

TOWN OF NORTON, MASSACHUSETTS

Report on the Examination of Basic Financial Statements

For the Year Ended June 30, 2015

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TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	2
INDEPENDENT AUDITOR'S REPORT	3-4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-13
BASIC FINANCIAL STATEMENTS	14
Statement of Net Position	15
Statement of Activities	16
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities	20
Statement of Revenues and Expenditures – Budgetary Basis – (NON-GAAP) – Budget and Actual – General Fund	21
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds.....	25
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	27
Notes to the Financial Statements	28-57
REQUIRED SUPPLEMENTARY INFORMATION	58
Pension Plan Schedules.....	59-60
Other Post Employment Benefit Plan Schedule	61
SUPPLEMENTARY SCHEDULES	62
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	63-65
Schedule of Real Estate and Personal Property Taxes, and Deferred Property Taxes.....	66
Schedule of Motor Vehicle Excise Taxes	67
Schedule of Tax Liens and Taxes in Litigation.....	68

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Norton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norton, Massachusetts, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norton, Massachusetts, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other post employment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Norton, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the Town of Norton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town of Norton, Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

December 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Norton, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities by \$45,444,757 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$47,462,957 or a decrease of \$2,018,200 (4%).
- As required by GASB Statement No. 68, in fiscal year 2015 the Town recognized their total net pension liability of \$20,324,407 along with a deferred outflow related to pension of \$977,856 on the statement of net position for the first time.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$17,390,690, an increase of \$384,876 (2%).
- The General Fund's total fund balance decreased \$98,118 (2%) to \$6,625,333. The ending General fund balance is 12% of revenues and transfers in and 12% of expenditures and transfers out.
- The total liabilities of the Town increased by \$1,463,301 (2%) to \$74,104,115 during the fiscal year. This was mainly attributed to net decreases in bond anticipation notes payable of \$511,183 (19%) and in net bonds and leases payable of \$2,329,542 (8%), and an increase in the other post employment benefit (OPEB) liability of \$3,379,065 (22%) and the net pension liability of \$559,763 (3%).
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$2,168,859. The key factors that attributed to the free cash amount for fiscal year 2015 were unexpended/unencumbered appropriations of \$941,000, excess over budget state and local receipt of \$971,800, excess over budget other financing sources of \$35,500 and prior year free cash not appropriated of \$5,400.
- The Town's enterprise funds certified free cash are as follows:
 - Sewer fund \$ 232,640.
 - Water fund \$2,364,277.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Norton's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, deferred outflows of resources, and liabilities with the net difference between the three reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activity includes sewer and water.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town of Norton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

Statement of Net Position Highlights

	Governmental Activities		
	2015	2014	Change
Assets:			
Current assets	\$ 24,022,152	\$ 23,662,041	\$ 360,111
Noncurrent assets (excluding capital assets)	848,284	923,543	(75,259)
Capital assets	67,839,073	69,164,076	(1,325,003)
Total assets	92,709,509	93,749,660	(1,040,151)
Deferred Outflows of Resources			
Deferred outflows related to pensions	909,829	-	909,829
Liabilities:			
Current liabilities (excluding debt and leases)	2,565,519	2,538,525	26,994
Current debt including leases	4,049,929	4,535,793	(485,864)
Noncurrent liabilities (excluding debt and leases)	38,625,471	34,596,974	4,028,497
Noncurrent debt including leases	16,912,845	18,498,989	(1,586,144)
Total liabilities	62,153,764	60,170,281	1,983,483
Net Position:			
Net investment in Capital assets	48,135,994	47,444,519	691,475
Restricted	12,059,754	11,709,635	350,119
Unrestricted	(28,730,174)	(25,574,775)	(3,155,399)
Total net position	\$ 31,465,574	\$ 33,579,379	\$ (2,113,805)

	Business-Type Activities		
	2015	2014	Change
Assets:			
Current assets	\$ 5,800,771	\$ 5,616,207	\$ 184,564
Capital assets	20,060,736	20,737,904	(677,168)
Total assets	25,861,507	26,354,111	(492,604)
Deferred Outflows of Resources			
Deferred outflows related to pensions	68,027	-	68,027
Liabilities:			
Current liabilities (excluding debt and leases)	405,277	332,411	72,866
Current debt including leases	760,000	768,717	(8,717)
Noncurrent liabilities (excluding debt and leases)	2,040,074	1,864,405	175,669
Noncurrent debt including leases	8,745,000	9,505,000	(760,000)
Total liabilities	11,950,351	12,470,533	(520,182)
Net Position:			
Net Investment in Capital Assets	10,555,736	10,464,187	91,549
Restricted	1,189,710	1,252,595	(62,885)
Unrestricted	2,233,737	2,166,796	66,941
Total net position	\$ 13,979,183	\$ 13,883,578	\$ 95,605

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2015	2014	Change
Program Revenues:			
Charges for services	\$ 3,806,240	\$ 3,104,401	\$ 701,839
Operating grants and contributions	19,283,329	21,857,015	(2,573,686)
Capital grants and contributions	986,408	8,214,256	(7,227,848)
General Revenues:			
Property taxes	31,066,151	29,685,582	1,380,569
Motor vehicle excise and other taxes	2,598,455	2,626,881	(28,426)
Hotel room occupancy and meals taxes	296,667	300,476	(3,809)
Penalties and interest on taxes	283,936	287,246	(3,310)
Nonrestricted grants	1,977,336	2,269,346	(292,010)
Unrestricted investment income	517,710	783,214	(265,504)
Miscellaneous	3,275	18,076	(14,801)
Total revenues	60,819,507	69,146,493	(8,326,986)
Expenses:			
General government	2,213,466	2,235,020	(21,554)
Public safety	8,277,414	7,756,036	521,378
Public works	1,725,836	1,679,538	46,298
Education	31,343,159	30,343,500	999,659
Health and human services	677,139	571,537	105,602
Culture and recreation	521,514	515,232	6,282
Employee benefits and insurance	15,648,028	18,184,882	(2,536,854)
State assessments	2,229,489	2,472,838	(243,349)
Interest	643,398	489,150	154,248
Total expenses	63,279,443	64,247,733	(968,290)
Contributions to permanent funds	8,100	6,000	2,100
Transfers	338,031	340,970	(2,939)
Change in net position	(2,113,805)	5,245,730	(7,359,535)
Net position - beginning of year	33,579,379	28,333,649	5,245,730
Net position - end of year	\$ 31,465,574	\$ 33,579,379	(2,113,805)

	Business-Type Activities		
	2015	2014	Change
Program Revenues:			
Charges for services	\$ 4,610,620	\$ 4,111,384	\$ 499,236
Operating grants and contributions	9,104	8,788	316
Total revenues	4,619,724	4,120,172	499,552
Expenses:			
Sewer	1,389,370	981,116	408,254
Water	2,796,718	2,709,046	87,672
Total expenses	4,186,088	3,690,162	495,926
Transfers	(338,031)	(340,970)	2,939
Change in net position	95,605	89,040	6,565
Net position - beginning of year	13,883,578	13,794,538	89,040
Net position - end of year	\$ 13,979,183	\$ 13,883,578	\$ 95,605

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities by \$45,444,757 at the close of fiscal year 2015.

Net position of \$58,691,730 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position \$13,249,464 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$26,496,437) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in two of the three categories of net position for its governmental activities and the government as a whole. The unrestricted governmental activities resulted in a negative balance mainly due to the accrual of the OPEB obligation and net pension liabilities that are required under GASB to be recognized in the Town's financial statements. These liabilities are presented on the statement of net position; OPEB obligation is \$18,352.692 and net pension is \$18,910,493.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position for the business-type activities.

The governmental activities net position decreased by \$2,113,805 (6%) during the current fiscal year, which reflects the general fund's results of operation. The key elements of the decrease in net position for fiscal year 2015 was attributed to the depreciation expense (normally spread out over the useful life of the asset) for the year of \$2,892,705 exceeding the acquisition of \$1,567,702 in new capital assets, increases as a result of the net change in debt of \$1,560,825 and the deferred outflow of resources related to pensions of \$909,829 and net decreases in recognizing this year's OPEB obligation of \$3,253,320 and net pension liability of \$520,822.

There was an increase of \$95,605 (1%) in net position reported in connection with the sewer and water business-type activities. Of this, there was a decrease of \$84,656 attributed to the sewer department and an increase of \$180,261 attributed to the water department.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, the general fund *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$17,390,690 an increase of \$384,876 (2%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance - \$261,600 (2%).
- Restricted fund balance - \$10,131,891 (58%).
- Committed fund balance - \$1,140,293 (7%).
- Assigned fund balance - \$2,139,476 (12%).
- Unassigned fund balance - \$3,717,430 (21%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$6,625,333 decreasing \$98,118 (2%) from the prior year. Of the \$6,625,333, the unassigned amount is \$4,485,857 (68%) and the assigned amount is \$2,139,476 (32%). General fund revenues were \$1,144,318 (2%) less than the prior fiscal year while expenditures also decreased by \$1,219,180 (2%). Other activity in the General Fund consisted of net transfers from other funds of \$1,342,380.

The main components of the decreases in general fund revenues as compared to the prior year related to an increase in property taxes in the amount of \$1,586,266 (5%) and a decrease in intergovernmental – “on behalf” payments of \$2,861,438 (50%) due to the implementation of GASB Statement No. 68.

The major changes with the general fund expenditures from the prior fiscal year were as follows:

- Increase in Public safety expenditures of \$470,945 (7%).
- Decrease in Public works expenditures of \$361,968 (22%).
- Increase in Education expenditures of \$563,453 (2%).
- Decrease in Employee benefits and insurance of \$2,390,706 (16%).
- Increase in Principal and Interest on debt service expenditures of \$662,045 (37%).

The *Cyrus Hicks fund* is the accumulation of resources over many years and has a balance of \$7,214,317 at the end of the fiscal year. The fund balance increased by \$288,974 (4%). This amount was attributed to the receipt of interest of \$459,264, unrealized gain/(loss) of (\$143), expenditures of \$63,147, and transfers to the general fund of \$100,000 and nonmajor governmental funds of \$7,000.

The *high school construction fund* is used to account for financial resources to construct a new high school. The fund has a balance of (\$652,433) at the end of the fiscal year. The fund balance decreased by \$78,977 (14%); which is attributed to the expenditures.

Proprietary funds. The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Fund

The *Sewer Fund* has accumulated a fund balance of \$3,828,024 used in the financing and operations of the Town's sewer system. The sewer fund shows a decrease of \$84,656 (2%) in total operations. This change was mainly attributed to operational expenditures exceeding revenues by \$18,662, interest income of \$1,499

and transfers out to the general fund of \$67,493. Operating revenues increased by \$369,250 (37%) while operating expenses also increased by \$408,254 (42%) from the prior year.

The *Water Fund* has accumulated a fund balance of \$10,151,159 used in the financing and operations of the Town's water system. The water fund shows an increase of \$180,261 (2%) in total operations. This change resulted from operating revenues exceeding current operating expenses by \$836,238, interest income of \$7,605, interest expense of \$393,044 and transfers out to the general fund of \$270,538. Operating revenues increased by \$129,986 (4%) while operating expenses also increased by \$117,494 (5%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2015 was \$53,883,888. This was an increase of \$2,051,204 (4%) over the previous year's budget.

There was an increase of \$978,638 between the original budget and the total final amended budget. The change is attributed to votes made at the special town meetings in October 2014 and May 2015 for various budget operating line items.

General fund expenditures were less than budgeted by \$2,086,003. Of the \$2,086,003 in under budget expenditures, \$1,145,044 has been carried over to fiscal year 2016.

Overall the variance with the final budget was a positive \$2,164,413 consisting of a revenue surplus of \$1,223,454 and an appropriation surplus of \$940,959.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities amounts to \$67,839,073 and \$20,060,736, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Land foreclosures for \$42,585.
- Police vehicles and equipment for \$231,629.
- Fire vehicle and ambulance for \$280,481.
- Highway fuel system for \$22,708.
- Road improvements/infrastructure for \$596,157.
- Schools' equipment and improvements for \$279,666.
- High school renovations for \$78,976.
- Library improvements for \$35,500.

Major capital acquisitions during the current fiscal year in the business-type funds included the following:

In the Water Fund:

- Water vehicle and equipment for \$114,469.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2015, totaled \$18,408,262, of which \$14,265,000 is for various school building renovations, \$995,000 is for various land acquisitions, \$1,150,000 is for sewer projects, \$160,000 for the water resource management project, \$450,000 is for the police station, \$472,500 is for departmental vehicles and equipment, \$28,787 is for a Library project and \$886,975 is for the Title V septic loan projects.

The business-type funds have outstanding long-term debt as of June 30, 2015 totaling \$9,505,000, all of which relates to water projects.

The Town has bond anticipation notes outstanding in the amount of \$2,179,000 as of June 30, 2015 for various construction projects and land acquisitions.

The Town has capital governmental leases for financing the acquisition of a highway sweeper, a highway dump truck and a fire truck. The last lease is due in 2018. The Town currently owes \$396,609 on these leases consisting of \$375,512 in principal and \$21,097 in interest.

Please refer to notes 3D, 3F, 3G and 3H for further discussion of the capital assets, debt and lease activity.

Next Year's Annual Town Meeting

The Town of Norton operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2015 do not reflect the fiscal year 2016 Town Meeting action except for the free cash, overlay surplus and capital stabilization fund amounts voted. The Annual Town Meeting on May 11, 2015 authorized a fiscal year 2016 operating and capital budget as follows:

From the tax levy		\$ 48,435,898
From water receipts	\$ 2,978,277	
From water retained earnings	<u>285,000</u>	3,263,277
From sewer receipts	1,011,847	
From sewer retained earnings	<u>120,000</u>	1,131,847
From Other Available Funds:		
General Fund:		
Unassigned fund balance:		
Free cash	625,000	
Overlay surplus	<u>75,000</u>	700,000
Capital improvement stabilization fund		294,432
Cyrus Hicks fund		100,000
Non-major Governmental Funds:		
Ambulance fund	500,000	
Dog fund	19,200	
Premium on Debt	22,688	
Septic repair program funds	70,000	
Wetlands protection fund	<u>8,000</u>	619,888
		<u>\$ 54,545,342</u>

Requests for Information

This financial report is designed to provide a general overview of the Town of Norton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager or Town Accountant, 70 East Main Street, Norton, Massachusetts.

BASIC FINANCIAL STATEMENTS

TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 10,920,618	\$ 4,473,894	\$ 15,394,512
Investments	8,599,965	-	8,599,965
Receivables, net of allowance for uncollectibles:			
Property Taxes	661,538	-	661,538
Deferred Property Taxes	47,885	-	47,885
Tax Liens	671,757	-	671,757
Taxes in Litigation	1,092	-	1,092
Excise Taxes	188,824	-	188,824
User Charges	-	1,326,877	1,326,877
Departmental	295,780	-	295,780
Special Assessments	112,849	-	112,849
Due from Other Governments	2,521,844	-	2,521,844
Total current assets	24,022,152	5,800,771	29,822,923
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	541,034	-	541,034
Due from Other Governments	307,250	-	307,250
Capital Assets, net of accumulated Depreciation			
Nondepreciable	8,401,117	348,926	8,750,043
Depreciable	59,437,956	19,711,810	79,149,766
Total noncurrent assets	68,687,357	20,060,736	88,748,093
Total Assets	92,709,509	25,861,507	118,571,016
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	909,829	68,027	977,856
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	99,693	195,109	294,802
Accrued Payroll	498,737	18,998	517,735
Payroll Withholdings	776,494	-	776,494
Accrued Interest	102,361	135,064	237,425
Retainage Payable	128,642	-	128,642
Other	123,955	-	123,955
Compensated Absences	835,637	56,106	891,743
Bond Anticipation Notes Payable	2,179,000	-	2,179,000
Bonds and Leases Payable	1,870,929	760,000	2,630,929
Total current liabilities	6,615,448	1,165,277	7,780,725
NONCURRENT:			
Compensated Absences	1,362,286	40,230	1,402,516
OPEB Obligation Payable	18,352,692	585,930	18,938,622
Net Pension Liability	18,910,493	1,413,914	20,324,407
Bonds and Leases Payable	16,912,845	8,745,000	25,657,845
Total noncurrent liabilities	55,538,316	10,785,074	66,323,390
Total Liabilities	62,153,764	11,950,351	74,104,115
NET POSITION			
Net Investment in Capital Assets	48,135,994	10,555,736	58,691,730
Restricted for:			
Capital Projects	1,634,518	1,189,710	2,824,228
Federal & State Grants	1,246,917	-	1,246,917
Permanent Funds:			
Expendable	97,740	-	97,740
Nonexpendable	261,600	-	261,600
Other Purposes	8,818,979	-	8,818,979
Unrestricted	(28,730,174)	2,233,737	(26,496,437)
Total Net Position	\$ 31,465,574	\$ 13,979,183	\$ 45,444,757

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 2,213,466	\$ 160,603	\$ 37,576	\$ 28,200	\$ (1,987,087)	\$ -	\$ (1,987,087)
Public Safety	8,277,414	2,131,438	273,663	-	(5,872,313)	-	(5,872,313)
Public Works	1,725,836	37,333	5,781	958,208	(724,514)	-	(724,514)
Education	31,343,159	1,270,324	15,658,399	-	(14,414,436)	-	(14,414,436)
Health and Human Services	677,139	176,779	206,258	-	(294,102)	-	(294,102)
Culture and Recreation	521,514	29,763	58,921	-	(432,830)	-	(432,830)
Employee Benefits and Insurance	15,648,028	-	2,989,107	-	(12,658,921)	-	(12,658,921)
State Assessments	2,229,489	-	-	-	(2,229,489)	-	(2,229,489)
Interest	643,398	-	53,624	-	(589,774)	-	(589,774)
Total Governmental Activities	63,279,443	3,806,240	19,283,329	986,408	(39,203,466)	-	(39,203,466)
Business-Type Activities:							
Sewer	1,389,370	1,370,708	1,499	-	-	(17,163)	(17,163)
Water	2,796,718	3,239,912	7,605	-	-	450,799	450,799
Total Primary Government	\$ 67,465,531	\$ 8,416,860	\$ 19,292,433	\$ 986,408	(39,203,466)	433,636	(38,769,830)
General Revenues:							
Property Taxes					31,066,151	-	31,066,151
Motor vehicle and other taxes					2,598,455	-	2,598,455
Hotel room occupancy and meal taxes					296,667	-	296,667
Penalties & Interest on taxes					283,936	-	283,936
Grants & Contributions not restricted to specific programs					1,977,336	-	1,977,336
Unrestricted Investment Income					517,710	-	517,710
Miscellaneous					3,275	-	3,275
Contributions to Permanent Funds					8,100	-	8,100
Transfers, net					338,031	(338,031)	-
Total General Revenues, Contributions and Transfers					37,089,661	(338,031)	36,751,630
Change in Net Position					(2,113,805)	95,605	(2,018,200)
Net Position:							
Beginning of year (as restated)					33,579,379	13,883,578	47,462,957
End of year					\$ 31,465,574	\$ 13,979,183	\$ 45,444,757

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTON, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 6,328,616	\$ -	\$ 152,479	\$ 4,439,523	\$ 10,920,618
Investments	1,385,648	7,214,317	-	-	8,599,965
Receivables, net of allowance for uncollectibles:					
Property Taxes	661,538	-	-	-	661,538
Deferred Property Taxes	47,885	-	-	-	47,885
Tax Liens	671,757	-	-	-	671,757
Taxes in Litigation	1,092	-	-	-	1,092
Excise Taxes	188,824	-	-	-	188,824
Departmental	-	-	-	295,780	295,780
Special Assessments	327,261	-	-	326,622	653,883
Due from Other Governments	265,891	-	773,730	1,419,208	2,458,829
Total Assets	\$ 9,878,512	\$ 7,214,317	\$ 926,209	\$ 6,481,133	\$ 24,500,171
Liabilities:					
Warrants and Accounts Payable	\$ 55,316	\$ -	\$ -	\$ 44,377	\$ 99,693
Accrued Payroll	354,136	-	-	144,601	498,737
Retainage Payable	-	-	128,642	-	128,642
Payroll Withholdings	776,494	-	-	-	776,494
Other	123,955	-	-	-	123,955
Bond Anticipation Notes Payable	-	-	1,450,000	729,000	2,179,000
Total Liabilities	1,309,901	-	1,578,642	917,978	3,806,521
Deferred Inflows of Resources:					
Unavailable Revenue	1,943,278	-	-	1,359,682	3,302,960
Fund Balance:					
Non-Spendable	-	-	-	261,600	261,600
Restricted	-	7,214,317	-	2,917,574	10,131,891
Committed	-	-	-	1,140,293	1,140,293
Assigned	2,139,476	-	-	-	2,139,476
Unassigned	4,485,857	-	(652,433)	(115,994)	3,717,430
Total Fund Balance	6,625,333	7,214,317	(652,433)	4,203,473	17,390,690
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,878,512	\$ 7,214,317	\$ 926,209	\$ 6,481,133	\$ 24,500,171

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 31,166,587	\$ -	\$ -	\$ -	\$ 31,166,587
Intergovernmental	15,018,254	-	-	3,747,730	18,765,984
Excise and Other Taxes	2,846,827	-	-	-	2,846,827
Charges for Services	-	-	-	2,816,967	2,816,967
Licenses, Permits, Fees	983,194	-	-	-	983,194
Interest and Penalties on Taxes	283,936	-	-	-	283,936
Investment Income	58,589	459,121	-	633	518,343
Gifts and Donations	-	-	-	117,740	117,740
Other	-	-	-	42,211	42,211
Intergovernmental - "On-behalf" Payments	2,892,057	-	-	-	2,892,057
Total Revenues	53,249,444	459,121	-	6,725,281	60,433,846
Expenditures:					
Current:					
General Government	2,058,451	63,147	-	84,501	2,206,099
Public Safety	7,364,186	-	-	782,124	8,146,310
Public Works	1,282,607	-	-	599,167	1,881,774
Education	25,636,484	-	78,977	4,246,597	29,962,058
Health and Human Services	512,054	-	-	113,228	625,282
Culture and Recreation	378,511	-	-	123,799	502,310
Employee Benefits and Insurance	12,783,715	-	-	-	12,783,715
State Assessments	2,229,489	-	-	-	2,229,489
Debt Service:					
Principal	1,789,692	-	-	-	1,789,692
Interest	654,753	-	-	-	654,753
Total Expenditures	54,689,942	63,147	78,977	5,949,416	60,781,482
Excess of Revenues Over (Under) Expenditures	(1,440,498)	395,974	(78,977)	775,865	(347,636)
Other Financing Sources (Uses):					
Operating Transfers In	1,343,217	-	-	7,837	1,351,054
Operating Transfers Out	(837)	(107,000)	-	(905,186)	(1,013,023)
Proceeds from Bonds and Notes	-	-	-	394,481	394,481
Total Other Financing Sources (Uses)	1,342,380	(107,000)	-	(502,868)	732,512
Net Change in Fund Balances	(98,118)	288,974	(78,977)	272,997	384,876
Fund Balances, Beginning of Year	6,723,451	6,925,343	(573,456)	3,930,476	17,005,814
Fund Balances, End of Year	\$ 6,625,333	\$ 7,214,317	\$ (652,433)	\$ 4,203,473	\$ 17,390,690

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTON, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2015

Total Governmental Fund Balances	\$ 17,390,690
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.	67,839,073
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.	3,673,225
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions	909,829
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:	
Bonds and Leases Payable	\$ (18,783,774)
Other Post Employment Benefits Payable	(18,352,692)
Net Pension Liability	(18,910,493)
Compensated Absences	(2,197,923)
	<u>(58,244,882)</u>
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.	<u>(102,361)</u>
Net Position of Governmental Activities	<u>\$ 31,465,574</u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTON, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds		\$ 384,876
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 and are reported as depreciation expense:		
Capital Outlay Purchases	\$ 1,567,702	
Depreciation	<u>(2,892,705)</u>	(1,325,003)
Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue and WPAT subsidy.		
		393,761
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net Position:		
Repayment of Debt Principal and Lease Principal	1,955,306	
Proceeds from Bonds and Notes	<u>(394,481)</u>	1,560,825
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Net Change in Compensated Absences	(275,306)	
Net Change in Other Post Employment Benefits	(3,253,320)	
Net Change in Net Pension Liability	(520,822)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	909,829	
Net Change in Accrued Interest on Long-Term Debt	<u>11,355</u>	(3,128,264)
Change in Net Position of Governmental Activities		<u>\$ (2,113,805)</u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts					
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget	Actual Budgetary Basis	Amounts Carried Forward to Next year	Variance with Final Budget Positive (Negative)
Revenues:						
Property Taxes	\$ -	\$ 30,886,952	\$ 30,886,952	\$ 31,138,587	\$ -	\$ 251,635
Intergovernmental	-	14,739,260	14,739,260	15,018,254	-	278,994
Excise and Other Taxes	-	2,524,000	2,524,000	2,846,827	-	322,827
Licenses, Permits, Fees	-	649,500	649,500	983,194	-	333,694
Interest and Penalties on Taxes	-	260,000	260,000	283,936	-	23,936
Interest on Investments	-	35,000	35,000	47,368	-	12,368
Total Revenues	-	49,094,712	49,094,712	50,318,166	-	1,223,454
Expenditures:						
Current:						
General Government	445,518	2,126,704	2,526,476	2,058,451	347,896	120,129
Public Safety	53,569	7,113,063	7,536,182	7,364,186	69,469	102,527
Public Works	105,654	1,024,593	1,448,785	1,282,607	81,787	84,391
Education	575,277	25,486,151	26,291,719	25,636,484	612,236	42,999
Health and Human Services	11,703	521,236	551,416	512,054	19,744	19,618
Culture and Recreation	-	378,850	378,850	378,511	159	180
Employee Benefits and Insurance	8,930	10,212,387	10,308,845	9,984,587	13,753	310,505
State Assessments	-	2,425,206	2,425,206	2,229,489	-	195,717
Debt Service:						
Principal	-	1,778,845	1,778,845	1,754,290	-	24,555
Interest	-	637,564	637,564	597,226	-	40,338
Total Expenditures	1,200,651	51,704,599	53,883,888	51,797,885	1,145,044	940,959
Excess of Revenues Over (Under) Expenditures	(1,200,651)	(2,609,887)	(4,789,176)	(1,479,719)	(1,145,044)	2,164,413
Other Financing Sources (Uses):						
Operating Transfers In	-	1,716,287	2,040,384	2,076,694	-	36,310
Operating Transfers Out	-	-	(827,575)	(828,412)	-	(837)
Total Other Financing Sources (Uses)	-	1,716,287	1,212,809	1,248,282	-	35,473
Net Change in Budgetary Fund Balance	(1,200,651)	(893,600)	(3,576,367)	\$ (231,437)	\$ (1,145,044)	\$ 2,199,886
Other Budgetary Items:						
Free Cash and Other Reserves	-	893,600	2,375,716			
Prior Year Encumbrances	1,200,651	-	1,200,651			
Total Other Budgetary Items	1,200,651	893,600	3,576,367			
NET BUDGET	\$ -	\$ -	\$ -			

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTON, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2015

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 50,318,166	\$ 51,797,885
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	11,221	-
Recognition of Intergovernmental Revenue - "on behalf payments"	2,892,057	-
Recognition of Expenditures - "on behalf payments"	-	2,892,057
Net Increase in Revenue from Recording 60-Day Receipts	28,000	-
Reported on a GAAP Basis	<u>\$ 53,249,444</u>	<u>\$ 54,689,942</u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 414,706	\$ 4,059,188	\$ 4,473,894
User Charges, net of allowance for uncollectibles	348,360	978,517	1,326,877
Total current assets	763,066	5,037,705	5,800,771
NONCURRENT:			
Capital Assets, net of accumulated depreciation:			
Nondepreciable	-	348,926	348,926
Depreciable	3,497,011	16,214,799	19,711,810
Total noncurrent assets	3,497,011	16,563,725	20,060,736
Total Assets	4,260,077	21,601,430	25,861,507
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	15,843	52,184	68,027
LIABILITIES			
CURRENT:			
Accounts Payable	44,214	150,895	195,109
Accrued Payroll	2,847	16,151	18,998
Accrued Interest	-	135,064	135,064
Compensated Absences	5,878	50,228	56,106
Bonds Payable	-	760,000	760,000
Total current liabilities	52,939	1,112,338	1,165,277
NONCURRENT:			
Compensated Absences	-	40,230	40,230
OPEB Obligation Payable	65,668	520,262	585,930
Net Pension Liability	329,289	1,084,625	1,413,914
Bonds Payable	-	8,745,000	8,745,000
Total noncurrent liabilities	394,957	10,390,117	10,785,074
Total Liabilities	447,896	11,502,455	11,950,351
NET POSITION			
Net Investment in Capital Assets	3,497,011	7,058,725	10,555,736
Restricted for Capital	-	1,189,710	1,189,710
Unrestricted	331,013	1,902,724	2,233,737
Total Net Position	\$ 3,828,024	\$ 10,151,159	\$ 13,979,183

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,365,350	\$ 2,929,470	\$ 4,294,820
Other	5,358	310,442	315,800
Total Operating Revenues	1,370,708	3,239,912	4,610,620
Operating Expenses:			
Salaries & Wages	131,751	617,966	749,717
Operating Expenses	1,054,783	1,196,907	2,251,690
Depreciation	202,836	588,801	791,637
Total Operating Expenses	1,389,370	2,403,674	3,793,044
Operating Income (Loss)	(18,662)	836,238	817,576
Non-Operating Revenues (Expenses):			
Investment Income	1,499	7,605	9,104
Interest Expense	-	(393,044)	(393,044)
Total Non-Operating Revenues (Expenses)	1,499	(385,439)	(383,940)
Income (Loss) Before Operating Transfers	(17,163)	450,799	433,636
Operating Transfers:			
Transfers In/(Out)	(67,493)	(270,538)	(338,031)
Total Operating Transfers	(67,493)	(270,538)	(338,031)
Change in Net Position	(84,656)	180,261	95,605
Net Position at Beginning of Year (as restated)	3,912,680	9,970,898	13,883,578
Net Position at End of Year	\$ 3,828,024	\$ 10,151,159	\$ 13,979,183

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,346,385	\$ 2,888,018	\$ 4,234,403
Receipts from Other Revenues	5,358	310,442	315,800
Payments to Vendors	(1,017,596)	(1,057,715)	(2,075,311)
Payments to Employees	(137,181)	(598,353)	(735,534)
Net Cash Provided by (Used for) Operating Activities	196,966	1,542,392	1,739,358
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	(67,493)	(270,538)	(338,031)
Net Cash Provided by (Used for) Noncapital Financing Activities	(67,493)	(270,538)	(338,031)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	-	(114,469)	(114,469)
Principal Payments on Bonds and Leases	(8,717)	(760,000)	(768,717)
Interest Expense	-	(403,098)	(403,098)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(8,717)	(1,277,567)	(1,286,284)
Cash Flows from Investing Activities:			
Investment Income	1,499	7,605	9,104
Net Cash Provided by (Used for) Investing Activities	1,499	7,605	9,104
Net Increase (Decrease) in Cash and Cash Equivalents	122,255	1,892	124,147
Cash and Cash Equivalents at Beginning of Year	292,451	4,057,296	4,349,747
Cash and Cash Equivalents at End of Year	\$ 414,706	\$ 4,059,188	\$ 4,473,894

**Reconciliation of Operating Income (Loss) to Net Cash Provided
by (Used For) Operating Activities:**

Operating Income (Loss)	\$ (18,662)	\$ 836,238	\$ 817,576
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	202,836	588,801	791,637
Deferred (Outflows)/Inflows of Resources Related to Pension	(15,843)	(52,184)	(68,027)
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	30,498	49,222	79,720
Increase (Decrease) in Accrued Payroll	(87)	2,302	2,215
Increase (Decrease) in Compensated Absences	(5,343)	17,311	11,968
Increase (Decrease) in OPEB Obligation Payable	13,463	112,282	125,745
Increase (Decrease) in Net Pension Liability	9,069	29,872	38,941
Decrease (Increase) in User Charges Receivable	(18,965)	(41,452)	(60,417)
Total Adjustments	215,628	706,154	921,782
Net Cash Provided by (Used for) Operating Activities	\$ 196,966	\$ 1,542,392	\$ 1,739,358

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	<div> <div>Other</div> <div>Postemployment</div> <div>Benefits</div> <div>Trust Fund</div> </div> <div> <div>Private</div> <div>Purpose</div> <div>Trust Funds</div> </div> <div> <div>Agency</div> <div>Funds</div> </div>		
ASSETS			
Cash and Cash Equivalents	\$ 111,437	\$ 98,845	\$ 395,463
Total Assets	111,437	98,845	395,463
LIABILITIES			
Due to Others	-	-	17,422
Due to Student Groups	-	-	116,532
Deposits and Escrows	-	-	261,509
Total Liabilities	-	-	395,463
NET POSITION			
Held in Trust for Other Purposes	\$ 111,437	\$ 98,845	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 60,000	\$ -
Private Donations	-	38,420
Total Contributions	60,000	38,420
Investment Income:		
Interest & Dividends	258	453
Total Investment Earnings	258	453
Total Additions	60,258	38,873
Deductions:		
Educational Scholarships	-	40,450
Total Deductions	-	40,450
Change in Net Position	60,258	(1,577)
Net Position at Beginning of Year	51,179	100,422
Net Position at End of Year	\$ 111,437	\$ 98,845

The Notes to the Financial Statements are an integral part of this Statement

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Norton, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1711 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2015, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the governing board of the Norton Housing Authority. This related organization is excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board members. Audited financial statements are available from the respective organization. A description of the related organization is as follows:

Norton Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and change in net position.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

and

- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Proprietary and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

Fund financial statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Cyrus Hicks Fund* is a special revenue fund (trust fund) that was given to the Town from a citizen in the 1800's. The income that is generated from the trust is to be used for the benefit of the Town, in accordance with the wishes of the trustees.

The *high school construction fund* is used to account for financial resources to improve the high school.

The Town reports the following major proprietary funds:

The *sewer fund* is used to account for the sewer activities.

The *water fund* is used to account for the water activities.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Additionally, the Town reports the following fund types:

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs. The Town reports the following fiduciary funds:

The *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

Investment income from proprietary funds is maintained in those funds.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes, Deferred Property Taxes, Tax Liens, and Taxes in Litigation

Property taxes are based on assessments as of January 1, 2014 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2015 on July 1, 2014, that were due on August 1, 2014 and November 3, 2014 and actual bills on December 30, 2014 that were due on February 2, 2015 and May 1, 2015.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2015 is as follows;

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2015	\$ 30,299,731
Add: Debt Exclusion	1,092,259
	<u>\$ 31,391,990</u>

The total amount raised by taxation was \$31,238,489.

The allowance for uncollectible accounts is based on historical trends and specific account analysis.

Excise Taxes

Excise taxes consist of motor vehicle excise. Excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

The tax calculation is the fair value of the vehicle multiplied by the \$25 per \$1,000 of value.

The allowance for uncollectibles is based on historical trends and specific account analysis.

User Charges

User charges in the governmental activities funds consist of prior fiscal year sewer that is based on individual meter readings and is subject to penalties and interest if not paid by the respective due date. Sewer charges and liens are recorded as receivables in the fiscal year of the levy.

User charges and fees in the business-type funds consist of water and sewer that is levied quarterly based on individual meter readings and is subject to penalties and interest if not paid by the respective due date. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the fiscal year of the levy.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Departmental

Departmental receivables consist of police off-duty details and ambulance fees.

The allowance for uncollectibles is based upon historical trends and specific account analysis.

Special Assessments

Special assessments consist of the sewer betterments, septic Title V betterments and water betterments.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value.

All purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years
Buildings and renovations	20-40
Machinery, equipment and other	3-10
Infrastructure	20-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

H. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only item in this category is *deferred outflows related to pensions*.

Fund financial statements

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property, excise and other taxes; user charges, departmental revenue, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Net position and Fund Balances

In the Government-Wide financial statements, the difference between the Town's total assets and deferred outflows of resources and total liabilities represents net position. Net position displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Other purposes" represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

Assigned fund balance. This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

K. Long-term Debt

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

M. Pension Benefits

For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Bristol County Retirement System (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

N. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 70% - 75% share of insurance premiums in the general fund in the fiscal year paid.

O. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- The budgets for all departments are prepared by the department heads and submitted to the Town Manager who presents the budget to the Town's finance committee for review.
- The finance committee, in turn, presents the omnibus budget for voter approval at the Annual Town Meeting of each fiscal year.
- The Town Manager can also present an alternative budget at the Town Meeting if there is not a finance committee consensus.
- The budget is legally enacted by vote of Town meeting members at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Massachusetts law requires cities and towns to provide a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2015, the Town incurred a final budget deficit of \$3,576,367 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 2,300,716
Overlay surplus	75,000
Prior year's encumbrances	1,200,651
	<u>\$ 3,576,367</u>

B. Deficit Fund Balances

The following funds had deficits at June 30, 2015 as measured by the balances of unreserved fund balance.

- The Norton High School construction fund has a deficit of \$652,433. The Town has a temporary note of \$1,450,000. The deficit will be eliminated upon additional Massachusetts School Building Administration (MSBA) receipts and the issuance of permanent debt.
- The Erickson property land acquisition fund, a capital project, has a deficit of \$51,000. The Town has a temporary note of \$51,000. The deficit will be eliminated upon the receipt of additional funds or issuance of permanent debt.
- The SETB training grant special revenue fund has a deficit of \$1,998. The deficit will be eliminated upon the receipt of additional funds or upon appropriation.
- The State 911 police training and support grant special revenue fund has a deficit of \$42,893. The deficit will be eliminated upon the receipt of additional funds or upon appropriation.
- The Septic loan special revenue fund has a deficit of \$20,103. The Town has a temporary note of \$28,000. The deficit will be eliminated upon the receipt of additional funds or issuance of permanent debt.

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2015 were \$16,701,080. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2015, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More than 10
Debt Securities:					
U. S. treasury obligations	\$ 515,610	\$ 101,266	\$ 414,344	\$ -	\$ -
U. S. government agencies	773,970	101,919	502,144	169,907	-
Corporate bonds	1,198,954	-	384,252	402,929	411,773
Money market mutual fund	679,953	679,953	-	-	-
	3,168,487	\$ 883,138	\$ 1,300,740	\$ 572,836	\$ 411,773
Other Investments:					
Equity securities - domestic (stocks)	4,920,516				
Certificate of deposits	320,653				
MMDT	190,309				
	\$ 8,599,965				

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$8,599,965 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Credit Risk

The Town's exposure to credit risk as of June 30, 2015 is as follows:

Related Debt Instruments	Fair Value
<u>Moody's Quality Ratings</u>	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 515,610
<i>U. S. Government Agencies:</i>	
Aaa	773,970
<i>Corporate Bonds:</i>	
A2	725,285
A3	73,148
AA2	219,822
Baa1	180,699
<i>Money Market Mutual Funds:</i>	
Not rated	679,953
	<u>\$ 3,168,487</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are in U.S. Treasury obligations amounting to 6.00%.

B. Receivables

At June 30, 2015, receivables for the individual major governmental funds and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 708,887	\$ (47,349)	\$ 661,538
Deferred property taxes	47,885	-	47,885
Tax liens	671,757	-	671,757
Taxes in litigation	1,092	-	1,092
Excise taxes	236,296	(47,472)	188,824
User charges	301	(301)	-
Departmental	556,683	(260,903)	295,780
Special assessments	653,883	-	653,883
Due from other governments	2,458,829	-	2,458,829
	<u>\$ 5,335,613</u>	<u>\$ (356,025)</u>	<u>\$ 4,979,588</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

At June 30, 2015, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
Sewer user charges	\$ 348,360	\$ -	\$ 348,360
Water Fund:			
Water user charges	978,517	-	978,517
	<u>\$ 1,326,877</u>	<u>\$ -</u>	<u>\$ 1,326,877</u>

The composition of amounts due from other governments as of June 30, 2015 for governmental funds is as follows:

General Fund:			
<i>Commonwealth of Massachusetts:</i>			
Department of Revenue:			
Veterans, blind and surviving spouses	\$ 44,649		
Department of Veterans Services:			
Veterans benefits	221,242	\$	265,891
High School Construction Fund:			
<i>Commonwealth of Massachusetts:</i>			
Massachusetts School Building Assistance:			
Norton high school project			773,730
Nonmajor Governmental Funds:			
<i>U. S. Department of Agriculture:</i>			
School lunch	27,839		
<i>U. S. Department of Transportation:</i>			
Highway safety grants	4,613		
<i>Commonwealth of Massachusetts:</i>			
Department of Elementary and Secondary Education:			
School Lunch	793		
Special education reimbursement fund	347,477		
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funded projects	749,847		
Winter Rapid Roads Recovery Program	288,639		1,419,208
		<u>\$</u>	<u>2,458,829</u>

The statement of net position for the government-wide financial statements reflects an additional amount of due from other governments as follows:

Governmental Funds:	
<i>Massachusetts Clean Water Trust:</i>	
Principal loan subsidy	<u>\$ 370,265</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

C. Deferred Inflows of Resources – Unavailable Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

General Fund:			
Property taxes	\$	529,538	
Deferred property taxes		47,885	
Tax liens		671,757	
Taxes in litigation		1,092	
Excise taxes		188,824	
Special assessments		327,261	
Due from other governments		176,921	\$ 1,943,278
Nonmajor Governmental Funds:			
Departmental		254,011	
Special assessments		326,622	
Due from other governments		779,049	1,359,682
			<u>\$ 3,302,960</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2015, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 8,358,532	\$ 42,585	\$ -	\$ 8,401,117
Total capital assets not being depreciated	8,358,532	42,585	-	8,401,117
Capital assets being depreciated:				
Buildings and Renovations	77,595,067	114,476	-	77,709,543
Machinery, equipment and other	7,401,328	814,484	(33,136)	8,182,676
Infrastructure	10,522,737	596,157	-	11,118,894
Total capital assets being depreciated	95,519,132	1,525,117	(33,136)	97,011,113
Less accumulated depreciation for:				
Buildings and Renovations	26,398,098	1,886,599	-	28,284,697
Machinery, equipment and other	5,206,719	545,339	(33,136)	5,718,922
Infrastructure	3,108,771	460,767	-	3,569,538
Total accumulated depreciation	34,713,588	2,892,705	(33,136)	37,573,157
Total capital assets being depreciated, net	60,805,544	(1,367,588)	-	59,437,956
Total governmental activities capital assets, net	\$ 69,164,076	\$ (1,325,003)	\$ -	\$ 67,839,073

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 348,926	\$ -	\$ -	\$ 348,926
Total capital assets not being depreciated	348,926	-	-	348,926
Capital assets being depreciated:				
Buildings and improvements	429,819	-	-	429,819
Machinery, equipment and other	1,135,483	114,469	(64,000)	1,185,952
Infrastructure	29,184,958	-	-	29,184,958
Total capital assets being depreciated	30,750,260	114,469	(64,000)	30,800,729
Less accumulated depreciation for:				
Buildings and improvements	66,651	18,923	-	85,574
Machinery, equipment and other	1,034,011	54,403	(64,000)	1,024,414
Infrastructure	9,260,620	718,311	-	9,978,931
Total accumulated depreciation	10,361,282	791,637	(64,000)	11,088,919
Total capital assets being depreciated, net	20,388,978	(677,168)	-	19,711,810
Total business-type activities capital assets, net	\$ 20,737,904	\$ (677,168)	\$ -	\$ 20,060,736

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 39,938
Public safety	435,708
Public works	558,628
Education	1,757,667
Health and human services	46,060
Culture and recreation	54,704
Total depreciation expense - governmental activities	<u>\$ 2,892,705</u>

Business-Type Activities:

Sewer fund	\$ 202,836
Water fund	588,801
Total depreciation expense - business-type activities	<u>\$ 791,637</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2015, are summarized as follows:

Transfers Out:	Transfers In:		
	General fund	Nonmajor governmental funds	Total
General fund	\$ -	\$ 837	\$ 837
Cyrus Hicks fund	100,000	7,000	107,000
Nonmajor governmental funds	905,186	-	905,186
Business-type activities	338,031	-	338,031
Total transfers out	<u>\$ 1,343,217</u>	<u>\$ 7,837</u>	<u>\$ 1,351,054</u>

F. Leases

The Town has entered into lease agreements as lessee for financing a highway sweeper, a highway dump truck, and a fire truck. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets, including any expiring in 2015, acquired through the capital leases are as follows:

Asset:	Governmental Activities
Machinery, Equipment and Other	\$ 832,876
Less: Accumulated Depreciation	(184,187)
Total	<u>\$ 648,689</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

Year Ending June 30,	Governmental Activities
2016	\$ 153,967
2017	121,321
2018	121,321
Total minimum lease payments	<u>396,609</u>
Less: amount representing interest	(21,097)
Present value of minimum lease payments	<u>\$ 375,512</u>

G. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Details related to the short-term debt activity of the governmental type activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2014	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2015
Bond Anticipation Notes:						
Fire communication improvements	0.64%	7/25/2014	\$ 125,000	\$ -	\$ 125,000	\$ -
Land acquisitions	0.50%	11/19/2014	401,328	-	401,328	-
Municipal purpose loan	0.60%	12/12/2014	235,983	-	235,983	-
Municipal purpose loan	0.55%	3/26/2015	977,872	-	977,872	-
Norton high school construction	0.55%	3/26/2015	950,000	-	950,000	-
Municipal purpose loan	0.40%	3/25/2016	-	1,800,000	-	1,800,000
Land acquisitions	0.55%	3/25/2016	-	51,000	-	51,000
Landfill capping project	0.55%	3/25/2016	-	300,000	-	300,000
MCWT Interim note	0.00%	1/7/2015	-	33,498	33,498	-
MCWT Interim note	0.00%	12/31/2015	-	28,000	-	28,000
Total Governmental Activities			<u>\$ 2,690,183</u>	<u>\$ 2,212,498</u>	<u>\$ 2,723,681</u>	<u>\$ 2,179,000</u>

H. Long Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2015
Inside Debt:					
Land acquisition-Slaterry property	3.66%	11/1/2004	11/1/2022	\$ 400,000	\$ 160,000
School building renovations	3.75%	11/1/2004	11/1/2023	2,100,000	990,000
Land acquisition	3.96%	10/1/2007	10/1/2022	500,000	255,000
School sewer pump	4.04%	10/1/2007	10/1/2017	350,000	105,000
Police station	2.38%	2/15/2011	10/1/2018	945,000	450,000
Land acquisition - school	2.38%	2/15/2011	10/1/2016	420,000	140,000
Sewer bond	2.38%	2/15/2011	10/1/2020	80,000	40,000
Fire truck	1.86%	11/15/2011	11/15/2016	475,000	190,000
Fire equipment	1.88%	11/15/2011	11/15/2015	250,000	60,000
Land Acquisition - Newcomb	2.81%	5/15/2014	11/15/2028	475,000	440,000
School HVAC Repairs	2.81%	5/15/2014	5/5/2026	120,000	110,000
School Roof	2.81%	5/15/2014	5/15/2029	548,370	505,000
School Technology - Hardware	2.81%	5/15/2014	5/15/2023	348,750	305,000
School Technology - Software	2.81%	5/15/2014	5/15/2018	26,250	15,000
Fire communication equipment	0.55%	7/25/2014	7/24/2015	62,500	62,500
School equipment	0.55%	12/12/2014	12/11/2015	160,000	160,000
Library HVAC	0.55%	12/12/2014	12/11/2015	28,787	28,787
Massachusetts Clean					
Water Trust:					
Lake Winnecunnet sewer project	N/A	11/26/2002	8/1/2022	2,375,687	1,110,000
Water resource management	N/A	11/26/2002	8/1/2022	334,237	160,000
Total Inside Debt					5,286,287
Outside Debt:					
High school track/bleachers	2.38%	11/15/2011	2/15/2025	650,000	500,000
High school renovation	2.82%	11/15/2011	2/15/2031	6,550,000	5,560,000
School construction	2.81%	5/15/2014	5/15/2034	6,500,000	6,175,000
Massachusetts Clean					
Water Trust:					
Title V Septic Loans - Round 1	N/A	4/29/1999	2/1/2017	199,807	22,201
Title V Septic Loans - Round 2	N/A	7/24/2003	2/1/2021	195,089	65,193
Title V Septic Loans - Round 3	N/A	8/1/2004	8/1/2023	236,799	110,720
Title V Septic Loans - Round 4	N/A	12/14/2006	7/15/2026	146,244	87,748
Title V Septic Loans - Round 5	N/A	11/15/2006	8/1/2024	184,207	102,137
Title V Septic Loans - Round 6	N/A	11/22/2010	7/15/2029	200,000	157,896
Title V Septic Loans - Round 7	N/A	11/22/2010	7/15/2029	201,502	159,082
Title V Septic Loans - Round 8	N/A	5/22/2013	1/15/2033	165,000	148,500
Title V Septic Loans - Round 9	N/A	1/7/2015	1/15/2035	33,498	33,498
Total Outside Debt					13,121,975
Total Governmental Type Debt					\$ 18,408,262

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Future Debt Service

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	\$ 1,728,035	\$ 585,300	\$ 2,313,335
2017	1,605,535	524,705	2,130,240
2018	1,424,435	471,895	1,896,330
2019	1,369,434	424,125	1,793,559
2020	1,211,441	373,654	1,585,095
2021-2025	5,356,342	1,298,448	6,654,790
2026-2030	3,729,916	667,979	4,397,895
2031-2033	1,983,124	133,656	2,116,780
	<u>\$ 18,408,262</u>	<u>\$ 4,479,762</u>	<u>\$ 22,888,024</u>

General obligation bonds currently outstanding of the business-type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2015
Outside Debt:					
Water fund:					
Water mains	3.99%	10/1/2007	10/1/2027	\$ 3,300,000	\$ 2,145,000
New water tank	3.99%	10/1/2007	10/1/2027	1,700,000	1,105,000
Water mains	4.02%	8/1/2008	8/1/2028	3,000,000	2,100,000
Water mains	4.02%	8/1/2008	8/1/2028	5,000,000	3,500,000
Water storage facility	2.38%	2/15/2011	10/1/2020	1,100,000	655,000
Total Business-type Debt					<u><u>\$ 9,505,000</u></u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	\$ 760,000	\$ 371,590	\$ 1,131,590
2017	760,000	341,208	1,101,208
2018	760,000	310,604	1,070,604
2019	760,000	279,467	1,039,467
2020	760,000	249,642	1,009,642
2021-2025	3,355,000	828,421	4,183,421
2026-2029	2,350,000	182,588	2,532,588
	<u>\$ 9,505,000</u>	<u>\$ 2,563,520</u>	<u>\$ 12,068,520</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

A summary of the changes in governmental activities and business-type long term debt during the year is as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due within One Year
Governmental activities:					
<i>Bond Payable:</i>					
General obligation bonds	\$ 17,463,370	\$ 251,287	\$ 1,463,370	\$ 16,251,287	\$ 1,499,697
Massachusetts Clean Water Trust bonds	2,340,103	33,498	216,626	2,156,975	228,338
Capital lease	541,126	-	165,614	375,512	142,894
Compensated absences	1,922,617	293,230	17,924	2,197,923	835,637
OPEB liability obligation	15,099,372	3,253,320	-	18,352,692	-
Net pension liability	18,389,671	520,822	-	18,910,493	-
Governmental activity Long-term liabilities	<u>\$ 55,756,259</u>	<u>\$ 4,352,157</u>	<u>\$ 1,863,534</u>	<u>\$ 58,244,882</u>	<u>\$ 2,706,566</u>
Business-type activities:					
<i>Bond Payable:</i>					
General obligation bonds	\$ 10,265,000	\$ -	\$ 760,000	9,505,000	\$ 760,000
Capital lease	8,717	-	8,717	-	-
Compensated absences	84,368	17,311	5,343	96,336	56,106
OPEB liability obligation	460,185	125,745	-	585,930	-
Net pension liability	1,374,973	38,941	-	1,413,914	-
Business-type activity Long-term liabilities	<u>\$ 12,193,243</u>	<u>\$ 181,997</u>	<u>\$ 774,060</u>	<u>\$ 11,601,180</u>	<u>\$ 816,106</u>

Advance Refunding – February 15, 2011

On February 15, 2011, the Town issued \$2,545,000 of general obligation refunding bonds with an average interest rate of 2.38 percent to advance refund \$2,610,000 of outstanding bonds with an average interest rate of 4.67 percent to 5.11 percent. As a result, the funded bonds, including the business-type bonds, are considered to be defeased and the liability has been removed from the general obligation long-term debt account group and the enterprise fund debt. This advance refunding was undertaken to advance refund \$960,000 of the new police station, \$450,000 of the school land and \$100,000 of the sewer bond governmental activity debt and \$1,100,000 of the water storage facility business-type debt. The advance refunding resulted in an economic gain of \$211,702.

Massachusetts Clean Water Trust (MCWT)

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$4,272,061 and interest costs of \$1,795,889 for eleven loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2015 for principal and interest combined for the loans is \$2,444,478. The net repayments, including interest, are scheduled to be \$1,875,570. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2015 principal and interest subsidies totaled \$92,929.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2015 totaled \$5,286,287.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

The following is a computation of the legal debt limit as of June 30, 2015:

Proposed and Revised Equalized Valuation-Real Estate and Personal Property (2014)		\$ 2,041,345,000
Debt Limit: 5 % of Equalized value		<u>102,067,250</u>
Total Debt Outstanding	\$ 27,913,262	
Less: Debt Outside Debt Limit	<u>(22,626,975)</u>	<u>5,286,287</u>
Inside Debt Excess Borrowing Capacity at June 30, 2015		<u><u>\$ 96,780,963</u></u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. Loan authorizations that have not been issued as of June 30, 2015 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
10/8/2003	Repair, Replacement and Upgrading of Septic Systems or Household Connections to Sanitary Sewer System pursuant to Agreements between Board of Health and Property Owners	\$ 372,000
6/6/2011	Renovating, Constructing, and Improvements and Expansion of Norton High School	19,490,231
5/14/2012	Elementary School repairs and roof replacement	202,707
10/29/2012	Acquisition of Erikson property	5,000
10/7/2013	Land Acquisition - Crane Property	140,800
5/12/2014	Norton Center Sewer Extension Project	2,700,000
5/12/2014	Water Treatment Plant	8,900,000
10/20/2014	Water Shed Plan	800,000
5/11/2015	Nourse Elementary School sewer connection	440,000
		<u><u>\$ 33,050,738</u></u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Overlapping Debt

The Town pays assessments which include debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Southeastern Regional Vocational Technical School District:	<u>\$ 5,445,000</u>	7.40%	<u>\$ 402,930</u>

The Southeastern Regional Vocational Technical School District also has bond anticipation notes outstanding as of June 30, 2015 of \$827,000 for a school roof renovation project.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

I. Fund Balances

The following is a summary of the Governmental fund balances at the year ended June 30, 2015:

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent funds	\$ -	\$ -	\$ -	\$ 261,600	\$ 261,600
Restricted:					
Federal, state and local grants	-	-	-	467,867	467,867
School revolving funds	-	-	-	534,515	534,515
Revolving funds	-	-	-	192,796	192,796
Septic loans	-	-	-	885,490	885,490
Debt service	-	-	-	208,923	208,923
Donations and gifts	-	-	-	299,208	299,208
Permanent funds	-	-	-	97,740	97,740
Cyrus Hicks fund	-	7,214,317	-	-	7,214,317
Capital project funds	-	-	-	186,950	186,950
Other	-	-	-	44,085	44,085
	-	7,214,317	-	2,917,574	10,131,891
Committed:					
Ambulance	-	-	-	1,027,277	1,027,277
Dog fund	-	-	-	113,016	113,016
	-	-	-	1,140,293	1,140,293
Assigned:					
General government	347,896	-	-	-	347,896
Public safety	69,469	-	-	-	69,469
Public works	81,787	-	-	-	81,787
Education	612,236	-	-	-	612,236
Health and human services	19,744	-	-	-	19,744
Culture and recreation	159	-	-	-	159
Employee benefits and insurance	13,753	-	-	-	13,753
Subsequent year's budget	994,432	-	-	-	994,432
	2,139,476	-	-	-	2,139,476
Unassigned:					
General fund	4,485,857	-	-	-	4,485,857
High school construction fund	-	-	(652,433)	-	(652,433)
Special revenue funds	-	-	-	(64,994)	(64,994)
Capital projects	-	-	-	(51,000)	(51,000)
	4,485,857	-	(652,433)	(115,994)	3,717,430
Total Governmental fund balances	\$ 6,625,333	\$ 7,214,317	\$ (652,433)	\$ 4,203,473	\$ 17,390,690

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

J. Special Trust Funds

Stabilization Fund

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

At June 30, 2015 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 1,195,339
Capital improvement stabilization fund	<u>357,784</u>
	<u>\$ 1,553,123</u>

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

Litigation

Various cases are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2015.

Federal Financial Assistance

The Town receives significant financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit procedures prescribed under the Single Audit Act Amendments of 1996. Any disallowed expenditures resulting from such audits become a liability of the Town.

The outcome of lawsuits and any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the Town.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

C. Pension Plan

Plan Description

The Town is a member of the Bristol County Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Bristol County Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 645 County Street, Taunton, Massachusetts 02780.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2014. The Town's portion of the collective pension expense contributed by the Commonwealth of \$2,799,128 on-behalf payments for the fiscal year ending June 30, 2015 is reported as intergovernmental revenues and insurance and employee benefit expenditures in the General Fund as of the measurement date.

Benefits Provided

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Contributions

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2014 was \$2,084,055, representing 20.7% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

Pension Liability

As of June 30, 2015, a reported liability of \$20,324,407 is the Town's proportionate share of the net pension liability as measured as of December 31, 2014. The net pension liability was determined using the total pension liability and the actuarial assumptions as of the January 1, 2014 and updated to the measurement date of December 31, 2014. This net pension liability is based on the Town's proportional percentage of 7.113% at December 31, 2014. As such, the total pension liability was also updated and adjusted forward to the measurement date.

Pension Expense

For the year ended June 30, 2015, the Town recognized a pension cost of \$2,147,378 and reported deferred outflows of resources related to pensions of \$977,856, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or a change of assumptions as of December 31, 2014. Additionally, the changes in proportion and differences between employer contributions and the proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statement No. 67 and Statement No. 68.

The Town's deferred outflows of resources related to pensions will be recognized in the pension expense as follows;

For years ended June 30,		
	2016	\$ 244,464
	2017	244,464
	2018	244,464
	2019	244,464
		\$ 977,856

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2014;

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal Cost Method

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Amortization method	Level percent, open group
Remaining amortization period	15 years
Asset valuation method	Actuarially valued using a five-year smoothing of asset returns greater than or less than the assumed rate of return.
Investment rate of return	8.00%
Projected salary increase	3.00%
Inflation	4.00%
Cost of living adjustments	3.00% of \$16,000 per year.
Mortality rates	Pre-retirement rates reflect the RP-2000 Employees table projected 20 years with Scale AA (gender distinct). Post retirement rates reflect the RP-2000 Healthy Annuitant table projected 15 years with Scale AA (gender distinct). For disabled retirees, this table is set forward 2 years.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity	46.5%	7.8%
Fixed Income	24.5%	5.0%
Private Equity	8.5%	11.3%
Real Estate Funds	7.5%	6.3%
Hedge Funds	5.0%	7.1%
Infrestructure	5.0%	8.0%
Timber	3.0%	7.5%
Total	<u>100.0%</u>	

Rate of Return

For the year ended December 31, 2014, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 5.29%. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. The money-weighted return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The discount rate was selected based on a projection of employer and employee contributions, benefit payments, expenses and long term expected rate of return on trust assets. Under Chapter 32 of the Massachusetts General Law, Section 22D and Section 22F, employers are required to make the necessary contributions to the trust such that the Plan reaches a full funding status by 2040.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Town's net pension liability	\$ 26,926,108	\$ 20,323,407	\$ 14,839,471

D. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

In addition to providing pension benefits, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 787 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2015 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,880,867.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Annual required contribution	\$ 4,091,852
Interest on net OPEB obligation	622,383
Adjustment to annual required contribution	(865,203)
Amortization of actuarial (Gain)/Loss	1,470,900
Annual OPEB cost (expense)	<u>5,319,932</u>
Contributions made during the fiscal year	(1,880,867)
Contributions made to OPEB Trust	<u>(60,000)</u>
Increase in net OPEB obligation	3,379,065
Net OPEB Obligation - beginning of year	<u>15,559,557</u>
Net OPEB Obligation - end of year	<u><u>\$ 18,938,622</u></u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 5,319,932	36.5%	\$ 18,938,622
6/30/2014	\$ 5,074,895	38.3%	\$ 15,559,557
6/30/2013	\$ 4,112,134	47.6%	\$ 12,430,292

Funded Status and Funding Process

As of July 1, 2013, the most recent valuation date, the plan was 0.07% funded. The actuarial liability for benefits was \$54,987,938 and the actuarial value of assets was \$41,052, resulting in a total unfunded actuarial accrued liability (UAAL) of \$54,946,886. The covered payroll (annual payroll of active employees covered by the plan) was \$27,113,884 and the ratio of the UAAL to the covered payroll was 202.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

The Town OPEB actuarial valuation used the projected unit credit actuarial cost method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.00% rate of return on invested assets. The actuarial assumptions also include an expected payroll growth of 3.00% per annum and a general inflation of 2.50% per annum. Medical and drug cost trend is at an ultimate level of 5% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a projected unit credit actuarial cost method. The remaining amortization period at July 1, 2015 is 22 years.

Trust Fund

The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2015 the trust balance is \$111,437.

E. Implementation Of New GASB Pronouncements

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for implementation in fiscal year 2015. The Town's basic financial statements recognize a net pension asset/(liability) and pension revenue/(expense) for the Town's portion of the Bristol County Retirement System actuarial accrued liability.

F. Future GASB Pronouncements

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, for implementation in 2016.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2016.

5. RESTATEMENT

As required by GASB Statement No. 67 and Statement No. 68; the net position as of June 30, 2015 for governmental activities and business-type activities has been restated to reflect the pension liability. Restatement is as follows;

	Governmental Activities	Business-type Activities	Totals
Net position June 30, 2014	\$ 51,969,050	\$ 15,258,551	\$ 67,227,601
<u>Adjustments:</u>			
Pension liability	(18,389,671)	(1,374,973)	(19,764,644)
Net position restated June 30, 2014	<u>\$ 33,579,379</u>	<u>\$ 13,883,578</u>	<u>\$ 47,462,957</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NORTON, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Bristol County Retirement System
For the Year Ended June 30, 2015

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

Schedule of the Town's Proportionate Share of the Net pension Liability:

	<u>12/31/2014</u>
Town's proportion of the net pension liability (asset)	7.113%
Town's proportionate share of the net pension liability (asset)	\$ 20,323,407
Town's covered employee payroll **	\$ 10,091,715
Net pension liability percentage of covered-employee payroll	201.39%
Plan fiduciary net position as a percentage of the total pension liability	67.1%

Note: these schedules are intendend to present information for 10 years.
Until a 10-year trend is compiled, the information is presented for those years of which the information is available.

** Indicates covered employee payroll as reported in the retirement system January 1, 2014 funding valuation report.

TOWN OF NORTON, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Bristol County Retirement System
For the Year Ended June 30, 2015

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

Schedule of the Town's Contributions:

	<u>12/31/2014</u>
Actuarially determined contribution @	\$ 2,084,055
Less: Contributions in relation to the actuarially determined contribution	<u>(2,084,055)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered employee payroll **	\$ 10,091,715
Contributions percentage of covered-employee payroll	20.7%

Note: these schedules are intended to present information for 10 years.
Until a 10-year trend is compiled, the information is presented for those
years of which the information is available.

@ Based on the results of the January 1, 2014 actuarial valuation (including
assumptions and methods) which determined the budgeted appropriations
for fiscal year 2015.

** Indicates covered employee payroll as reported in the retirement
system January 1, 2014 funding valuation report.

TOWN OF NORTON, MASSACHUSETTS
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan Schedule
Year Ended June 30, 2015

Schedule of Funding Progress

Other Post Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2013	\$ 41,052	\$ 54,987,938	\$ 54,946,886	0%	\$ 27,113,884	202.7%
7/1/2012	\$ 1,000	\$ 53,342,080	\$ 53,341,080	0%	\$ 23,596,845	226.1%
7/1/2011	\$ 1,000	\$ 51,354,647	\$ 51,353,647	0%	\$ 22,909,558	224.2%

Schedule of Contribution Funding

Other Post Employment Benefits			
Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions Made	Percentage Contributed
2015	\$ 5,319,932	\$ 1,940,867	36.5%
2014	\$ 5,074,895	\$ 1,945,630	38.3%
2013	\$ 4,112,134	\$ 1,955,361	47.6%

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

Actuarial Methods:

Valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit Actuarial Cost method
Amortization method	30-year amortization payments

Actuarial Assumptions:

Investment rate of return	4.00% per year
Projected salary increases	3.00% per year
General inflation	2.50% per year
Medical/drug cost trend rate	5.00% ultimate trend rate per year

Plan Membership:

Current active members	441
Current retirees, beneficiaries and dependents	346
Total	<u>787</u>

SUPPLEMENTARY SCHEDULES

TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 15,951	\$ 1,149,341	\$ 1,122,109	\$ (16)	\$ 43,167
Arts Lottery Council Grant	4,011	5,897	2,758	-	7,150
Council on Aging Grants	6,806	24,232	24,112	-	6,926
Extended Polling Hours	7,939	2,235	2,448	-	7,726
Highway Grants	26,206	596,170	596,157	-	26,219
Other Grants and Programs	1,558	17,786	17,786	-	1,558
Public Safety Grants	4,089	216,871	244,081	-	(23,121)
Schools:					
School Lunch Program	47,344	652,302	650,392	-	49,254
School Lunch Commodities	-	32,183	32,183	-	-
School Choice	-	64,700	-	-	64,700
School Private Grants	88	-	-	(88)	-
Revolving Accounts	349,878	914,395	843,699	(13)	420,561
State Special Education Reimbursement	421,880	1,313,762	1,384,326	-	351,316
Other:					
Ambulance Fund	960,581	837,925	-	(771,229)	1,027,277
Bristol County Homeland Security Grants	565	-	-	-	565
Clean Energy Choice Grant	1,470	-	-	-	1,470
Compost Bin Recycling Bin Revolving	1,196	50	-	-	1,246
Conservation Outside Consultant Fees	7,682	10,900	7,341	-	11,241
Council on Aging Revolving	-	3,670	3,218	-	452
Dog Fund	93,604	38,584	-	(19,172)	113,016
Forestry Revolving	1,412	-	-	-	1,412
Gifts and Donations	309,347	117,894	135,033	7,000	299,208
Hazardous Materials Revolving	15,223	1,356	10,000	-	6,579
Insurance Reimbursement	5,290	32,558	11,605	(3,172)	23,071
Jackson Property Fees	29,439	3,380	-	-	32,819
Law Enforcement Fund	53,368	1,714	1,302	-	53,780
Parks and Recreation Revolving	5,537	29,781	25,679	-	9,639
Planning Board Review Fund	38,795	91	-	-	38,886
Special Revenue Funds Page 63	\$ 2,409,259	\$ 6,067,777	\$ 5,114,229	\$ (786,690)	\$ 2,576,117

TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
Continued from Page 63	\$ 2,409,259	\$ 6,067,777	\$ 5,114,229	\$ (786,690)	\$ 2,576,117
Other (continued):					
Police Restitution	58	195	235	-	18
Premium on Sale of Bonds	261,450	-	28,500	(24,027)	208,923
Public Safety Outside Detail Funds	-	519,997	519,997	-	-
Recycling Revolving	17,424	3,615	2,529	(8,510)	10,000
Septic Program Funds	903,529	83,807	85,447	(36,503)	865,386
Wetlands Protection Fund	20,397	7,801	638	(8,475)	19,085
Zoning Board of Appeals Outside Consultant Fees	6,923	5,619	4,884	-	7,658
Conservation Fund	2,012	1	-	-	2,013
Sale of Pines Fund	18,510	9	-	-	18,519
War Memorial Fund	464	-	-	-	464
Total Special Revenue Funds	3,640,026	6,688,821	5,756,459	(864,205)	3,708,183
Capital Projects:					
Crane Property Land Acquisition	(3,200)	3,200	-	-	-
Erickson Property Acquisition	(76,000)	25,000	-	-	(51,000)
High School Feasibility Study	9,636	-	-	-	9,636
High School Track Bleachers	9,804	-	699	-	9,105
J.C. Solmonese Elementary School Roof Replacement	(837)	-	-	837	-
Library Heating, Ventilation and Air Conditioning	-	-	35,500	35,500	-
Other Projects	25,030	-	-	-	25,030
Other School Projects	76,342	-	154,799	200,000	121,543
Public Safety Projects	(125,000)	-	-	125,000	-
School Air Conditioning and Ventilation	9,810	-	1,478	-	8,332
School Sewer Main	13,304	-	-	-	13,304
Total Capital Projects Fund	\$ (61,111)	\$ 28,200	\$ 192,476	\$ 361,337	\$ 135,950

TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
Perpetual Permanent Funds:					
Cemetery Funds	\$ 241,500	\$ 8,100	\$ -	\$ -	\$ 249,600
Library Fund	2,000	-	-	-	2,000
Wetherell Athletic Fund	10,000	-	-	-	10,000
Total Perpetual Permanent Funds	253,500	8,100	-	-	261,600
Permanent Funds:					
Cemetery Funds	97,835	139	481	-	97,493
Library Fund	-	15	-	-	15
Wetherell Athletic Fund	226	6	-	-	232
Total Permanent Funds	98,061	160	481	-	97,740
Total - Non-Major Governmental Funds	\$ 3,930,476	\$ 6,725,281	\$ 5,949,416	\$ (502,868)	\$ 4,203,473

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
AND DEFERRED PROPERTY TAXES
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
Real Estate Taxes:						
Levy of 2015	\$ -	\$ 30,456,559	\$ 167,406	\$ 29,685,922	\$ 603,231	\$ 603,231
Levy of 2014	641,784	-	317,403	320,548	3,833	3,833
Levy of 2013	3,496	-	-	1,331	2,165	2,165
Prior Years	616	-	-	-	616	616
	<u>645,896</u>	<u>30,456,559</u>	<u>484,809</u>	<u>30,007,801</u>	<u>609,845</u>	<u>609,845</u>
Personal Property Taxes:						
Levy of 2015	-	781,935	2,614	760,762	18,559	18,559
Levy of 2014	20,874	-	-	5,458	15,416	15,416
Levy of 2013	18,102	-	-	1,812	16,290	16,290
Levy of 2012	14,787	-	-	1,806	12,981	12,981
Levy of 2011	13,684	-	-	237	13,447	13,447
Prior Years	22,794	-	-	445	22,349	22,349
	<u>90,241</u>	<u>781,935</u>	<u>2,614</u>	<u>770,520</u>	<u>99,042</u>	<u>99,042</u>
Total Real Estate and Personal Property Taxes	<u>\$ 736,137</u>	<u>\$ 31,238,494</u>	<u>\$ 487,423</u>	<u>\$ 30,778,321</u>	<u>\$ 708,887</u>	<u>\$ 708,887</u>
Deferred Property Taxes	<u>\$ 42,738</u>	<u>\$ 5,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,885</u>	<u>\$ 47,885</u>

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
Motor Vehicle Excise Taxes:						
Levy of 2015	\$ -	\$ 2,322,628	\$ 43,706	\$ 2,128,089	\$ 150,833	\$ 150,833
Levy of 2014	138,045	252,060	28,808	326,259	35,038	35,038
Levy of 2013	41,069	-	933	26,107	14,029	14,029
Levy of 2012	11,712	-	81	4,657	6,974	6,974
Levy of 2011	8,152	-	67	1,135	6,950	6,950
Prior Years	23,551	-	-	1,079	22,472	22,472
Total Motor Vehicle Excise Taxes	\$ 222,529	\$ 2,574,688	\$ 73,595	\$ 2,487,326	\$ 236,296	\$ 236,296

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF TAX LIENS AND TAXES IN LITIGATION
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Accounts July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2015	Uncollected Accounts Per Detail June 30, 2015
Tax Liens	\$ 704,741	\$ 364,387	\$ 43,363	\$ 354,008	\$ 671,757	\$ 648,243
Taxes in Litigation	\$ 1,092	\$ -	\$ -	\$ -	\$ 1,092	\$ 1,092