

(2) The OPEB plan includes the members from the traditional plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

(3) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

City of Norton, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	\$412,260	\$330,904	\$301,741	\$238,670
Contributions in Relation to the Contractually Required Contribution	<u>(412,260)</u>	<u>(330,904)</u>	<u>(301,741)</u>	<u>(238,670)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$2,015,639	\$1,624,772	\$1,477,940	\$1,187,377
Pension Contributions as a Percentage of Covered Payroll	<u>20.45%</u>	<u>20.37%</u>	<u>20.42%</u>	<u>20.10%</u>
Net OPEB Liability				
Contractually Required Contribution	\$10,078	\$8,124	\$7,390	\$5,937
Contributions in Relation to the Contractually Required Contribution	<u>(10,078)</u>	<u>(8,124)</u>	<u>(7,390)</u>	<u>(5,937)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>20.95%</u>	<u>20.87%</u>	<u>20.92%</u>	<u>20.60%</u>

(1) The City's covered payroll is the same for pension and OPEB.

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
\$206,448	\$187,229	\$113,745	\$132,626	\$155,561	\$155,546
(206,448)	(187,229)	(113,745)	(132,626)	(155,561)	(155,546)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,051,452	\$1,136,466	\$855,682	\$1,011,500	\$1,167,270	\$1,171,179
19.63%	16.47%	13.29%	13.11%	13.33%	13.28%
\$5,257	\$6,772	\$7,678	\$8,952	\$10,500	\$10,500
(5,257)	(6,772)	(7,678)	(8,952)	(10,500)	(10,500)
\$0	\$0	\$0	\$0	\$0	\$0
0.50%	0.60%	0.90%	0.89%	0.90%	0.90%
20.13%	17.07%	14.19%	14.00%	14.23%	14.18%

City of Norton, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented as follows:

	2017	2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported beginning 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions – OPF Pension

Amounts reported for 2018 incorporate changes in assumptions used by OPF in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented as follows:

City of Norton, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported for 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OPF OPEB

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

Combining and Individual Fund Statements and Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

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

Special Permissive License Plate Tax Fund To account for and report restricted revenues received from license plates. Expenditures are restricted for street construction, maintenance and repair.

DARE Program Fund To account for and report revenues received from DARE activities. Expenditures are restricted for DARE activities.

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

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

Law Enforcement Assistance Fund To account for and report revenues and expenditures restricted for the Law Enforcement Assistance program. The fund did not have any budgetary activity in 2018; therefore, budgetary information is not provided.

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

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

Special Events Fund To account for and report various revenues to be committed to pay the cost of presenting fireworks at the annual cider festival.

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

Water System Fund To account for and report charges for services revenue restricted for water line maintenance fees.

Sanitary Sewer Fund To account for and report revenues that are restricted for providing sewer services to residents, as provided for in the transfer agreement of sewer operations to the City of Barberton.

Police Equipment Fund To account for and report towing administrative and storage fee revenues restricted for the purchase of equipment and vehicles for the police department.

Economic Development Fund To account for and report revenues restricted for economic development, the payment of any economic development expenses and a revolving fund restricted for the purpose of land acquisition and infrastructure improvements.

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Road Program Fund To account for and report assigned revenues received primarily from general fund transfers. Expenditures are used for street construction, maintenance and repair. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Community Center Fund To account for and report revenue assigned from rental fees which provides for the furnishings and upkeep of the Community Center building supplemented by the general fund. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Greenwich Road Fund To provide for and report the collection of rent and future payments for repairs and expenditures assigned for the rental of the property supplemented by the general fund. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Recycling Fund To account for and report reimbursements assigned to the recycling of solid waste within the City. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Scrap Tire Fund To account for and report various assigned revenues to provide for a scrap tire management and recovery program. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source. The fund did not have any budgetary activity in 2018; therefore, budgetary information is not provided.

Compensated Absences Fund To account for and report accumulation of resources for the payment of sick leave, vacation leave, and compensatory time off upon retirement, as well as to account for the 27th pay in years that occurs. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Nonmajor Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted to expenditures for principal and interest.

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

Nonmajor Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Land and Land Improvements Fund To account for and report charges for services revenues and expenditures assigned for the acquisition of land and major land improvements.

Buildings Fund To account for and report various revenues and expenditures assigned for constructing new operations and storage areas. The fund did not have any budgetary activity in 2018; therefore, budgetary information is not provided.

Streets, Highways and Bridges Fund To account for and report grant revenues restricted for the maintaining of City streets and highways within City limits.

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds (continued)

Storm Sewer Fund To account for and report revenues and expenditures assigned for the construction and acquisition of capital storm sewer projects. The fund did not have any budgetary activity in 2018; therefore, budgetary information is not provided.

Sanitary Sewer Fund To account for amounts assigned for sanitary sewer projects. The fund did not have any budgetary activity in 2018; therefore, budgetary information is not provided.

Newpark Drive Reconstruction Fund To account for and report grants and loan proceeds restricted for the construction of flood control capital projects.

Cleveland-Massillon Widening Fund To account for and report grants and loan proceeds restricted for the widening of this road.

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,575,685	\$2,013	\$930,141	\$4,507,839
Accounts Receivable	56,009	0	2,054	58,063
Intergovernmental Receivable	75,126	0	0	75,126
Property Taxes Receivable	73,723	0	0	73,723
<i>Total Assets</i>	<u>\$3,780,543</u>	<u>\$2,013</u>	<u>\$932,195</u>	<u>\$4,714,751</u>
Liabilities				
Accounts Payable	\$6,975	\$0	\$0	\$6,975
Intergovernmental Payable	18,517	0	0	18,517
Contracts Payable	8,950	0	2,625	11,575
<i>Total Liabilities</i>	<u>34,442</u>	<u>0</u>	<u>2,625</u>	<u>37,067</u>
Deferred Inflows of Resources				
Property Taxes	68,196	0	0	68,196
Unavailable Revenue	57,511	0	0	57,511
<i>Total Deferred Inflows of Resources</i>	<u>125,707</u>	<u>0</u>	<u>0</u>	<u>125,707</u>
Fund Balances				
Restricted	3,607,503	2,013	387,492	3,997,008
Committed	25,533	0	0	25,533
Assigned	0	0	542,078	542,078
Unassigned (Deficit)	(12,642)	0	0	(12,642)
<i>Total Fund Balances</i>	<u>3,620,394</u>	<u>2,013</u>	<u>929,570</u>	<u>4,551,977</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,780,543</u>	<u>\$2,013</u>	<u>\$932,195</u>	<u>\$4,714,751</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$68,618	\$0	\$0	\$68,618
Charges for Services	300,370	0	134,168	434,538
Fines and Forfeitures	561,863	0	0	561,863
Intergovernmental	308,212	0	1,003,114	1,311,326
Contributions and Donations	50	0	0	50
Interest	1,105	0	0	1,105
Other	0	2,436	4,283	6,719
<i>Total Revenues</i>	<u>1,240,218</u>	<u>2,436</u>	<u>1,141,565</u>	<u>2,384,219</u>
Expenditures				
Current:				
General Government	0	55	0	55
Security of Persons and Property	164,944	0	0	164,944
Transportation	153,300	0	0	153,300
Public Health Services	147,748	0	0	147,748
Capital Outlay	0	0	1,202,761	1,202,761
Debt Service:				
Principal Retirement	0	210,000	28,990	238,990
Interest and Fiscal Charges	0	101,385	2,850	104,235
<i>Total Expenditures</i>	<u>465,992</u>	<u>311,440</u>	<u>1,234,601</u>	<u>2,012,033</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	774,226	(309,004)	(93,036)	372,186
Other Financing Sources				
Transfers In	106,500	311,000	355,000	772,500
<i>Net Change in Fund Balances</i>	880,726	1,996	261,964	1,144,686
<i>Fund Balances Beginning of Year</i>	<u>2,739,668</u>	<u>17</u>	<u>667,606</u>	<u>3,407,291</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,620,394</u></u>	<u><u>\$2,013</u></u>	<u><u>\$929,570</u></u>	<u><u>\$4,551,977</u></u>

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$132,928	\$127,737	\$53,730	\$2,952
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	20,114	49,936	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$153,042</u>	<u>\$177,673</u>	<u>\$53,730</u>	<u>\$2,952</u>
Liabilities				
Accounts Payable	\$0	\$6,975	\$0	\$0
Intergovernmental Payable	0	0	0	0
Contracts Payable	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>6,975</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	13,122	33,830	0	0
<i>Total Deferred Inflows of Resources</i>	<u>13,122</u>	<u>33,830</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	139,920	136,868	53,730	2,952
Committed	0	0	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>139,920</u>	<u>136,868</u>	<u>53,730</u>	<u>2,952</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$153,042</u>	<u>\$177,673</u>	<u>\$53,730</u>	<u>\$2,952</u>

Law Enforcement	Law Enforcement Assistance	DWI Enforcement and Education	Cemetery	Special Events	Police and Fire Disability and Pension	Water System
\$220,836	\$4,780	\$5,831	\$20,274	\$5,259	\$207,419	\$1,200,650
0	0	0	0	0	0	35,388
0	0	44	0	0	5,032	0
0	0	0	0	0	73,723	0
<u>\$220,836</u>	<u>\$4,780</u>	<u>\$5,875</u>	<u>\$20,274</u>	<u>\$5,259</u>	<u>\$286,174</u>	<u>\$1,236,038</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	18,517	0	0	0	0
0	0	0	0	0	0	8,950
<u>0</u>	<u>0</u>	<u>18,517</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,950</u>
0	0	0	0	0	68,196	0
0	0	0	0	0	10,559	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>78,755</u>	<u>0</u>
220,836	4,780	0	0	0	207,419	1,227,088
0	0	0	20,274	5,259	0	0
0	0	(12,642)	0	0	0	0
<u>220,836</u>	<u>4,780</u>	<u>(12,642)</u>	<u>20,274</u>	<u>5,259</u>	<u>207,419</u>	<u>1,227,088</u>
<u>\$220,836</u>	<u>\$4,780</u>	<u>\$5,875</u>	<u>\$20,274</u>	<u>\$5,259</u>	<u>\$286,174</u>	<u>\$1,236,038</u>

(continued)

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2018

	Sanitary Sewer	Police Equipment	Economic Development	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,225,267	\$229,860	\$138,162	\$3,575,685
Accounts Receivable	0	0	20,621	56,009
Intergovernmental Receivable	0	0	0	75,126
Property Taxes Receivable	0	0	0	73,723
<i>Total Assets</i>	<u>\$1,225,267</u>	<u>\$229,860</u>	<u>\$158,783</u>	<u>\$3,780,543</u>
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$6,975
Intergovernmental Payable	0	0	0	18,517
Contracts Payable	0	0	0	8,950
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,442</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	68,196
Unavailable Revenue	0	0	0	57,511
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>125,707</u>
Fund Balances				
Restricted	1,225,267	229,860	158,783	3,607,503
Committed	0	0	0	25,533
Unassigned (Deficit)	0	0	0	(12,642)
<i>Total Fund Balances (Deficit)</i>	<u>1,225,267</u>	<u>229,860</u>	<u>158,783</u>	<u>3,620,394</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,225,267</u>	<u>\$229,860</u>	<u>\$158,783</u>	<u>\$3,780,543</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

	State Highway Improvement	Special Permissive License Plate Tax	DARE Program	Drug Law Enforcement
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	47,869	239,168	11,098	0
Contributions and Donations	0	0	0	0
Interest	1,105	0	0	0
<i>Total Revenues</i>	<u>48,974</u>	<u>239,168</u>	<u>11,098</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	0	153,300	0	0
Public Health Services	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>153,300</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>48,974</u>	<u>85,868</u>	<u>11,098</u>	<u>0</u>
Other Financing Sources				
Transfers In	<u>0</u>	<u>50,000</u>	<u>24,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>48,974</u>	<u>135,868</u>	<u>35,098</u>	<u>0</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>90,946</u>	<u>1,000</u>	<u>18,632</u>	<u>2,952</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$139,920</u></u>	<u><u>\$136,868</u></u>	<u><u>\$53,730</u></u>	<u><u>\$2,952</u></u>

(continued)

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2018

	Law Enforcement	Law Enforcement Assistance	DWI Enforcement and Education	Cemetery
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	3,936
Fines and Forfeitures	200,406	0	2,674	0
Intergovernmental	0	0	0	0
Contributions and Donations	0	0	0	0
Interest	0	0	0	0
<i>Total Revenues</i>	<u>200,406</u>	<u>0</u>	<u>2,674</u>	<u>3,936</u>
Expenditures				
Current:				
Security of Persons and Property	9,995	0	18,517	0
Transportation	0	0	0	0
Public Health Services	0	0	0	0
<i>Total Expenditures</i>	<u>9,995</u>	<u>0</u>	<u>18,517</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	190,411	0	(15,843)	3,936
Other Financing Sources				
Transfers In	<u>11,500</u>	<u>0</u>	<u>21,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	201,911	0	5,157	3,936
<i>Fund Balances Beginning of Year</i>	<u>18,925</u>	<u>4,780</u>	<u>(17,799)</u>	<u>16,338</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$220,836</u></u>	<u><u>\$4,780</u></u>	<u><u>(\$12,642)</u></u>	<u><u>\$20,274</u></u>

Special Events	Police and Fire Disability and Pension	Water System	Sanitary Sewer	Police Equipment	Economic Development	Total Nonmajor Special Revenue Funds
\$0	\$68,618	\$0	\$0	\$0	\$0	\$68,618
0	0	236,959	8,409	51,066	0	300,370
0	0	0	0	200,000	158,783	561,863
0	10,077	0	0	0	0	308,212
50	0	0	0	0	0	50
0	0	0	0	0	0	1,105
50	78,695	236,959	8,409	251,066	158,783	1,240,218
0	68,341	0	0	68,091	0	164,944
0	0	0	0	0	0	153,300
0	0	139,023	8,725	0	0	147,748
0	68,341	139,023	8,725	68,091	0	465,992
50	10,354	97,936	(316)	182,975	158,783	774,226
0	0	0	0	0	0	106,500
50	10,354	97,936	(316)	182,975	158,783	880,726
5,209	197,065	1,129,152	1,225,583	46,885	0	2,739,668
\$5,259	\$207,419	\$1,227,088	\$1,225,267	\$229,860	\$158,783	\$3,620,394

City of Norton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Streets, Highways and Bridges</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$508,028	\$14,964	\$191,631
Accounts Receivable	<u>2,054</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$510,082</u></u>	<u><u>\$14,964</u></u>	<u><u>\$191,631</u></u>
Liabilities			
Contracts Payable	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Fund Balances			
Restricted	0	0	191,631
Assigned	<u>510,082</u>	<u>14,964</u>	<u>0</u>
<i>Total Fund Balances</i>	<u><u>510,082</u></u>	<u><u>14,964</u></u>	<u><u>191,631</u></u>
<i>Total Liabilities, Deferred Inflows of Total Liabilities and Fund Balances</i>	<u><u>\$510,082</u></u>	<u><u>\$14,964</u></u>	<u><u>\$191,631</u></u>

<u>Storm Sewer</u>	<u>Sanitary Sewer</u>	<u>Newpark Drive Reconstruction</u>	<u>Cleveland - Massillon Widening</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$6,329 0	\$10,703 0	\$10 0	\$198,476 0	\$930,141 2,054
<u>\$6,329</u>	<u>\$10,703</u>	<u>\$10</u>	<u>\$198,476</u>	<u>\$932,195</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,625</u>	<u>\$2,625</u>
0 6,329	0 10,703	10 0	195,851 0	387,492 542,078
<u>6,329</u>	<u>10,703</u>	<u>10</u>	<u>195,851</u>	<u>929,570</u>
<u>\$6,329</u>	<u>\$10,703</u>	<u>\$10</u>	<u>\$198,476</u>	<u>\$932,195</u>

City of Norton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Streets, Highways and Bridges</u>
Revenues			
Charges for Services	\$134,168	\$0	\$0
Intergovernmental	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>134,168</u>	<u>0</u>	<u>0</u>
Expenditures			
Capital Outlay	121,099	0	0
Debt Service:			
Principal Retirement	15,000	0	0
Interest and Fiscal Charges	2,850	0	0
<i>Total Expenditures</i>	<u>138,949</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(4,781)	0	0
Other Financing Sources			
Transfers In	250,000	0	0
<i>Net Change in Fund Balances</i>	245,219	0	0
<i>Fund Balances Beginning of Year</i>	<u>264,863</u>	<u>14,964</u>	<u>191,631</u>
<i>Fund Balances End of Year</i>	<u><u>\$510,082</u></u>	<u><u>\$14,964</u></u>	<u><u>\$191,631</u></u>

Storm Sewer	Sanitary Sewer	Newpark Drive Reconstruction	Cleveland - Massillon Widening	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$134,168
0	0	0	1,003,114	1,003,114
0	0	0	4,283	4,283
0	0	0	1,007,397	1,141,565
0	0	0	1,081,662	1,202,761
0	0	13,990	0	28,990
0	0	0	0	2,850
0	0	13,990	1,081,662	1,234,601
0	0	(13,990)	(74,265)	(93,036)
0	0	14,000	91,000	355,000
0	0	10	16,735	261,964
6,329	10,703	0	179,116	667,606
\$6,329	\$10,703	\$10	\$195,851	\$929,570

Fund Descriptions - Fiduciary Funds

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

Agency Funds

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

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

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

City of Norton, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018

	Beginning Balance 12/31/17	Additions	Deductions	Ending Balance 12/31/18
General Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$91,519</u>	<u>\$112,856</u>	<u>\$115,299</u>	<u>\$89,076</u>
Liabilities				
Undistributed Assets	<u>\$91,519</u>	<u>\$112,856</u>	<u>\$115,299</u>	<u>\$89,076</u>
Building Standards				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$187</u>	<u>\$0</u>	<u>\$0</u>	<u>\$187</u>
Liabilities				
Undistributed Assets	<u>\$187</u>	<u>\$0</u>	<u>\$0</u>	<u>\$187</u>
Total Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$91,706</u>	<u>\$112,856</u>	<u>\$115,299</u>	<u>\$89,263</u>
Liabilities				
Undistributed Assets	<u>\$91,706</u>	<u>\$112,856</u>	<u>\$115,299</u>	<u>\$89,263</u>

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

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$303,583	\$325,533	\$365,962	\$40,429
Municipal Income Tax	5,800,000	5,800,000	5,751,246	(48,754)
Charges for Services	192,246	192,246	213,197	20,951
Licenses, Permits and Fees	25,429	25,429	28,200	2,771
Fines and Forfeitures	14,259	14,259	15,813	1,554
Intergovernmental	460,563	475,740	509,546	33,806
Interest	98,121	98,121	101,074	2,953
Contributions and Donations	54,206	54,206	60,113	5,907
Rentals	4,356	4,356	4,831	475
Other	113,357	113,357	273,659	160,302
Total Revenues	7,066,120	7,103,247	7,323,641	220,394
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	36,490	36,490	25,757	10,733
Fringe Benefits	18,894	18,894	10,122	8,772
Purchased Services	1,275	400	400	0
Total Mayor	56,659	55,784	36,279	19,505
City Council:				
Salaries and Wages	125,564	125,564	120,037	5,527
Fringe Benefits	31,911	31,911	28,983	2,928
Purchased Services	44,403	23,987	23,987	0
Materials and Supplies	176	141	141	0
Total City Council	202,054	181,603	173,148	8,455
Finance Office:				
Salaries and Wages	155,632	155,632	148,526	7,106
Fringe Benefits	75,819	75,819	68,911	6,908
Purchased Services	41,677	175,109	175,109	0
Materials and Supplies	962	646	646	0
Total Finance Office	274,090	407,206	393,192	14,014
Income Tax:				
Salaries and Wages	5,269	5,269	5,018	251
Fringe Benefits	2,659	2,659	2,305	354
Purchased Services	692,960	755,926	755,926	0
Total Income Tax	\$700,888	\$763,854	\$763,249	\$605

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Law Director:				
Salaries and Wages	\$19,961	\$20,000	\$20,000	\$0
Fringe Benefits	6,939	6,952	6,952	0
Purchased Services	124,766	180,061	180,061	0
Total Law Director	151,666	207,013	207,013	0
Engineer:				
Purchased Services	59,430	47,430	47,430	0
Administrative Officer:				
Salaries and Wages	148,155	144,178	115,668	28,510
Fringe Benefits	66,241	66,241	38,737	27,504
Purchased Services	11,905	4,651	4,651	0
Capital Outlay	464	245	245	0
Total Administrative Officer	226,765	215,315	159,301	56,014
Planning Commission:				
Purchased Services	2,840	1,465	1,465	0
Records Commission:				
Purchased Services	1,189	819	819	0
Capital Outlay	2,713	2,250	2,250	0
Total Records Commission	3,902	3,069	3,069	0
Other General Government:				
Salaries and Wages	10,980	11,943	11,943	0
Fringe Benefits	2,243	2,440	2,440	0
Purchased Services	707,054	736,916	565,024	171,892
Materials and Supplies	6,001	6,317	4,610	1,707
Total Other General Government	726,278	757,616	584,017	173,599
Parks and Recreation Board:				
Purchased Services	10,790	10,790	6,242	4,548
Building and Zoning Board:				
Purchased Services	42,445	42,445	5,728	36,717
Civil Service Commission:				
Purchased Services	\$13,250	\$13,250	\$10,255	\$2,995

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Storm Sewer:				
Purchased Services	\$150,961	\$150,961	\$140,218	\$10,743
Total General Government	2,622,018	2,857,801	2,530,606	327,195
Security of Persons and Property:				
Police:				
Salaries and Wages	1,601,678	1,601,678	1,323,085	278,593
Fringe Benefits	709,116	709,116	565,926	143,190
Purchased Services	433,025	481,850	481,850	0
Materials and Supplies	4,282	10,787	10,787	0
Capital Outlay	170,814	115,484	68,843	46,641
Total Security of Persons and Property	2,918,915	2,918,915	2,450,491	468,424
Community Environment:				
Community Development:				
Purchased Services	35,000	35,000	35,000	0
Building:				
Salaries and Wages	11,761	14,125	14,125	0
Fringe Benefits	1,994	2,395	2,395	0
Purchased Services	1,600	2,018	2,018	0
Materials and Supplies	316	350	350	0
Total Building	15,671	18,888	18,888	0
Total Community Environment	50,671	53,888	53,888	0
Leisure Time Activities:				
Community Recreation:				
Salaries and Wages	170,856	170,856	168,107	2,749
Fringe Benefits	32,244	32,244	31,725	519
Purchased Services	88,706	88,706	77,540	11,166
Materials and Supplies	1,966	1,966	1,756	210
Total Leisure Time Activities	293,772	293,772	279,128	14,644
Debt Service:				
Principal Retirement	84,000	84,000	84,000	0
Total Expenditures	5,969,376	6,208,376	5,398,113	810,263
Excess of Revenues Over Expenditures	\$1,096,744	\$894,871	\$1,925,528	\$1,030,657

(continued)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other Financing Sources (Uses)				
Sale of Capital Assets	\$8,431	\$8,431	\$9,350	\$919
Advances Out	(36,000)	(36,000)	0	36,000
Transfers In	125	125	0	(125)
Transfers Out	(950,000)	(2,448,760)	(2,303,760)	145,000
<i>Total Other Financing Sources (Uses)</i>	<u>(977,444)</u>	<u>(2,476,204)</u>	<u>(2,294,410)</u>	<u>181,794</u>
<i>Net Change in Fund Balance</i>	119,300	(1,581,333)	(368,882)	1,212,451
<i>Fund Balance Beginning of Year</i>	2,497,615	2,497,615	2,497,615	0
Prior Year Encumbrances Appropriated	<u>362,833</u>	<u>362,833</u>	<u>362,833</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,979,748</u>	<u>\$1,279,115</u>	<u>\$2,491,566</u>	<u>\$1,212,451</u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$44,929	\$44,929	\$24,410	(\$20,519)
Intergovernmental	1,222,847	1,222,847	631,687	(591,160)
Interest	3,876	3,876	2,106	(1,770)
Other	40,452	40,452	22,659	(17,793)
<i>Total Revenues</i>	<u>1,312,104</u>	<u>1,312,104</u>	<u>680,862</u>	<u>(631,242)</u>
Expenditures				
Current:				
Transportation:				
Street Department:				
Salaries and Wages	540,348	540,348	444,920	95,428
Fringe Benefits	369,151	369,151	305,597	63,554
Purchased Services	170,568	167,177	84,554	82,623
Materials and Supplies	527,366	530,757	530,757	0
Capital Outlay	75,507	75,507	24,599	50,908
<i>Total Transportation</i>	<u>1,682,940</u>	<u>1,682,940</u>	<u>1,390,427</u>	<u>292,513</u>
Debt Service:				
Principal Retirement	155,727	155,727	155,727	0
Interest and Fiscal Charges	3,655	3,655	3,655	0
<i>Total Debt Service</i>	<u>159,382</u>	<u>159,382</u>	<u>159,382</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,842,322</u>	<u>1,842,322</u>	<u>1,549,809</u>	<u>292,513</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(530,218)</u>	<u>(530,218)</u>	<u>(868,947)</u>	<u>(338,729)</u>
Other Financing Sources				
Sale of Capital Assets	2,371	2,371	2,371	0
Transfers In	600,000	1,275,000	725,000	(550,000)
<i>Total Other Financing Sources</i>	<u>602,371</u>	<u>1,277,371</u>	<u>727,371</u>	<u>(550,000)</u>
<i>Net Change in Fund Balance</i>	<u>72,153</u>	<u>747,153</u>	<u>(141,576)</u>	<u>(888,729)</u>
<i>Fund Balance Beginning of Year</i>	<u>38,531</u>	<u>38,531</u>	<u>38,531</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>72,070</u>	<u>72,070</u>	<u>72,070</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$182,754</u>	<u>\$857,754</u>	<u>(\$30,975)</u>	<u>(\$888,729)</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Revenues				
Property Taxes	\$1,599,564	\$1,626,796	\$1,628,564	\$1,768
Charges for Services	270,683	270,683	276,384	5,701
Intergovernmental	234,640	238,635	238,894	259
Other	36,643	36,643	37,414	771
<i>Total Revenues</i>	<u>2,141,530</u>	<u>2,172,757</u>	<u>2,181,256</u>	<u>8,499</u>
Expenditures				
Current:				
Security of Persons and Property:				
Salaries and Wages	1,221,827	1,338,082	1,156,486	181,596
Fringe Benefits	571,285	624,230	528,261	95,969
Purchased Services	691,279	691,279	490,820	200,459
Materials and Supplies	58,113	58,113	48,024	10,089
Capital Outlay	109,741	109,741	20,246	89,495
Total Security of Persons and Property	<u>2,652,245</u>	<u>2,821,445</u>	<u>2,243,837</u>	<u>577,608</u>
Debt Service:				
Principal Retirement	103,740	103,740	103,740	0
Interest and Fiscal Charges	5,361	5,361	5,361	0
Total Debt Service	<u>109,101</u>	<u>109,101</u>	<u>109,101</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,761,346</u>	<u>2,930,546</u>	<u>2,352,938</u>	<u>577,608</u>
<i>Net Change in Fund Balance</i>	<u>(619,816)</u>	<u>(757,789)</u>	<u>(171,682)</u>	<u>586,107</u>
<i>Fund Balance Beginning of Year</i>	<u>1,382,167</u>	<u>1,382,167</u>	<u>1,382,167</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>116,336</u>	<u>116,336</u>	<u>116,336</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$878,687</u></u>	<u><u>\$740,714</u></u>	<u><u>\$1,326,821</u></u>	<u><u>\$586,107</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Revenues				
Special Assessments	\$196,250	\$196,250	\$178,454	(\$17,796)
Expenditures				
Current:				
General Government:				
Purchase Services	6,998	6,998	3,003	3,995
Debt Service:				
Principal Retirement:				
2010 Various Purpose Bonds - Series B	55,000	55,000	55,000	0
2012 Various Purpose Bonds	29,000	29,000	29,000	0
2012 Barber Road Refunding Bonds	50,320	50,320	50,320	0
Total Principal Retirement	134,320	134,320	134,320	0
Interest and Fiscal Charges:				
2010 Various Purpose Bonds - Series B	39,917	39,917	39,917	0
2012 Various Purpose Bonds	17,624	17,624	17,624	0
2012 Barber Road Refunding Bonds	9,746	9,746	9,746	0
Total Interest and Fiscal Charges	67,287	67,287	67,287	0
Total Debt Service	201,607	201,607	201,607	0
Total Expenditures	208,605	208,605	204,610	3,995
Excess of Revenues Under Expenditures	(12,355)	(12,355)	(26,156)	(13,801)
Other Financing Sources				
Transfers In	25,000	25,000	0	(25,000)
Net Change in Fund Balance	12,645	12,645	(26,156)	(38,801)
Fund Balance Beginning of Year	269,661	269,661	269,661	0
Fund Balance End of Year	\$282,306	\$282,306	\$243,505	(\$38,801)

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water and Sewer Improvements Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Revenues				
Municipal Income Tax	\$585,000	\$585,000	\$630,180	\$45,180
Intergovernmental	0	0	152,173	152,173
<i>Total Revenues</i>	<u>585,000</u>	<u>585,000</u>	<u>782,353</u>	<u>197,353</u>
Expenditures				
Capital Outlay:				
Purchased Services	5,600	5,600	4,197	1,403
Capital Outlay	1,298,080	1,298,080	44,273	1,253,807
Total Capital Outlay	<u>1,303,680</u>	<u>1,303,680</u>	<u>48,470</u>	<u>1,255,210</u>
Debt Service:				
Principal Retirement	85,680	85,680	85,680	0
Interest and Fiscal Charges	16,595	16,595	16,594	1
Total Debt Service	<u>102,275</u>	<u>102,275</u>	<u>102,274</u>	<u>1</u>
<i>Total Expenditures</i>	<u>1,405,955</u>	<u>1,405,955</u>	<u>150,744</u>	<u>1,255,211</u>
<i>Net Change in Fund Balance</i>	<u>(820,955)</u>	<u>(820,955)</u>	<u>631,609</u>	<u>1,452,564</u>
<i>Fund Balance Beginning of Year</i>	<u>1,798,117</u>	<u>1,798,117</u>	<u>1,798,117</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>232,080</u>	<u>232,080</u>	<u>232,080</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,209,242</u>	<u>\$1,209,242</u>	<u>\$2,661,806</u>	<u>\$1,452,564</u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Improvement Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$81,296	\$49,987	(\$31,309)
Interest	1,707	1,105	(602)
<i>Total Revenues</i>	83,003	51,092	(31,911)
Expenditures			
Current:			
Transportation:			
State Highway:			
Materials and Supplies	95,929	57,016	38,913
<i>Net Change in Fund Balance</i>	(12,926)	(5,924)	7,002
<i>Fund Balance Beginning of Year</i>	42,923	42,923	0
Prior Year Encumbrances Appropriated	45,929	45,929	0
<i>Fund Balance End of Year</i>	<u>\$75,926</u>	<u>\$82,928</u>	<u>\$7,002</u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Permissive License Plate Tax Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$0	\$223,062	\$223,062
Expenditures			
Current:			
Transportation:			
Special Permissive License Plate Tax:			
Purchased Services	105,000	153,300	(48,300)
<i>Excess of Revenues Over (Under) Expenditures</i>	(105,000)	69,762	174,762
Other Financing Sources			
Transfers In	105,000	50,000	(55,000)
<i>Net Change in Fund Balance</i>	0	119,762	119,762
<i>Fund Balance Beginning of Year</i>	1,000	1,000	0
Prior Year Encumbrances Appropriated	0	0	0
<i>Fund Balance End of Year</i>	<u>\$1,000</u>	<u>\$120,762</u>	<u>\$119,762</u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DARE Program Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$0	\$11,098	\$11,098
Expenditures			
Current:			
Security of Persons and Property:			
Drug Abuse Resistance Education:			
Materials and Supplies	23,050	0	23,050
<i>Excess of Revenues Over (Under) Expenditures</i>	(23,050)	11,098	34,148
Other Financing Sources			
Transfers In	24,000	24,000	0
<i>Net Change in Fund Balance</i>	950	35,098	34,148
<i>Fund Balance Beginning of Year</i>	18,632	18,632	0
<i>Fund Balance End of Year</i>	\$19,582	\$53,730	\$34,148

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Security of Persons and Property:			
Drug Law Enforcement:			
Capital Outlay	1,500	0	1,500
<i>Net Change in Fund Balance</i>	(1,500)	0	1,500
<i>Fund Balance Beginning of Year</i>	2,952	2,952	0
<i>Fund Balance End of Year</i>	\$1,452	\$2,952	\$1,500

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$0	\$200,406	\$200,406
Expenditures			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Capital Outlay	11,495	9,995	1,500
<i>Excess of Revenues Over (Under) Expenditures</i>	(11,495)	190,411	201,906
Other Financing Sources			
Transfers In	11,500	11,500	0
<i>Net Change in Fund Balance</i>	5	201,911	201,906
<i>Fund Balance Beginning of Year</i>	8,930	8,930	0
Prior Year Encumbrances Appropriated	9,995	9,995	0
<i>Fund Balance End of Year</i>	<u>\$18,930</u>	<u>\$220,836</u>	<u>\$201,906</u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DWI Enforcement and Education Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$3,711	\$2,800	(\$911)
Expenditures			
Current:			
Security of Persons and Property:			
Law Enforcement:			
Purchased Services	26,000	25,107	893
<i>Excess of Revenues Under Expenditures</i>	(22,289)	(22,307)	(18)
Other Financing Sources			
Transfers In	37,000	21,000	(16,000)
<i>Net Change in Fund Balance</i>	14,711	(1,307)	(16,018)
<i>Fund Balance Beginning of Year</i>	4,018	4,018	0
<i>Fund Balance End of Year</i>	\$18,729	\$2,711	(\$16,018)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$500	\$3,936	\$3,436
Expenditures			
Current:			
Public Health Services:			
Cemetery:			
Purchased Services	2,950	0	2,950
<i>Net Change in Fund Balance</i>	(2,450)	3,936	6,386
<i>Fund Balance Beginning of Year</i>	16,338	16,338	0
<i>Fund Balance End of Year</i>	\$13,888	\$20,274	\$6,386

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Events Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Contributions and Donations	\$200	\$50	(\$150)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	200	50	(150)
<i>Fund Balance Beginning of Year</i>	<u>5,209</u>	<u>5,209</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,409</u></u>	<u><u>\$5,259</u></u>	<u><u>(\$150)</u></u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police and Fire Disability and Pension Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$68,544	\$68,618	\$74
Intergovernmental	10,066	10,077	11
<i>Total Revenues</i>	<u>78,610</u>	<u>78,695</u>	<u>85</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police and Fire Disability and Pension:			
Fringe Benefits	84,550	67,225	17,325
Purchased Services	2,450	1,116	1,334
<i>Total Expenditures</i>	<u>87,000</u>	<u>68,341</u>	<u>18,659</u>
<i>Net Change in Fund Balance</i>	(8,390)	10,354	18,744
<i>Fund Balance Beginning of Year</i>	<u>197,065</u>	<u>197,065</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$188,675</u></u>	<u><u>\$207,419</u></u>	<u><u>\$18,744</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water System Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$110,500	\$247,919	\$137,419
Expenditures			
Current:			
Public Health Services:			
Waterline Improvement:			
Purchased Services	34,576	51,223	(16,647)
Capital Outlay	53,224	142,550	(89,326)
<i>Total Expenditures</i>	87,800	193,773	(105,973)
<i>Net Change in Fund Balance</i>	22,700	54,146	31,446
<i>Fund Balance Beginning of Year</i>	1,082,804	1,082,804	0
<i>Fund Balance End of Year</i>	\$1,105,504	\$1,136,950	\$31,446

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitary Sewer Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$70,000	\$18,134	(\$51,866)
Expenditures			
Current:			
Public Health Services:			
Sewerline Improvement:			
Purchased Services	693	90	603
Capital Outlay	78,398	8,635	69,763
<i>Total Expenditures</i>	79,091	8,725	70,366
<i>Net Change in Fund Balance</i>	(9,091)	9,409	18,500
<i>Fund Balance Beginning of Year</i>	1,203,967	1,203,967	0
Prior Year Encumbrances Appropriated	11,891	11,891	0
<i>Fund Balance End of Year</i>	\$1,206,767	\$1,225,267	\$18,500

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Equipment Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$19,564	\$51,066	\$31,502
Fines and Forfeitures	76,622	200,000	123,378
<i>Total Revenues</i>	96,186	251,066	154,880
Expenditures			
Current:			
Security of Persons and Property:			
Sewerline Improvement:			
Capital Outlay	66,500	68,091	(1,591)
<i>Net Change in Fund Balance</i>	29,686	182,975	153,289
<i>Fund Balance Beginning of Year</i>	46,885	46,885	0
<i>Fund Balance End of Year</i>	\$76,571	\$229,860	\$153,289

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$0	\$138,162	\$138,162
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	138,162	138,162
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$138,162</u></u>	<u><u>\$138,162</u></u>

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Program Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and Forfeitures	\$46,518	\$414,485	\$367,967
Interest	470	4,189	3,719
Other	13,162	17,277	4,115
<i>Total Revenues</i>	<u>60,150</u>	<u>435,951</u>	<u>375,801</u>
Expenditures			
Current:			
Transportation:			
Road Program:			
Materials and Supplies	33,744	33,744	0
Capital Outlay	1,114,973	798,651	316,322
<i>Total Expenditures</i>	<u>1,148,717</u>	<u>832,395</u>	<u>316,322</u>
<i>Excess of Revenues Under Expenditures</i>	(1,088,567)	(396,444)	692,123
Other Financing Sources			
Transfers In	1,392,000	650,000	(742,000)
<i>Net Change in Fund Balance</i>	303,433	253,556	(49,877)
<i>Fund Balance Beginning of Year</i>	297,726	297,726	0
Prior Year Encumbrances Appropriated	143,217	143,217	0
<i>Fund Balance End of Year</i>	<u><u>\$744,376</u></u>	<u><u>\$694,499</u></u>	<u><u>(\$49,877)</u></u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Center Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Rentals	\$132,500	\$10,623	(\$121,877)
Expenditures			
Current:			
Leisure Time Activities:			
Community Recreation:			
Salaries and Wages	1,800	0	1,800
Fringe Benefits	235	0	235
Purchased Services	23,300	18,447	4,853
<i>Total Expenditures</i>	25,335	18,447	6,888
<i>Net Change in Fund Balance</i>	107,165	(7,824)	(114,989)
<i>Fund Balance Beginning of Year</i>	25,409	25,409	0
Prior Year Encumbrances Appropriated	1,246	1,246	0
<i>Fund Balance End of Year</i>	\$133,820	\$18,831	(\$114,989)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Greenwich Road Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$24,000	\$0	(\$24,000)
Expenditures			
Current:			
Leisure Time Activities:			
Historical Greenwich Road:			
Purchased Services	9,411	3,569	5,842
<i>Excess of Revenues Over (Under) Expenditures</i>	14,589	(3,569)	(18,158)
Other Financing Sources			
Transfers In	6,760	6,260	(500)
<i>Net Change in Fund Balance</i>	21,349	2,691	(18,658)
<i>Fund Balance Beginning of Year</i>	2,033	2,033	0
Prior Year Encumbrances Appropriated	226	226	0
<i>Fund Balance End of Year</i>	<u>\$23,608</u>	<u>\$4,950</u>	<u>(\$18,658)</u>

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recycling Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$10,500	\$12,472	1,972
Expenditures			
Current:			
General Government:			
Recycling:			
Purchased Services	11,000	166	10,834
<i>Net Change in Fund Balance</i>	(500)	12,306	12,806
<i>Fund Balance Beginning of Year</i>	15,140	15,140	0
<i>Fund Balance End of Year</i>	\$14,640	\$27,446	\$12,806

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Compensated Absences Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Sources			
Transfers In	0	150,000	150,000
<i>Net Change in Fund Balance</i>	0	150,000	150,000
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$150,000	\$150,000

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other	\$2,200	\$2,436	\$236
Expenditures			
Current:			
General Government:			
Purchased Services	265,150	55	265,095
Debt Service:			
Principal Retirement:			
2010 Various Purpose Bonds - Series A	80,000	80,000	0
2012 General Obligation Refunding Bonds	130,000	130,000	0
Total Principal Retirement	210,000	210,000	0
Interest and Fiscal Charges:			
2010 Various Purpose Bonds - Series A	95,535	95,535	0
2012 General Obligation Refunding Bonds	5,850	5,850	0
Total Interest and Fiscal Charges	101,385	101,385	0
Total Debt Service	311,385	311,385	0
<i>Total Expenditures</i>	576,535	311,440	265,095
<i>Excess of Revenues Under Expenditures</i>	(574,335)	(309,004)	265,331
Other Financing Sources			
Transfers In	611,000	311,000	(300,000)
<i>Net Change in Fund Balance</i>	36,665	1,996	(34,669)
<i>Fund Balance Beginning of Year</i>	17	17	0
<i>Fund Balance End of Year</i>	\$36,682	\$2,013	(\$34,669)

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land and Land Improvements Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$125,000	\$134,016	\$9,016
Expenditures			
Capital Outlay:			
Capital Outlay	125,405	121,099	4,306
Debt Service:			
Principal Retirement	15,000	15,000	0
Interest and Fiscal Charges	2,850	2,850	0
Total Debt Service	17,850	17,850	0
<i>Total Expenditures</i>	143,255	138,949	4,306
<i>Excess of Revenues Under Expenditures</i>	(18,255)	(4,933)	13,322
Other Financing Sources			
Transfers In	0	250,000	250,000
<i>Net Change in Fund Balance</i>	(18,255)	245,067	263,322
<i>Fund Balance Beginning of Year</i>	262,556	262,556	0
Prior Year Encumbrances Appropriated	405	405	0
<i>Fund Balance End of Year</i>	\$244,706	\$508,028	\$263,322

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Streets, Highways and Bridges Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	15,000	0	15,000
<i>Net Change in Fund Balance</i>	(15,000)	0	15,000
<i>Fund Balance Beginning of Year</i>	191,631	191,631	0
<i>Fund Balance End of Year</i>	\$176,631	\$191,631	\$15,000

City of Norton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Newpark Drive Reconstruction Fund
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$125,000	\$0	(\$125,000)
Expenditures			
Debt Service:			
Principal Retirement	13,900	13,990	(90)
<i>Excess of Revenues Over (Under) Expenditures</i>	111,100	(13,990)	(125,090)
Other Financing Sources			
Transfers In	14,000	14,000	0
<i>Net Change in Fund Balance</i>	125,100	10	(125,090)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$125,100	\$10	(\$125,090)

City of Norton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cleveland-Massillon Widening Fund
For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$644,079	\$1,003,114	\$359,035
Other	4,283	4,283	0
<i>Total Revenues</i>	648,362	1,007,397	359,035
Expenditures			
Capital Outlay:			
Capital Outlay	1,056,595	1,240,484	(183,889)
<i>Excess of Revenues Under Expenditures</i>	(408,233)	(233,087)	175,146
Other Financing Sources			
Transfers In	0	91,000	91,000
<i>Net Change in Fund Balance</i>	(408,233)	(142,087)	266,146
<i>Fund Balance Beginning of Year</i>	125,371	125,371	0
Prior Year Encumbrances Appropriated	67,595	67,595	0
<i>Fund Balance (Deficit) End of Year</i>	(\$215,267)	\$50,879	\$266,146

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



Statistical

Section



2018

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Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
<u>Financial Trends</u>	<u>S2-S11</u>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	<u>S12-S20</u>
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the municipal income tax.	
<u>Debt Capacity</u>	<u>S21-S25</u>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	<u>S26-S28</u>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<u>Operating Information</u>	<u>S30-S37</u>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Norton, Ohio
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

	<u>2018 (2)</u>	<u>2017</u>	<u>2016</u>	<u>2015 (1)</u>
Governmental Activities				
Net Investment in Capital Assets	\$20,431,843	\$18,234,870	\$21,366,802	\$19,026,829
Restricted:				
Capital Projects	390,117	384,597	419,111	255,837
Debt Service	889,748	1,174,698	2,030,745	1,883,002
Police	730,136	300,936	128,039	133,343
Fire/EMS	1,766,020	1,884,573	1,823,272	1,919,138
Transportation	846,707	675,219	721,503	972,141
Public Utilities	2,205,841	2,160,341	2,197,256	1,980,557
Economic Development	158,783	0	0	0
Other Purposes	0	0	0	64,363
Unclaimed Monies	14,879	9,542	9,542	8,329
Unrestricted (Deficit)	<u>(1,484,838)</u>	<u>(1,355,012)</u>	<u>2,711,856</u>	<u>3,736,490</u>
<i>Total Governmental Activities Net Position</i>	<u><u>\$25,949,236</u></u>	<u><u>\$23,469,764</u></u>	<u><u>\$31,408,126</u></u>	<u><u>\$29,980,029</u></u>

(1) The City reported the impact of GASB Statement No. 68 beginning in 2015.

(2) The City reported the impact of GASB Statement No. 75 beginning in 2018.

2014	2013	2012	2011	2010	2009
\$17,549,395	\$15,997,153	\$15,103,220	\$15,529,859	\$14,229,214	\$12,983,587
298,792	319,094	454,614	325,017	949,705	966,739
2,135,396	2,206,606	2,269,790	399,345	383,156	682,976
108,101	87,313	62,123	83,564	66,161	33,363
1,714,333	1,600,748	1,338,729	1,186,143	1,632,559	922,576
960,450	1,035,559	780,096	647,652	504,317	992,559
1,662,644	1,621,036	1,497,061	851,439	717,047	1,304,656
0	0	0	0	0	0
63,297	60,950	57,990	52,709	113,047	160,556
8,329	7,033	6,633	5,320	5,320	0
3,152,937	6,049,719	5,446,624	4,212,600	2,972,863	1,570,092
<u>\$27,653,674</u>	<u>\$28,985,211</u>	<u>\$27,016,880</u>	<u>\$23,293,648</u>	<u>\$21,573,389</u>	<u>\$19,617,104</u>

City of Norton, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2018 (2)	2017	2016	2015 (1)
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$260,145	\$510,674	\$331,914	\$320,652
Security of Persons and Property	666,507	661,825	369,815	390,310
Transportation	500,760	15,568	13,888	20,008
Community Environment	2,685	3,807	3,468	4,381
Public Health Services	249,304	170,235	251,703	326,831
Leisure Time Activities	24,944	14,267	16,753	11,498
Subtotal - Charges for Services	<u>1,704,345</u>	<u>1,376,376</u>	<u>987,541</u>	<u>1,073,680</u>
Operating Grants and Contributions:				
General Government	72,585	15,939	14,190	20,362
Security of Persons and Property	257,938	255,391	250,064	600,938
Transportation	821,277	810,800	834,131	730,329
Leisure Time Activities	50	1,614	2,488	8,314
Subtotal - Operating Grants and Contributions	<u>1,151,850</u>	<u>1,083,744</u>	<u>1,100,873</u>	<u>1,359,943</u>
Capital Grants and Contributions:				
Transportation	1,003,114	570,681	314,191	335,767
Public Health Services	74,598	40,000	0	0
Leisure Time Activities	0	0	0	0
Subtotal - Capital Grants and Contributions	<u>1,077,712</u>	<u>610,681</u>	<u>314,191</u>	<u>335,767</u>
<i>Total Governmental Activities Program Revenues</i>	<u>3,933,907</u>	<u>3,070,801</u>	<u>2,402,605</u>	<u>2,769,390</u>
Expenses				
Governmental Activities:				
General Government	2,650,174	2,074,731	2,182,194	2,215,323
Security of Persons and Property	5,573,805	5,126,841	4,639,014	4,279,816
Transportation	1,887,289	1,827,182	1,864,094	1,861,856
Community Environment	51,948	61,897	50,195	83,176
Public Health Services	135,116	103,112	154,236	26,810
Leisure Time Activities	407,627	326,356	278,580	359,994
Interest and Fiscal Charges	188,739	218,080	216,860	218,992
<i>Total Governmental Activities Expenses</i>	<u>10,894,698</u>	<u>9,738,199</u>	<u>9,385,173</u>	<u>9,045,967</u>
Net (Expense)/Revenue	<u>(\$6,960,791)</u>	<u>(\$6,667,398)</u>	<u>(\$6,982,568)</u>	<u>(\$6,276,577)</u>

2014	2013	2012	2011	2010	2009
\$301,110	\$361,645	\$2,264,295	\$302,108	\$276,251	\$300,905
457,479	452,148	410,342	598,990	297,053	360,415
80,220	45,147	5,346	97,791	19,669	17,867
14,538	11,415	13,861	9,913	11,201	9,121
283,247	269,186	335,691	98,585	583,767	229,682
6,418	4,862	3,977	8,123	113,014	9,285
1,143,012	1,144,403	3,033,512	1,115,510	1,300,955	927,275
21,670	15,076	0	0	0	33,741
244,608	285,302	236,940	245,158	431,812	293,797
754,921	776,227	759,919	776,542	1,040,826	861,965
2,912	0	0	0	0	0
1,024,111	1,076,605	996,859	1,021,700	1,472,638	1,189,503
554,695	214,930	145,167	257,935	3,971	1,156,369
0	0	0	8,388	377,076	597,946
0	0	0	0	0	247,550
554,695	214,930	145,167	266,323	381,047	2,001,865
2,721,818	2,435,938	4,175,538	2,403,533	3,154,640	4,118,643
1,897,592	1,936,401	2,024,702	1,867,424	2,162,226	2,125,361
4,054,819	4,046,180	3,404,024	3,894,241	4,596,289	3,663,609
2,219,620	1,585,557	1,369,735	1,361,018	942,026	1,350,060
182,717	176,888	205,175	136,519	207,963	215,613
279,427	88,571	90,538	336,423	0	149,466
115,566	153,148	132,009	173,648	151,742	130,210
218,845	250,152	355,527	280,450	241,181	219,038
8,968,586	8,236,897	7,581,710	8,049,723	8,301,427	7,853,357
(\$6,246,768)	(\$5,800,959)	(\$3,406,172)	(\$5,646,190)	(\$5,146,787)	(\$3,734,714)

(continued)

City of Norton, Ohio
Changes in Net Position (continued)
Last Ten Years
(Accrual Basis of Accounting)

	2018 (2)	2017	2016	2015 (1)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$358,665	\$344,233	\$337,668	\$337,438
Police and Fire Disability and Pension	67,250	64,544	63,312	63,270
Fire/EMS	1,585,645	1,611,809	1,583,197	1,762,935
Municipal Income Taxes levied for				
General Purposes	5,782,387	5,677,465	5,291,209	5,236,793
Debt Service	0	0	0	0
Water and Sewer Improvements	553,798	634,629	636,854	648,945
Grants and Entitlements not Restricted to				
Specific Programs	690,108	491,771	394,364	422,526
Interest	48,658	54,646	14,469	4,355
Other	353,752	126,991	89,592	126,670
<i>Total Governmental Activities</i>	<u>9,440,263</u>	<u>9,006,088</u>	<u>8,410,665</u>	<u>8,602,932</u>
Special Item - Loss on Transfer of Operations	<u>0</u>	<u>(5,949,503)</u>	<u>0</u>	<u>0</u>
Change in Net Position	<u><u>\$2,479,472</u></u>	<u><u>(\$3,610,813)</u></u>	<u><u>\$1,428,097</u></u>	<u><u>\$2,326,355</u></u>

(1) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

(2) Expenses are first impacted by the implementation of GASB Statement No. 75 beginning in 2018.

2014	2013	2012	2011	2010	2009
\$344,483	\$334,169	\$382,368	\$337,450	\$379,153	\$378,213
64,597	62,650	63,078	71,888	88,107	70,915
1,636,440	1,651,119	1,215,093	1,303,819	1,285,947	1,281,165
4,523,622	4,391,800	4,316,218	4,227,715	3,745,475	3,461,568
0	0	0	80,000	113,273	0
624,802	694,590	549,706	406,234	310,855	135,842
430,244	455,722	409,661	753,015	908,884	811,264
4,331	6,920	6,069	6,412	9,242	75,019
112,396	172,320	187,211	179,916	262,136	176,628
7,740,915	7,769,290	7,129,404	7,366,449	7,103,072	6,390,614
0	0	0	0	0	0
\$1,494,147	\$1,968,331	\$3,723,232	\$1,720,259	\$1,956,285	\$2,655,900

City of Norton, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2018	2017	2016	2015
General Fund				
Nonspendable	\$55,215	\$44,898	\$38,681	\$26,969
Committed	160,374	215,625	49,313	139,396
Assigned	868,526	549,876	391,007	1,319,338
Unassigned	2,992,508	3,134,220	2,889,200	2,432,922
Total General Fund	4,076,623	3,944,619	3,368,201	3,918,625
All Other Governmental Funds				
Nonspendable	222,801	299,924	446,443	243,160
Restricted	5,927,185	5,341,443	4,519,704	4,612,381
Committed	2,549,497	1,777,814	1,611,360	1,832,367
Assigned	542,078	296,859	276,999	254,185
Unassigned (Deficit)	(12,642)	(17,799)	N/A	(139,208)
Total All Other Governmental Funds	9,228,919	7,698,241	6,854,506	6,802,885
Total Governmental Funds	<u>\$13,305,542</u>	<u>\$11,642,860</u>	<u>\$10,222,707</u>	<u>\$10,721,510</u>

2014	2013	2012	2011	2010	2009
\$37,610	\$98,982	\$44,748	\$32,783	\$27,921	\$27,037
288,342	288,560	119,975	253,670	217,314	218,844
2,294,197	897,613	424,568	96,525	108,088	563,189
1,057,499	2,661,398	3,154,498	2,403,847	1,130,346	384,481
3,677,648	3,946,553	3,743,789	2,786,825	1,483,669	1,193,551
189,003	383,514	329,246	260,680	247,239	273,409
4,035,695	3,984,514	3,613,285	2,476,805	3,254,262	2,208,636
1,635,499	1,472,771	1,176,524	767,541	372,084	62,195
241,059	237,206	151,091	91,777	211,448	208,707
(162,453)	(184,773)	(253,907)	(236,462)	(184,108)	(1,759,933)
5,938,803	5,893,232	5,016,239	3,360,341	3,900,925	993,014
\$9,616,451	\$9,839,785	\$8,760,028	\$6,147,166	\$5,384,594	\$2,186,565

City of Norton, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2018	2017	2016	2015
Revenues				
Property Taxes	\$2,063,144	\$2,002,191	\$1,993,504	\$2,001,248
Municipal Income Taxes	5,998,755	6,535,766	5,855,346	5,832,540
Charges for Services	944,643	946,949	904,150	948,416
Special Assessments	178,454	357,932	202,419	203,517
Licenses, Permits and Fees	29,203	37,581	46,625	58,842
Fines and Forfeitures	1,054,056	40,186	25,588	35,324
Intergovernmental	3,001,957	2,076,566	1,803,860	2,189,512
Contributions and Donations	60,163	250	50	0
Interest	48,658	54,646	14,469	4,355
Rentals	15,454	0	0	0
Other	503,752	126,991	89,592	126,670
<i>Total Revenues</i>	<u>13,898,239</u>	<u>12,179,058</u>	<u>10,935,603</u>	<u>11,400,424</u>
Expenditures				
Current:				
General Government	2,580,372	2,624,479	2,177,948	2,252,940
Security of Persons and Property	4,823,870	4,638,589	4,359,494	4,177,697
Transportation	2,723,223	2,248,245	2,526,130	1,835,865
Community Environment	53,651	59,318	49,538	83,273
Public Health Services	147,748	13,658	32,912	7,532
Leisure Time Activities	290,941	242,472	259,183	307,243
Capital Outlay	1,227,055	758,799	1,554,870	909,614
Debt Service:				
Principal Retirement	702,457	550,761	558,170	490,121
Interest and Fiscal Charges	197,006	214,275	221,349	231,080
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>12,746,323</u>	<u>11,350,596</u>	<u>11,739,594</u>	<u>10,295,365</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,151,916</u>	<u>828,462</u>	<u>(803,991)</u>	<u>1,105,059</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	11,721	21,701	33,188	0
Inception of Capital Lease	499,045	556,000	272,000	0
Refunding Bonds Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0
Premium on Bonds	0	0	0	0
Notes Issued	0	0	0	0
OPWC Loan Issued	0	13,990	0	0
Premium on Notes	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0
Refunded Bonds Redeemed	0	0	0	0
Transfers In	1,561,794	1,088,410	1,666,557	1,409,482
Transfers Out	(1,561,794)	(1,088,410)	(1,666,557)	(1,409,482)
<i>Total Other Financing Sources (Uses)</i>	<u>510,766</u>	<u>591,691</u>	<u>305,188</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$1,662,682</u>	<u>\$1,420,153</u>	<u>(\$498,803)</u>	<u>\$1,105,059</u>
Debt Service as a Percentage of Noncapital Expenditures	9.1%	8.5%	8.8%	8.3%

2014	2013	2012	2011	2010	2009
\$2,026,631	\$2,082,476	\$1,686,380	\$1,683,465	\$1,730,639	\$1,690,813
4,963,954	5,086,439	4,837,150	4,645,951	4,182,044	3,738,028
850,157	845,918	889,126	665,220	919,612	706,886
216,399	220,208	189,719	160,343	270,117	75,171
157,191	45,683	47,727	33,694	73,657	74,823
74,276	87,202	90,768	170,662	145,257	115,799
1,998,353	1,693,928	1,659,832	2,256,857	2,660,564	2,533,500
0	0	0	0	0	0
4,331	6,920	6,069	6,412	9,242	75,019
0	0	0	0	0	0
112,396	172,320	187,211	179,916	262,136	176,628
10,403,688	10,241,094	9,593,982	9,802,520	10,253,268	9,186,667
1,859,765	1,963,390	1,798,467	2,039,058	2,237,251	2,577,602
3,992,931	3,818,902	3,222,091	3,763,267	6,642,568	3,716,697
1,758,558	1,389,802	1,163,451	1,382,450	1,715,431	1,708,913
209,388	176,232	181,650	136,317	209,513	221,965
138,189	91,729	112,933	69,907	1,037,150	230,224
63,375	78,496	92,904	140,871	133,830	251,167
1,160,198	712,306	392,174	365,560	516,896	1,878,003
1,459,298	1,720,000	1,675,000	2,312,000	225,000	229,364
241,729	274,652	237,315	296,328	221,843	219,514
0	0	183,519	0	126,198	0
10,883,431	10,225,509	9,059,504	10,505,758	13,065,680	11,033,449
(479,743)	15,585	534,478	(703,238)	(2,812,412)	(1,846,782)
0	0	0	0	0	0
256,409	64,172	0	0	0	0
0	0	2,238,000	0	0	0
0	0	0	0	3,890,000	0
0	0	657,000	0	0	0
0	0	149,211	0	136,235	0
0	1,000,000	1,315,000	1,315,000	1,967,000	0
0	0	0	0	0	0
0	0	0	0	17,206	0
0	0	(2,240,740)	0	0	0
0	0	(40,087)	0	0	0
844,785	1,061,733	928,519	1,010,988	655,094	1,043,419
(844,785)	(1,061,733)	(928,519)	(860,178)	(655,094)	(1,043,419)
256,409	1,064,172	2,078,384	1,465,810	6,010,441	0
(\$223,334)	\$1,079,757	\$2,612,862	\$762,572	\$3,198,029	(\$1,846,782)
17.4%	21.7%	23.0%	27.5%	4.6%	5.0%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2018	\$209,709,910	\$40,240,850	\$714,145,029	\$9,796,980	\$11,132,932
2017	195,907,930	39,153,740	671,604,771	9,481,250	10,774,148
2016	195,916,920	37,868,350	667,957,914	8,959,310	10,181,034
2015	195,729,110	38,123,000	668,148,886	8,810,290	10,011,693
2014	202,787,640	38,090,060	688,222,000	8,226,100	9,347,841
2013	203,623,800	35,486,820	683,173,200	7,634,790	8,675,898
2012	203,018,390	36,257,850	683,646,400	6,104,960	6,937,455
2011	220,399,790	43,550,250	754,142,971	5,777,560	6,565,409
2010	220,322,280	43,993,900	755,189,086	5,582,820	6,344,114
2009	219,772,920	43,273,710	751,561,800	5,339,870	6,068,034

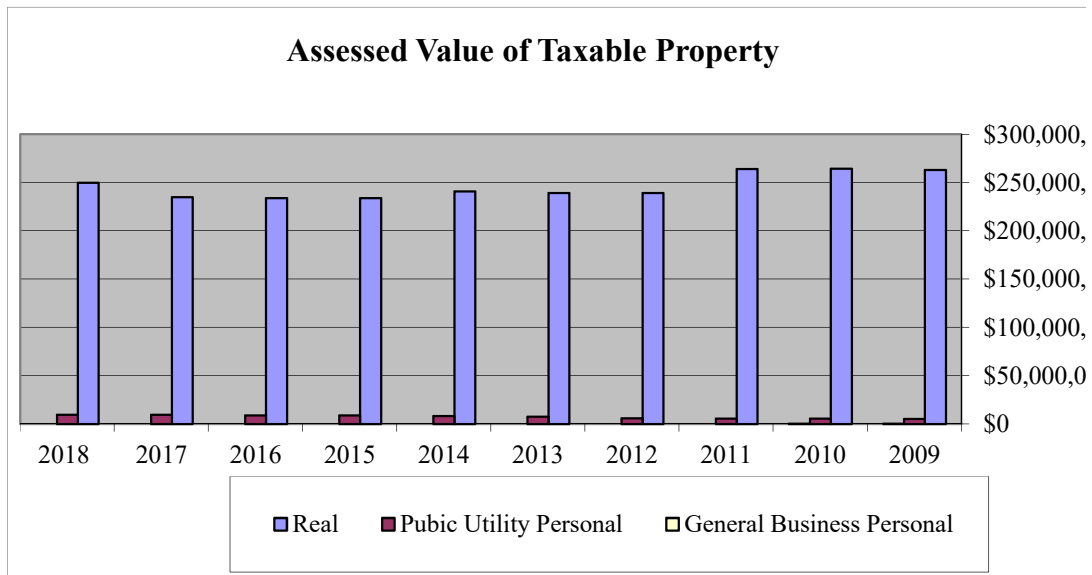
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, (except telephone companies whose last year to pay tangible personal property tax was 2010).

The tangible personal property values associated with each year are the value that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts

Source: Summit County, Fiscal Officer

Tangible Personal Property					
General Business		Total			Full Tax Rate Per \$1,000 of Assessed Valuation
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$0	\$0	\$259,747,740	\$725,277,960	35.81%	\$9.5000
0	0	244,542,920	682,378,919	35.84	9.5000
0	0	242,744,580	678,138,948	35.80	9.5000
0	0	242,662,400	678,160,579	35.78	9.5000
0	0	249,103,800	697,569,841	35.71	9.5000
0	0	246,745,410	691,849,098	35.66	9.5000
0	0	245,381,200	690,583,855	35.53	9.5000
0	0	269,727,600	760,708,381	35.46	9.5000
238,565	3,817,040	270,137,565	765,350,239	35.30	9.5000
480,359	7,685,744	268,866,859	765,315,578	35.13	9.5000



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

	2018	2017	2016	2015
Unvoted Millage				
Operating	\$1.6000	\$1.6000	\$1.6000	\$1.6000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	<u>1.9000</u>	<u>1.9000</u>	<u>1.9000</u>	<u>1.9000</u>
Voted Millage by Levy				
1988 Ambulance and EMS				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
1988 Fire				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
1996 Ambulance and EMS				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
1996 Fire				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
2007 Fire				
Residential/Agricultural Real	2.8090	2.8074	3.0000	3.0000
Commercial/Industrial and Public Utility Real	2.7412	2.7788	2.7685	2.7862
General Business and Public Utility Personal	3.0000	3.0000	3.0000	3.0000
2012 Fire				
Residential/Agricultural Real	4.3071	4.3046	4.6000	4.6000
Commercial/Industrial and Public Utility Real	4.2032	4.2608	4.2450	4.2722
General Business and Public Utility Personal	4.6000	4.6000	4.6000	4.6000
Total Voted Millage by type of property				
Residential/Agricultural Real	\$7.1161	\$7.1120	\$7.6000	\$7.6000
Commercial/Industrial and Public Utility Real	6.9444	7.0396	7.0135	7.0584
General Business and Public Utility Personal	<u>7.6000</u>	<u>7.6000</u>	<u>7.6000</u>	<u>7.6000</u>
Total Millage by type of property				
Residential/Agricultural Real	\$9.0161	\$9.0120	\$9.5000	\$9.5000
Commercial/Industrial and Public Utility Real	8.8444	8.9396	8.9135	8.9584
General Business and Public Utility Personal	<u>9.5000</u>	<u>9.5000</u>	<u>9.5000</u>	<u>9.5000</u>
Total Weighted Average Tax Rate	<u>\$9.6420</u>	<u>\$9.4790</u>	<u>\$9.4117</u>	<u>\$9.4149</u>
Overlapping Rates by Taxing District				
Norton City School District				
Residential/Agricultural Real	\$33.9302	\$35.7079	\$37.9003	\$37.8793
Commercial/Industrial and Public Utility Real	43.7751	46.1433	46.0701	46.3062
General Business and Public Utility Personal	63.5300	65.4500	65.6900	65.6900
Summit County				
Residential/Agricultural Real	11.9164	11.9075	12.6367	12.6392
Commercial/Industrial and Public Utility Real	12.5857	12.6367	12.4514	12.4764
General Business and Public Utility Personal	12.7000	12.7000	12.7000	12.7000
Akron/Summit Library				
Residential/Agricultural Real	2.4419	2.4414	2.6000	2.6200
Commercial/Industrial and Public Utility Real	2.5413	2.5547	2.5529	2.5854
General Business and Public Utility Personal	2.5600	2.5600	2.6000	2.6200
Summit Metropolitan Park District				
Residential/Agricultural Real	1.3595	1.3583	1.4599	1.4600
Commercial/Industrial and Public Utility Real	1.4508	1.4583	1.4287	1.4317
General Business and Public Utility Personal	1.4600	1.4600	1.4600	1.4600

Source: County Fiscal Officer

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents. Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Overlapping rates are those of local and county governments that apply to property owners within the City.

2014	2013	2012	2011	2010	2009
\$1.6000	\$1.6000	\$1.6000	\$1.6000	\$1.6000	\$1.6000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
1.9000	1.9000	1.9000	1.9000	1.9000	1.9000
0.0000	0.0000	0.0000	0.4622	0.4233	0.4226
0.0000	0.0000	0.0000	0.6722	0.5599	0.5606
0.0000	0.0000	0.0000	1.0000	1.0000	1.0000
0.0000	0.0000	0.0000	0.7395	0.6772	0.6762
0.0000	0.0000	0.0000	1.0755	0.8958	0.8970
0.0000	0.0000	0.0000	1.6000	1.6000	1.6000
0.0000	0.0000	0.0000	0.6313	0.5781	0.5772
0.0000	0.0000	0.0000	0.9049	0.7537	0.7547
0.0000	0.0000	0.0000	1.0000	1.0000	1.0000
0.0000	0.0000	0.0000	0.6313	0.5781	0.5772
0.0000	0.0000	0.0000	0.9049	0.7537	0.7547
0.0000	0.0000	0.0000	1.0000	1.0000	1.0000
3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
2.7612	3.0000	3.0000	3.0000	2.9765	2.9805
3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
4.6000	4.6000	4.6000	0.0000	0.0000	0.0000
4.2339	4.6000	4.6000	0.0000	0.0000	0.0000
4.6000	4.6000	4.6000	0.0000	0.0000	0.0000
\$7.6000	\$7.6000	\$7.6000	\$5.4643	\$5.2567	\$5.2532
6.9951	7.6000	7.6000	6.5575	5.9396	5.9475
7.6000	7.6000	7.6000	7.6000	7.6000	7.6000
\$9.5000	\$9.5000	\$9.5000	\$7.3643	\$7.1567	\$7.1532
8.8951	9.5000	9.5000	8.4575	7.8396	7.8475
9.5000	9.5000	9.5000	9.5000	9.5000	9.5000
\$9.4083	\$9.5000	\$9.5000	\$7.5866	\$7.3184	\$7.3157
\$37.8562	\$37.1794	\$33.2344	\$31.3055	\$29.2630	\$29.2311
45.8159	48.7633	44.8455	42.5417	37.1239	37.1675
65.6900	65.6900	61.8000	59.9000	59.9000	59.9000
12.6389	12.6216	12.6205	12.6193	12.5601	12.5592
12.4472	12.6974	12.6935	12.6843	12.2165	12.2347
12.7000	12.7000	12.7000	12.7000	12.7000	12.7000
2.1000	2.1100	2.1400	2.1000	2.1000	2.0170
2.0610	2.1100	2.1400	2.1000	2.0972	2.0199
2.1000	2.1100	2.1400	2.1000	2.1000	2.1000
1.4600	1.4600	1.4600	1.4600	1.4600	1.4600
1.4279	1.4600	1.4600	1.4600	1.4075	1.4102
1.4600	1.4600	1.4600	1.4600	1.4600	1.4600

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

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percentage of Current Tax Collections to Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2018	\$2,342,482	\$2,280,521	97.35%	\$61,179	\$2,341,700
2017	2,300,409	2,226,735	96.80	73,674	2,300,409
2016	2,286,053	2,213,402	96.82	72,651	2,286,053
2015	2,282,245	2,206,432	96.68	75,814	2,282,246
2014	2,348,806	2,252,337	95.89	79,338	2,331,675
2013	2,344,094	2,271,743	96.91	83,778	2,355,521
2012	1,859,759	1,779,092	95.66	125,306	1,904,398
2011	1,973,642	1,867,333	94.61	88,101	1,955,434
2010	1,974,665	1,873,101	94.86	71,363	1,944,464
2009	1,960,075	1,855,966	94.69	59,685	1,915,651

Source: Summit County Fiscal Officer

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County's current reporting system does not track delinquent tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

Percentage of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
99.97%	\$120,455	5.14%
100.00	149,593	6.50
100.00	143,204	6.26
100.00	144,401	6.33
99.27	161,763	6.89
100.49	144,566	6.17
102.40	155,992	8.39
99.08	200,631	10.17
98.47	182,423	9.24
97.73	152,552	7.78

City of Norton, Ohio
Income Tax Revenue Base and Collections (1)
Last Ten Years

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Collected (1)</u>	<u>Taxes from Individual Payments</u>	<u>Percentage of Taxes from Individual Payments</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>
2018	2.00 %	\$6,381,426	\$1,564,669	24.52 %	\$4,025,920	63.09 %
2017	2.00	6,257,100	1,658,839	26.51	3,770,916	60.27
2016	2.00	5,809,183	1,577,176	27.15	3,523,090	60.65
2015	2.00	5,672,736	1,414,780	24.94	3,357,125	59.18
2014	2.00	5,039,544	1,424,441	28.27	3,146,456	62.44
2013	2.00	5,042,325	1,369,495	27.16	3,069,767	60.88
2012	2.00	4,848,364	1,398,753	28.85	2,988,047	61.63
2011	2.00	4,577,929	1,323,479	28.91	2,860,290	62.48
2010	2.00	4,094,388	782,847	19.12	3,057,280	74.67
2009	2.00	3,757,159	707,473	18.83	2,641,283	70.30

(1) Cash Basis

Taxes from Net Profits	Percentage of Taxes from Net Profits
\$790,837	12.39 %
827,345	13.22
708,917	12.20
900,831	15.88
577,023	11.45
603,062	11.96
461,564	9.52
394,160	8.61
254,261	6.21
408,403	10.87

City of Norton, Ohio
Principal Real Estate Property Taxpayers
2018 and 2009

Taxpayer	2018	
	Real Property Assessed Valuation	Percentage of Real Assessed Valuation
Columbia Woods Apartments, LLC	\$2,029,050	0.81 %
J R Engineering, Incorporated	2,064,560	0.83
Albrecht, Incorporated	1,932,380	0.77
World Real Estate Services, LTD	1,663,200	0.67
Seal Real Estate Holdings, LLC	1,658,720	0.66
Pittsburgh Plate Glass Company	1,148,920	0.46
Newpark Drive Limited Partnership	1,060,060	0.42
Falkenstein, Albert J. Trustee	982,970	0.39
Barber Road Storage, LLC	894,180	0.36
Springhills Golf Courses, Incorporated	717,480	0.29
Total	<u>\$14,151,520</u>	<u>5.66 %</u>
Total Real Assessed Valuation	<u><u>\$249,950,760</u></u>	

Taxpayer	2009	
	Real Property Assessed Valuation	Percentage of Real Assessed Valuation
Columbia Woods Apartments, LLC	\$2,730,020	1.04 %
B&C Corporation	2,179,760	0.83
Albrecht, Incorporated	2,055,400	0.78
World Real Estate Services, LTD	1,019,980	0.39
Falkenstein, Albert J. Trustee	1,012,920	0.39
Newpark Drive Limited Partnership	962,990	0.37
Pittsburgh Plate Glass Company	696,230	0.26
Trinity Broadcasting Network, Incorporated	655,260	0.25
Clayson, Incorporated	616,730	0.23
Fomo Products, Incorporated	605,540	0.23
Total	<u>\$12,534,830</u>	<u>4.77 %</u>
Total Real Assessed Valuation	<u><u>\$263,046,630</u></u>	

Source: Summit County Fiscal Officer

City of Norton, Ohio
*Ratio of General Obligation Bonded Debt to Estimated Actual
Value and Bonded Debt Per Capita
Last Ten Years*

<u>Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of General Obligation Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>General Obligation Bonded Debt Per Capita</u>
2018	12,085	\$725,277,960	\$2,715,507	0.37 %	\$224.70
2017	12,085	682,378,919	3,039,200	0.45	251.49
2016	12,085	678,138,948	3,350,373	0.49	277.23
2015	12,085	678,160,579	3,662,025	0.54	303.02
2014	12,085	697,569,841	3,967,789	0.57	328.32
2013	12,085	691,849,098	4,267,401	0.62	353.12
2012	12,085	690,583,855	4,557,733	0.66	377.14
2011	12,085	760,708,381	4,717,669	0.62	390.37
2010	12,085	765,350,239	4,972,443	0.65	411.46
2009	11,523	765,315,578	2,464,119	0.32	213.84

Sources:

(1) U. S. Bureau of Census, 2009 - 2000 Census of Population; 2010-2018 - 2010 Census of Population.

(2) Summit County Fiscal Officer

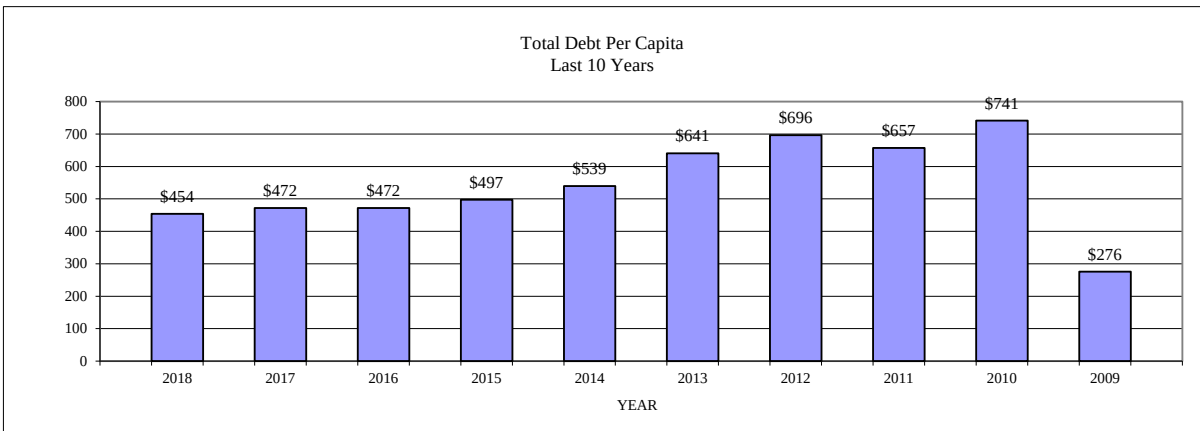
(3) Includes all general obligation bonded debt with the exception of special assessment debt.

Note: Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

City of Norton, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	General Obligation Bonds	Long-Term Notes	Special Assessment Bonds	OPWC Loan	Capital Leases	Total Debt	Percentage of Personal Income	Per Capita
2018	\$2,715,507	\$0	\$1,718,002	\$0	\$1,050,809	\$5,484,318	1.74%	\$454
2017	3,039,200	0	1,858,031	13,990	795,231	5,706,452	1.81	472
2016	3,350,373	0	1,995,580	0	359,992	5,705,945	1.81	472
2015	3,662,025	0	2,137,650	0	211,162	6,010,837	1.91	497
2014	3,967,789	0	2,275,610	0	276,283	6,519,682	2.07	539
2013	4,267,401	1,000,000	2,409,719	0	64,172	7,741,292	2.46	641
2012	4,557,733	1,315,000	2,543,111	0	0	8,415,844	2.67	696
2011	4,717,669	1,315,000	1,910,222	0	0	7,942,891	2.52	657
2010	4,972,443	1,979,422	2,006,706	0	0	8,958,571	2.84	741
2009	2,464,119	0	715,881	0	0	3,180,000	1.34	276

Note: Population and Personal Income data are presented on page S26.



City of Norton, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2018

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct:			
General Obligation Bonds	\$2,715,507	100.00%	\$2,715,507
Special Assessment Bonds	1,718,002	100.00	1,718,002
Capital Leases	<u>1,050,809</u>	100.00	<u>1,050,809</u>
<i>Total Direct Debt</i>	<u>5,484,318</u>		<u>5,484,318</u>
Overlapping:			
Norton City School District			
General Obligation Bonds	24,148,925	84.21	20,335,810
Akron-Summit County Library District			
General Obligation Bonds	10,025,000	3.03	303,758
Summit County			
General Obligation Bonds	79,933,208	2.10	1,678,597
Barberton City School District			
General Obligation Bonds	<u>38,885,000</u>	2.03	<u>789,366</u>
<i>Total Overlapping Debt</i>	<u>152,992,133</u>		<u>23,107,531</u>
Total	<u><u>\$158,476,451</u></u>		<u><u>\$28,591,849</u></u>

Source: County Fiscal Officer

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Norton, Ohio

Legal Debt Margin

Last Ten Years

	2018	2017	2016	2015
Total Assessed Property Value	<u>\$259,747,740</u>	<u>\$244,542,920</u>	<u>\$242,744,580</u>	<u>\$242,662,400</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$27,273,513</u>	<u>\$25,677,007</u>	<u>\$25,488,181</u>	<u>\$25,479,552</u>
Debt Outstanding:				
General Obligation Bonds	2,619,214	2,929,894	3,228,054	3,526,694
Special Assessment Bonds	1,655,786	1,790,106	1,921,946	2,058,306
OPWC Loan	0	13,990	0	0
Notes	<u>0</u>	<u>100,000</u>	<u>200,000</u>	<u>270,000</u>
Total Gross Indebtedness	4,275,000	4,833,990	5,350,000	5,855,000
Less:				
Special Assessment Bonds	(1,655,786)	(1,790,106)	(1,921,946)	(2,058,306)
Amount Available in Debt Service	<u>2,013</u>	<u>17</u>	<u>1,106</u>	<u>(95)</u>
Total Net Debt Applicable to Debt Limit	<u>2,621,227</u>	<u>3,043,901</u>	<u>3,429,160</u>	<u>3,796,599</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$24,652,286</u>	<u>\$22,633,106</u>	<u>\$22,059,021</u>	<u>\$21,682,953</u>
Legal Debt Margin as a Percentage of the Debt Limit	90.39%	88.15%	86.55%	85.10%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$14,286,126</u>	<u>\$13,449,861</u>	<u>\$13,350,952</u>	<u>\$13,346,432</u>
Total Gross Indebtedness	4,275,000	4,833,990	5,350,000	5,855,000
Less:				
Special Assessment Bonds	(1,655,786)	(1,790,106)	(1,921,946)	(2,058,306)
Amount Available in Debt Service	<u>2,013</u>	<u>17</u>	<u>1,106</u>	<u>(95)</u>
Net Debt Within 5 ½ % Limitations	<u>2,621,227</u>	<u>3,043,901</u>	<u>3,429,160</u>	<u>3,796,599</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$11,664,899</u>	<u>\$10,405,960</u>	<u>\$9,921,792</u>	<u>\$9,549,833</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	81.65%	77.37%	74.32%	71.55%

Source: City Financial Records

2014	2013	2012	2011	2010	2009
<u>\$249,103,800</u>	<u>\$246,745,410</u>	<u>\$245,381,200</u>	<u>\$269,727,600</u>	<u>\$270,137,565</u>	<u>\$268,866,859</u>
<u>\$26,155,899</u>	<u>\$25,908,268</u>	<u>\$25,765,026</u>	<u>\$28,321,398</u>	<u>\$28,364,444</u>	<u>\$28,231,020</u>
3,819,444	4,106,044	4,383,362	4,632,903	4,883,216	2,464,119
2,190,556	2,318,956	2,446,638	1,867,097	1,961,784	715,881
0	0	0	0	0	0
<u>465,000</u>	<u>1,000,000</u>	<u>1,315,000</u>	<u>1,445,000</u>	<u>1,979,422</u>	<u>3,139,099</u>
6,475,000	7,425,000	8,145,000	7,945,000	8,824,422	6,319,099
(2,190,556)	(2,318,956)	(2,446,638)	(1,867,097)	(1,961,784)	(715,881)
<u>(151,315)</u>	<u>(147,492)</u>	<u>(170,451)</u>	<u>(36,221)</u>	<u>(29,397)</u>	<u>(6,753)</u>
<u>4,133,129</u>	<u>4,958,552</u>	<u>5,527,911</u>	<u>6,041,682</u>	<u>6,833,241</u>	<u>5,596,465</u>
<u>\$22,022,770</u>	<u>\$20,949,716</u>	<u>\$20,237,115</u>	<u>\$22,279,716</u>	<u>\$21,531,203</u>	<u>\$22,634,555</u>
84.20%	80.86%	78.54%	78.67%	75.91%	80.18%
<u>\$13,700,709</u>	<u>\$13,570,998</u>	<u>\$13,495,966</u>	<u>\$14,835,018</u>	<u>\$14,857,566</u>	<u>\$14,787,677</u>
6,475,000	7,425,000	8,145,000	7,945,000	8,824,422	6,319,099
(2,190,556)	(2,318,956)	(2,446,638)	(1,867,097)	(1,961,784)	(715,881)
<u>(151,315)</u>	<u>(147,492)</u>	<u>(170,451)</u>	<u>(36,221)</u>	<u>(29,397)</u>	<u>(6,753)</u>
<u>4,133,129</u>	<u>4,958,552</u>	<u>5,527,911</u>	<u>6,041,682</u>	<u>6,833,241</u>	<u>5,596,465</u>
<u>\$9,567,580</u>	<u>\$8,612,446</u>	<u>\$7,968,055</u>	<u>\$8,793,336</u>	<u>\$8,024,325</u>	<u>\$9,191,212</u>
69.83%	63.46%	59.04%	59.27%	54.01%	62.15%

City of Norton, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2018	12,085	\$314,923,015	\$26,059	\$56,645	43.7
2017	12,085	314,923,015	26,059	56,645	43.7
2016	12,085	314,923,015	26,059	56,645	43.7
2015	12,085	314,923,015	26,059	56,645	43.7
2014	12,085	314,923,015	26,059	56,645	43.7
2013	12,085	314,923,015	26,059	56,645	43.7
2012	12,085	314,923,015	26,059	56,645	43.7
2011	12,085	314,923,015	26,059	56,645	43.7
2010	12,085	314,923,015	26,059	56,645	43.7
2009	11,523	238,076,703	20,661	47,085	40.3

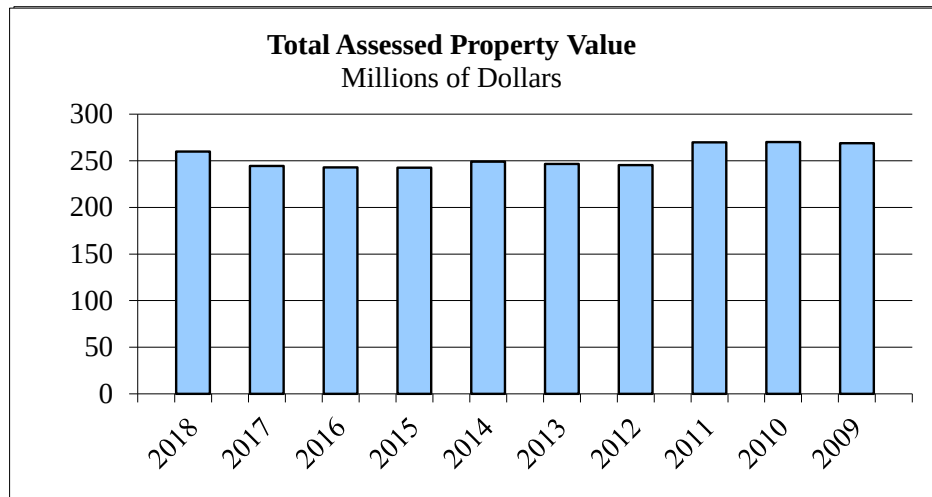
(1) Source: U. S. Census, 2009 - 2000 Census of Population;
2010-2018 - 2010 Census of Population

(2) Source: Norton City School District Audited Financials

(3) Source: U.S. Bureau of Labor Statistics

(4) Source: Summit County Fiscal Officer

(5) Computation of per capita personal income multiplied by population



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Summit County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
18.90 %	2,554	4.90 %	\$131,600	\$259,747,740
18.90	2,500	4.80	120,762	244,542,920
18.90	2,582	6.20	109,877	242,744,580
18.90	2,510	4.70	102,250	242,662,400
18.90	2,581	5.50	129,306	249,103,800
18.90	2,587	7.20	137,112	246,745,410
18.90	2,593	6.80	125,430	245,381,200
18.90	2,680	8.50	152,129	269,727,600
18.90	2,562	10.00	140,246	270,137,565
17.10	2,483	9.80	159,827	268,866,859



City of Norton, Ohio
Principal Employers
2018 and 2009

2018 (1)	
Employers	
S.A. Comunale Company	
Fred Martin Motor Company	
Norton City School District	
PPG Industries, Incorporated	
ICP Adhesive & Sealant	
Ganley Ford, Incorporated	
B&C Corporation	
Alberts Screeprint, Incorporated	
City of Norton	
Fred W. Albrecht Grocery Company	
Total Employees of Top Ten Employers	2,017
Percentage of Total City Employment at Top Ten Employers	36.32%
Total Estimated Employment within the City	5,553
2009	
Employers	
B&C Corporation	
Norton City School District	
S.A. Comunale Company	
Fred Martin Motor Company	
Fomo Products, Incorporated	
Fred W. Albrecht Grocery Company	
Alberts Screeprint, Incorporated	
Ganley Ford, Incorporated	
City of Norton	
RT 80 Express, Incorporated	
Total Employees of Top Employers	2,450
Total Estimated Employment within the City	5,300

Source: Number of employees obtained from the W2's from the City Tax Filings

(1) Figures reflected are from the most recent and completed filing year available.

Note: The City is prohibited by statute from presenting information regarding individual taxpayers.

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City of Norton, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2018	2017	2016	2015
General Government				
<i>Council and Clerk</i>				
Number of Ordinances	107	82	82	57
Number of Resolutions	25	22	17	32
Number of Planning Commission docket items	3	3	14	3
Zoning Board of Appeals docket items	15	15	7	8
Park and Cemetery Board docket items	1	1	2	1
<i>Finance Department</i>				
Number of checks/ vouchers issued	1,775	1,729	1,788	1,815
General Fund Interest earnings for fiscal year (cash basis)	\$101,074	\$49,388	\$13,944	\$4,113
Agency Ratings - Fitch	AA	AA	AA	A+
Health Insurance Costs (cash basis in thousands)	\$780	\$873	\$811	\$728
Health Insurance Costs vs General Fund Expenditures %	14.7%	19.0%	17.5%	12.1%
General Fund Receipts (cash basis in thousands)	\$7,324	\$6,822	\$6,311	\$5,764
General Fund Expenditures (cash basis in thousands)	\$5,323	\$4,593	\$4,637	\$6,023
General Fund Cash Balances (in thousands)	\$2,567	\$2,860	\$2,671	\$3,002
<i>Municipal Court</i>				
Number of Misdemeanor Cases	523	451	533	268
Number of OVI cases	44	79	112	84
Number of Traffic cases	1,594	1,347	2,223	1,429
<i>Building Department Indicators</i>				
Residential/Commercial Permits Issued (1)	0	0	0	26
Zoning Permits	140	139	112	17
Electric Permits (1)	0	0	0	22
Heating Permits (1)	0	0	0	25
Number of permits issued (1)	0	0	0	90
Permit Revenue	\$23,042	\$22,051	\$19,900	\$28,235

2014	2013	2012	2011	2010	2009
71	72	68	58	101	77
43	39	36	39	18	38
18	37	49	45	16	71
8	17	26	13	11	25
10	1	3	9	1	38
1,648	1,680	1,545	1,700	2,172	2,397
\$4,029	\$6,650	\$5,643	\$6,111	\$9,494	\$57,073
A+	A+	A+	A+	A+	A
\$566	\$607	\$571	\$564	\$538	\$694
9.6%	9.0%	9.2%	9.7%	9.5%	10.8%
\$6,253	\$6,302	\$6,467	\$6,738	\$6,173	\$6,603
\$5,889	\$6,749	\$6,178	\$5,788	\$5,689	\$6,425
\$2,527	\$1,869	\$2,103	\$1,655	\$545	\$719
27	61	51	98	108	83
6	81	43	71	63	14
787	878	845	1,766	1,195	1,401
166	106	119	119	144	203
52	56	64	49	65	64
62	72	90	76	110	107
68	55	77	53	68	61
348	289	350	297	387	435
\$41,079	\$22,808	\$27,987	\$20,631	\$32,477	\$29,216

(continued)

City of Norton, Ohio
Operating Indicators by Function/Program (continued)
Last Ten Years

Function/Program	2018	2017	2016	2015
Security of Persons & Property				
<i>Police</i>				
Felony Arrests	171	142	144	79
Misdemeanor Arrests	523	451	533	301
Arson	4	4	1	0
Assault	53	19	20	25
Residential Burglary	42	51	50	54
Domestic Violence	90	112	133	128
Drug Offense	318	353	246	108
Homicide	1	0	0	2
Larceny	233	234	299	255
Vandalism/Criminal Damaging	111	75	69	90
Robbery	3	2	2	3
Sex Offense	31	13	16	8
Auto Theft/Stolen Plates	18	20	20	12
Traffic Crashes	705	525	382	326
Traffic Fatalities	0	1	1	1
Driving While Intoxicated	44	79	112	69
Traffic Citations Issued	1,594	1,347	2,223	1,819
Warrant Arrests	280	249	223	145
<i>Fire</i>				
EMS Calls	1,177	1,177	1,126	1,129
Ambulance Billing Collections (GROSS)	\$270,626	\$278,264	\$256,749	\$306,753
Revenue per run	\$230	\$236	\$228	\$272
Fire Calls	649	655	538	440
Public Health and Welfare				
Cemetery burials	3	2	1	0
Cemetery foundations	2	3	1	0
Cemetery (re)sale of lots	8	0	2	0
Cemetery receipts	\$3,936	\$2,021	\$2,092	\$0
Health Advisory Board docket items	1	1	1	1

Source: City Records

(1) The City of Barberton's building department now handles the permits in the City.

2014	2013	2012	2011	2010	2009
100	69	100	110	75	111
284	220	287	380	498	559
0	0	2	2	1	1
16	13	19	31	36	45
78	37	21	45	41	43
49	46	54	75	78	76
75	73	57	101	101	46
0	0	0	0	0	0
233	202	222	227	255	232
72	66	69	75	46	63
0	3	3	1	2	2
8	5	13	3	2	15
12	7	23	17	18	31
335	315	294	339	374	388
0	0	4	0	0	2
63	82	144	159	269	102
1,139	1,376	1,533	2,972	2,702	2,666
108	161	219	217	182	254
1,070	1,004	876	980	1,046	1,005
\$295,625	\$257,198	\$230,169	\$291,695	\$264,759	\$292,858
\$276	\$256	\$263	\$298	\$253	\$291
464	369	451	378	379	378
1	2	1	6	1	0
1	1	1	5	0	1
0	1	2	7	4	12
\$2,694	\$2,200	\$512	\$2,765	\$2,546	\$4,130
1	1	1	15	0	29

City of Norton, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2018	2017	2016	2015
General Government				
Square Footage Occupied	4,080	4,080	4,080	4,080
Administrative Vehicles	0	0	0	0
Inspection Vehicles	1	1	1	1
Police				
Stations	1	1	1	1
Square Footage of Building	3,600	3,600	3,600	3,600
Vehicles	10	10	10	10
Fire				
Stations	1	1	1	1
Recreation				
Number of Parks	7	7	7	7
Number of Tennis Courts	4	4	4	4
Number of Baseball Diamonds	5	5	5	5
Number of Soccer Fields	3	3	3	3
Number of Football Fields	1	1	1	1
Other Public Works				
Service Garage Square Footage	6,800	6,800	6,800	6,800
Streets (lane miles)	260	260	260	260
Service Vehicles	17	17	17	16
City Cemeteries	2	2	2	2
Water Department				
Water Lines (miles)	14.80	14.80	14.80	14.80

Source: City Records

2014	2013	2012	2011	2010	2009
4,080	4,080	4,080	4,080	4,080	4,080
0	0	0	0	0	0
1	1	1	1	1	1
1	1	1	1	1	1
3,600	3,600	3,600	3,600	3,600	3,600
10	10	11	12	9	10
2	2	2	2	2	2
7	7	7	7	7	7
4	4	4	4	4	4
5	5	5	5	5	5
3	3	3	3	3	3
1	1	1	1	1	1
6,800	6,800	6,800	6,800	6,800	6,800
260	260	260	260	260	260
15	13	15	15	15	15
2	2	2	2	2	2
14.80	14.80	14.80	14.80	14.50	12.50

City of Norton, Ohio
City Government Employees by Function/Program
Last Ten Years

Function/Program	2018	2017	2016	2015
General Government				
Mayor	1	1	1	1
Council	8	8	8	8
Finance	3	3	3	3
City Administrator	1	1	1	1
Law	2	2	2	2
Administration	1	1	1	2
Engineer	0	0	0	0
Planning	0	0	0	0
Civil Service	0	0	0	0
Court	0	0	0	2
Security of Persons and Property				
Police	22	22	22	19
Fire Full Time	11	11	11	10
Fire Part Time	22	22	22	22
Fire - Secretary - Other	1	1	1	1
Community Development				
Building	1	1	1	1
Transportation				
Service	11	11	11	11
Totals:	84	84	84	83

Source: City Payroll Department

Method: Using 1.0 for each employee at December 31

2014	2013	2012	2011	2010	2009
2	2	2	2	2	2
8	8	8	8	8	8
3	3	3	3	3	5
1	1	1	1	1	1
2	2	2	2	1	1
2	2	2	2	2	2
0	0	0	1	0	0
0	0	1	0	0	0
0	0	0	0	0	0
2	2	2	2	2	3
21	28	28	27	30	30
3	3	3	2	4	3
30	25	29	32	30	29
1	1	1	1	1	1
1	1	1	1	1	2
8	8	8	9	10	11
84	86	91	93	95	98

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF NORTON

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 25, 2019**