

TOWN OF NORTON, MASSACHUSETTS

**REPORT ON THE EXAMINATION
OF BASIC FINANCIAL STATEMENTS**

FISCAL YEAR ENDED JUNE 30, 2011

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Norton, Massachusetts

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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Norton, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norton, Massachusetts, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1B to the financial statements, the Town adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2012, on our consideration of the Town of Norton, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, appearing on pages 3 through 10, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Norton, Massachusetts' financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Scanlon & Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

January 10, 2012

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, 2011.

Financial Highlights

- The Town's assets exceeded its liabilities by \$49,363,995 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$49,174,549 or an increase of \$189,446 (.39%).
- Total net assets are comprised of the following:
 - Capital assets, net of related debt, of \$35,926,261 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - Net assets of \$12,002,367 are restricted by constraints imposed from outside the Town such as grantors, laws or regulations.
 - Unrestricted net assets of \$1,435,367 represent a portion available to maintain the Town's continuing obligations to citizens and creditors.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$13,758,515, an increase of \$1,414,139 (11%)
- The General Fund's total fund balance increased \$675,465 (13%) to \$5,707,366. The ending General fund balance is 10% of revenues and other sources and 11% of expenditures and other uses.
- The Town's liabilities decreased by \$8,876,980 (21%) during the fiscal year ending June 30, 2011. This net change resulted from a net decrease in current liabilities of \$993,972 (the major component of which was a decrease in short term bonds and leases of \$1,032,391) and a net decrease in noncurrent liabilities of \$7,883,008 (the major components of which was an increase in the OPEB liability of \$1,780,128 and a decrease in bonds payable of \$9,678,337.)

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 assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in

net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 including sewer, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activity includes the 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 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 Assets Highlights

	Governmental Activities		
	2011	2010	Change
Assets:			
Current assets	\$ 19,653,770	\$ 18,950,437	\$ 703,333
Noncurrent assets (excluding capital assets)	990,329	9,896,727	(8,906,398)
Capital assets	39,235,616	39,504,094	(268,478)
Total assets	59,879,715	68,351,258	(8,471,543)
Liabilities:			
Current liabilities (excluding debt and leases)	2,847,294	3,440,396	(593,102)
Noncurrent liabilities (excluding debt and leases)	9,287,853	7,478,432	1,809,421
Current debt including leases	2,279,883	2,681,831	(401,948)
Noncurrent debt including leases	6,081,754	15,000,091	(8,918,337)
Total liabilities	20,496,784	28,600,750	(8,103,966)
Net Assets:			
Capital assets net of related debt	31,996,766	32,679,409	(682,643)
Restricted	8,347,826	7,034,700	1,313,126
Unrestricted	(961,661)	36,399	(998,060)
Total net assets	\$ 39,382,931	\$ 39,750,508	\$ (367,577)

	Business-Type Activities		
	2011	2010	Change
Assets:			
Current assets	\$ 6,416,596	\$ 6,534,981	\$ (118,385)
Capital assets	16,479,495	16,577,101	(97,606)
Total assets	22,896,091	23,112,082	(215,991)
Liabilities:			
Current liabilities (excluding debt)	295,839	294,761	1,078
Noncurrent liabilities (excluding debt)	69,188	83,280	(14,092)
Current debt	760,000	760,000	-
Noncurrent debt	11,790,000	12,550,000	(760,000)
Total liabilities	12,915,027	13,688,041	(773,014)
Net Assets:			
Capital assets net of related debt	3,929,495	3,267,101	662,394
Restricted	3,654,541	3,910,235	(255,694)
Unrestricted	2,397,028	2,246,705	150,323
Total net assets	\$ 9,981,064	\$ 9,424,041	\$ 557,023

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2011	2010	Change
Program Revenues:			
Charges for services	\$ 4,317,204	\$ 4,353,480	\$ (36,276)
Operating grants and contributions	21,113,182	21,469,683	(356,501)
Capital grants and contributions	1,341,523	495,483	846,040
General Revenues:			
Property taxes	26,414,979	25,409,677	1,005,302
Motor vehicle excise and other taxes	2,137,297	2,028,196	109,101
Hotel room occupancy taxes	261,889	45,195	216,694
Penalties and interest on taxes	287,515	212,704	74,811
Nonrestricted grants	2,106,824	2,018,447	88,377
Unrestricted investment income	828,253	658,395	169,858
Miscellaneous	9,341	21,561	(12,220)
Total revenues	58,818,007	56,712,821	2,105,186
Expenses:			
General government	1,986,223	1,774,157	212,066
Public safety	7,031,366	6,824,522	206,844
Public works (Including sewer)	2,309,049	2,164,127	144,922
Education	28,405,987	27,683,061	722,926
Health and human services	629,439	578,761	50,678
Culture and recreation	427,124	414,779	12,345
Employee benefits and insurance	15,401,009	15,180,984	220,025
State assessments	2,579,054	2,526,419	52,635
Interest	636,633	822,463	(185,830)
Total expenses	59,405,884	57,969,273	1,436,611
Contributions to permanent funds	2,300	3,400	(1,100)
Transfers	218,000	218,000	-
Change in net assets	(367,577)	(1,035,052)	667,475
Net assets - beginning of year	39,750,508	40,785,560	(1,035,052)
Net assets - end of year	\$ 39,382,931	\$ 39,750,508	\$ (367,577)

	Business-Type Activities		
	2011	2010	Change
Program Revenues:			
Charges for services	\$ 3,188,014	\$ 2,896,473	\$ 291,541
Total revenues	3,188,014	2,896,473	291,541
Expenses:			
Water	2,412,991	2,335,898	77,093
Total expenses	2,412,991	2,335,898	77,093
Transfers	(218,000)	(218,000)	-
Change in net assets	557,023	342,575	214,448
Net assets - beginning of year	9,424,041	9,081,466	342,575
Net assets - end of year	\$ 9,981,064	\$ 9,424,041	\$ 557,023

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$49,363,995 at the close of FY 2011.

Net assets of \$35,926,261 (73%) 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 assets \$12,002,367 (24%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$1,435,367 (3%) 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 the categories of net assets, with the exception of the unrestricted governmental activities for both the government as a whole, as well as for its separate governmental and business-type activities. The unrestricted governmental activities resulted in a negative balance of \$961,661 as a result of the accrual of the OPEB liability obligation that is required under GASB No. 45 to be accrued. The liability for OPEB as presented on the statement of net assets is \$8,273,565.

The governmental activities net assets decreased by \$367,577 during the current fiscal year, which reflects the general fund's results of operation. This was mainly attributed to expenditures exceeding revenues by \$587,877, contributions to permanent funds of \$2,300 and transfers from the water fund of \$218,000.

There was an increase of \$557,023 in net assets reported in connection with the water business-type activity. This was mainly attributed to operating revenues exceeding operating costs by \$1,296,429, interest expense of \$521,406 and indirect costs being transferred to the general fund of \$218,000. Operating revenues increased by \$291,541 (10%) while operating expenses increased by \$102,396 (6%) from the prior year. Non-operating revenues/expenditures decreased by \$25,303 (5%). Net assets decreased by \$557,023 (6%).

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 \$13,758,515 an increase of \$1,414,139 (11%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance - \$240,500 (2%).
- Restricted fund balance - \$8,057,172 (59%).
- Assigned fund balance - \$2,368,187 (17%)
- Unassigned fund balance - \$3,092,656 (22%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$5,707,366 increasing \$675,465 (13%) from the prior year. Of the \$5,707,366, the unassigned amount is \$4,093,366 and the assigned amount is \$1,614,000. General fund revenues were \$879,150 (2%) more than the prior fiscal year and expenditures increased by \$1,447,153 (3%). Other activity in the General Fund were net transfers from other funds of \$1,681,044 and the proceeds from capital leases of \$171,272.

Increases in general fund revenues as compared to the prior year were as follows:

- Property taxes \$1,031,737 (4%)
- Excise and other taxes \$316,950 (15%)
- Interest on taxes \$74,811 (35%)
- On behalf payments \$431,812 (10%).

Decreases in general fund revenues as compared to the prior year were as follows:

- Intergovernmental revenue \$993,890 (6%)
- Licenses, permits and fee revenue \$14,924 (.81%)
- Interest on investments \$27,346 (20%)

Increases in general fund expenditures as compared to the prior year were as follows:

- General government expenditures \$150,715 (9%)
- Public safety expenditures \$322,443 (6%)
- Public works including sewer expenditures \$352,843 (23%)
- Education expenditures \$287,742 (1%)
- Health and human services expenditures \$17,913 (4%)
- Culture and recreation \$26,043 (8%)
- Employees benefits and insurance \$350,562 (3%)
- State assessments \$52,635 (2%)

Decreases in general fund expenditures as compared to the prior year were as follows:

- Principal on debt service by \$24,832 (1%)
- Interest on debt service \$88,911 (10%)

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 *Water Fund* is the financing and operations of the Town's water system. The water fund shows an increase of \$557,023 in total operations, the result of operating revenues

exceeding operating expenditures \$1,296,429, interest expense of \$521,406 and transfers to the general fund of \$218,000.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2011 was \$49,870,415. This was an increase of \$630,074 (1%) over the previous year's budget.

There was an increase of \$591,525 between the original budget and the final amended budget. The change is attributed to the Town budget line items of the final budget as follows:

- General government was decreased \$44,671.
- Public safety was increased \$440,510.
- Public works was increased \$240,961.
- Health and human services was increased \$24,175.
- Culture and recreation was increased \$18,280.
- Employee benefits and insurance was decreased \$87,730.

Of the \$1,843,621 in under budget expenditures \$1,147,562 has been carried over to fiscal year 2011.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2011 amounts to \$55,715,111 consisting of governmental activities capital assets of \$39,235,616 and business-type activities capital assets of \$16,479,495.

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:

- Communication equipment for \$171,530.
- Police vehicles for \$60,774.
- Breathing apparatus equipment for \$250,000.
- Mower for the school for \$33,136.
- Road improvements/infrastructure for \$554,736.
- Property foreclosures for \$25,447.
- Solar panel project for \$75,250.
- Feasibility study for the school for \$448,824.
- Land purchase for \$10,500.
- Loader and equipment for public works for \$143,000.
- Sewer vehicle for \$41,022.

Major capital events during the current fiscal year in the water business-type activity fund included the following:

- SCADA equipment for \$51,067.
- Water vehicle for \$30,386.
- Radio equipment for \$29,579.
- Water complex improvements for \$350,255.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2011, totaled \$6,558,326, of which \$1,430,000 is for school building renovations, \$1,065,000 is for various land acquisitions, \$1,899,008 is for sewer projects, \$945,000 is for the police station, \$997,787 is for the Title V septic loan projects, and \$221,531 for the water resource management project.

The business-type funds have outstanding long-term debt as of June 30, 2011 totaling \$12,550,000, of which all relates to water projects.

The Town has bond anticipation notes outstanding in the amount of \$1,611,110 as of June 30, 2011 of which \$125,000 is for Title V septic loan projects, \$250,000 is for fire breathing apparatus and \$1,236,110 is for school repairs, feasibility study and fire communications improvements.

The Town has capital leases for financing the acquisition of a highway tractor, a highway loader and a sewer department truck. The Town currently owes \$211,579 on the leases including \$192,201 in principal and \$19,378 in interest.

Please refer to notes 3C, 3E, 3F and 3G for further discussion of the major capital, 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, 2011 do not reflect the fiscal year 2012 Town Meeting action. The Annual Town Meeting on May 9, 2011 authorized a fiscal year 2012 operating and capital budget as follows:

From the tax levy	\$ 46,095,282
From water user fees	228,000
From undesignated fund balance - free cash	391,438
From overlay surplus	75,000
From Cyrus Hicks fund	100,000
From capital improvement fund	273,878
From ambulance Fund	508,000
From septic repair program	83,120
From dog fund	16,601
	<u>\$ 47,771,319</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 ASSETS
JUNE 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 11,081,038	\$ 5,500,410	\$ 16,581,448
Investments	5,709,924	-	5,709,924
Receivables, net of allowance for uncollectibles:			
Property Taxes	442,619	-	442,619
Deferred Property Taxes	26,534	-	26,534
Tax Liens	976,694	-	976,694
Taxes in Litigation	1,092	-	1,092
Excise Taxes	193,502	-	193,502
User Charges	261,774	916,186	1,177,960
Departmental	166,283	-	166,283
Special Assessments	128,786	-	128,786
Due from Other Governments	665,524	-	665,524
Total current assets	<u>19,653,770</u>	<u>6,416,596</u>	<u>26,070,366</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	990,329	-	990,329
Capital Assets, net of accumulated Depreciation			
Nondepreciable	7,655,615	685,181	8,340,796
Depreciable	31,580,001	15,794,314	47,374,315
Total noncurrent assets	<u>40,225,945</u>	<u>16,479,495</u>	<u>56,705,440</u>
Total Assets	<u>59,879,715</u>	<u>22,896,091</u>	<u>82,775,806</u>
LIABILITIES			
CURRENT:			
Warrants Payable	838,761	56,478	895,239
Accrued Payroll	133,829	8,926	142,755
Payroll Withholdings	946,983	-	946,983
Accrued Interest	94,629	173,410	268,039
Other	127,197	-	127,197
Compensated Absences	705,895	57,025	762,920
Bond Anticipation Notes Payable	1,611,110	-	1,611,110
Bonds and Leases Payable	668,773	760,000	1,428,773
Total current liabilities	<u>5,127,177</u>	<u>1,055,839</u>	<u>6,183,016</u>
NONCURRENT:			
Compensated Absences	1,014,288	69,188	1,083,476
OPEB Obligation Payable	8,273,565	-	8,273,565
Bonds and Leases Payable	6,081,754	11,790,000	17,871,754
Total noncurrent liabilities	<u>15,369,607</u>	<u>11,859,188</u>	<u>27,228,795</u>
Total Liabilities	<u>20,496,784</u>	<u>12,915,027</u>	<u>33,411,811</u>
NET ASSETS:			
Invested in Capital Assets, net of related debt	31,996,766	3,929,495	35,926,261
Restricted for:			
Capital Projects	542,387	3,654,541	4,196,928
Federal & State Grants	568,776	-	568,776
Permanent Funds:			
Expendable	91,418	-	91,418
Nonexpendable	240,500	-	240,500
Other Purposes	6,904,745	-	6,904,745
Unrestricted	(961,661)	2,397,028	1,435,367
Total Net Assets	<u>\$ 39,382,931</u>	<u>\$ 9,981,064</u>	<u>\$ 49,363,995</u>

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, 2011**

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$	1,986,223	\$ 42,117	\$ -	(1,793,246)	-	(1,793,246)
Public Safety		7,031,366	141,433	-	(5,474,863)	-	(5,474,863)
Public Works (including sewer)		2,309,049	986,922	432,785	(860,097)	-	(860,097)
Education		28,405,987	15,306,287	908,738	(10,647,563)	-	(10,647,563)
Health and Human Services		629,439	173,819	-	(255,914)	-	(255,914)
Culture and Recreation		427,124	12,605	-	(393,272)	-	(393,272)
Employee Benefits and Insurance		15,401,009	4,956,463	-	(10,444,546)	-	(10,444,546)
State Assessments		2,579,054	-	-	(2,579,054)	-	(2,579,054)
Interest		636,633	451,213	-	(185,420)	-	(185,420)
Total Governmental Activities		59,405,884	21,113,182	1,341,523	(32,633,975)	-	(32,633,975)
Business-Type Activities:							
Water	\$	2,412,991	-	-	-	775,023	775,023
Total Primary Government		\$ 61,818,875	\$ 21,113,182	\$ 1,341,523	(32,633,975)	775,023	(31,858,952)
General Revenues:							
Property Taxes					26,414,979	-	26,414,979
Motor vehicle and other taxes					2,137,297	-	2,137,297
Hotel room occupancy and Meal taxes					261,889	-	261,889
Penalties & Interest on taxes					287,515	-	287,515
Grants & Contributions not restricted to specific programs					2,106,824	-	2,106,824
Unrestricted Investment Income					828,253	-	828,253
Miscellaneous					9,341	-	9,341
Contributions to Permanent Funds					2,300	-	2,300
Transfers, net					218,000	(218,000)	-
Total General Revenues, Contributions and Transfers					32,266,398	(218,000)	32,048,398
Change in Net Assets					(367,577)	557,023	189,446
Net Assets:							
Beginning of year					\$ 39,750,508	\$ 9,424,041	49,174,549
End of year					\$ 39,382,931	\$ 9,981,064	49,363,995

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

**TOWN OF NORTON, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Cyrus Hicks Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 7,097,945	\$ -	\$ 3,983,093	\$ 11,081,038
Investments	188,637	5,521,287	-	5,709,924
Receivables, net of allowance for uncollectibles:				
Property Taxes	442,619	-	-	442,619
Deferred Property Taxes	26,534	-	-	26,534
Tax Liens	976,694	-	-	976,694
Taxes in Litigation	1,092	-	-	1,092
Excise Taxes	193,502	-	-	193,502
User Charges	261,774	-	-	261,774
Departmental	-	-	166,283	166,283
Special Assessments	570,063	-	549,052	1,119,115
Due from Other Governments	247,417	-	418,107	665,524
Total Assets	\$ 10,006,277	\$ 5,521,287	\$ 5,116,535	\$ 20,644,099
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Warrants Payable	\$ 565,593	\$ -	\$ 273,168	\$ 838,761
Accrued Payroll	125,702	-	8,127	133,829
Payroll Withholdings	946,983	-	-	946,983
Other	127,197	-	-	127,197
Deferred Revenue:				
Property Taxes	336,419	-	-	336,419
Other	2,197,017	-	694,268	2,891,285
Bond Anticipation Notes Payable	-	-	1,611,110	1,611,110
Total Liabilities	4,298,911	-	2,586,673	6,885,584
Fund Balance:				
Non-Spendable	-	-	240,500	240,500
Restricted	-	5,521,287	2,535,885	8,057,172
Assigned	1,614,000	-	754,187	2,368,187
Unassigned	4,093,366	-	(1,000,710)	3,092,656
Total Fund Balance	5,707,366	5,521,287	2,529,862	13,758,515
Total Liabilities and Fund Balance	\$ 10,006,277	\$ 5,521,287	\$ 5,116,535	\$ 20,644,099

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, 2011**

	General Fund	Cyrus Hicks Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 26,355,874	\$ -	\$ -	\$ 26,355,874
Intergovernmental	16,035,986	-	13,018,678	29,054,664
Excise and Other Taxes	2,406,707	-	-	2,406,707
Charges for Services	-	-	2,613,395	2,613,395
Licenses, Permits, Fees	1,828,551	-	-	1,828,551
Interest on Taxes	287,515	-	-	287,515
Investment Income	106,582	721,671	1,618	829,871
Gifts and Donations	-	-	166,283	166,283
Other	-	-	151,906	151,906
Intergovernmental - "On-behalf" Payments	4,935,316	-	-	4,935,316
Total Revenues	51,956,531	721,671	15,951,880	68,630,082
Expenditures:				
Current:				
General Government	1,848,347	50,522	183,764	2,082,633
Public Safety	6,182,098	-	994,429	7,176,527
Public Works (including sewer)	1,912,518	-	615,230	2,527,748
Education	23,558,025	-	4,352,958	27,910,983
Health and Human Services	466,825	-	115,565	582,390
Culture and Recreation	343,538	-	26,866	370,404
Employee Benefits and Insurance	13,613,825	-	7,056	13,620,881
State Assessments	2,579,054	-	-	2,579,054
Debt Service:				
Principal	1,866,954	-	8,720,000	10,586,954
Interest	762,198	-	-	762,198
Total Expenditures	53,133,382	50,522	15,015,868	68,199,772
Excess of Revenues Over (Under) Expenditures	(1,176,851)	671,149	936,012	430,310
Other Financing Sources (Uses):				
Operating Transfers In	1,696,031	-	14,987	1,711,018
Operating Transfers Out	(14,987)	(105,000)	(1,373,031)	(1,493,018)
Capital Lease	171,272	-	-	171,272
Proceeds from Bonds and Notes	-	-	594,557	594,557
Total Other Financing Sources (Uses)	1,852,316	(105,000)	(763,487)	983,829
Net Change in Fund Balances	675,465	566,149	172,525	1,414,139
Fund Balances, Beginning of Year , as restated	\$ 5,031,901	\$ 4,955,138	\$ 2,357,337	12,344,376
Fund Balances, End of Year	\$ 5,707,366	\$ 5,521,287	\$ 2,529,862	\$ 13,758,515

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 Assets
For the Year Ended June 30, 2011

Total Governmental Fund Balances		\$	13,758,515
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.			39,235,616
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			3,227,704
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	\$	(6,750,527)	
Other Post Employment Benefits Payable		(8,273,565)	
Compensated Absences		(1,720,183)	(16,744,275)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.			(94,629)
Net Assets of Governmental Activities		\$	39,382,931

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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 1,414,139

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	\$ 1,814,219	
Depreciation	<u>(2,082,697)</u>	(268,478)

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 deferred revenue. (9,809,775)

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 assets:

Repayment of Debt Principal and Lease Principal	10,716,557	
Capital Lease Financing	(171,272)	
Proceeds from Bonds and Notes	<u>(594,557)</u>	9,950,728

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	372	
Net Change in Other Post Employment Benefits	(1,780,128)	
Net Change in Accrued Interest on Long-Term Debt	<u>125,565</u>	(1,654,191)

Change in Net Assets of Governmental Activities \$ (367,577)

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, 2011**

	Budgeted Amounts		Actual	Amounts Carried Forward to Next year	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Budgetary Basis		
Revenues:					
Property Taxes	\$ 26,255,717	\$ 26,305,297	\$ 26,324,349	\$ -	\$ 19,052
Intergovernmental	16,024,053	16,024,053	16,035,986	-	11,933
Excise and Other Taxes	2,088,901	2,088,901	2,406,707	-	317,806
Licenses, Permits, Fees	1,520,500	1,520,500	1,828,551	-	308,051
Interest on Taxes	200,000	200,000	287,515	-	87,515
Interest on Investments	130,000	130,000	95,802	-	(34,198)
Total Revenues	46,219,171	46,268,751	46,978,910	-	710,159
Expenditures:					
Current:					
General Government	2,282,339	2,237,668	1,848,347	250,164	139,157
Public Safety	5,878,416	6,318,926	6,182,098	104,815	32,013
Public Works (including sewer)	1,827,918	2,068,879	1,741,246	242,453	85,180
Education	24,161,811	24,161,811	23,558,025	515,432	88,354
Health and Human Services	478,665	502,840	466,825	23,162	12,853
Culture and Recreation	329,874	348,154	343,538	3,618	998
Employee Benefits and Insurance	9,137,661	9,049,931	8,795,693	7,918	246,320
State Assessments	2,660,238	2,660,238	2,579,054	-	81,184
Debt Service:					
Principal	1,853,261	1,853,261	1,843,261	-	10,000
Interest	668,707	668,707	668,707	-	-
Total Expenditures	49,278,890	49,870,415	48,026,794	1,147,562	696,059
Excess of Revenues Over (Under) Expenditures	(3,059,719)	(3,601,664)	(1,047,884)	(1,147,562)	1,406,218
Other Financing Sources (Uses):					
Operating Transfers In (Out)	998,975	1,050,145	1,800,299	-	750,154
Total Other Financing Sources (Uses)	998,975	1,050,145	1,800,299	-	750,154
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(2,060,744)	(2,551,519)	752,415	(1,147,562)	2,156,372
Budgetary Fund Balance - Beginning of Year	3,476,703	3,476,703	\$ 3,476,703	-	-
Budgetary Fund Balance - End of Year	\$ 1,415,959	\$ 925,184	\$ 4,229,118	\$ (1,147,562)	\$ 2,156,372

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, 2011

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 46,978,910	\$ 48,026,794
 <i><u>Adjustments:</u></i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	10,780	-
Recognition of Intergovernmental Revenue - "on behalf payments"	4,935,316	-
Recognition of Expenditures - "on behalf payments"	-	4,935,316
Net Increase in Revenue from Recording 60-Day Receipts	31,525	-
Capital Leases	-	171,272
Reported on a GAAP Basis	\$ 51,956,531	\$ 53,133,382

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

**TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2011**

	Business-Type Activities Enterprise Fund
	Water Fund
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 5,500,410
User Charges, net of allowance for uncollectibles	916,186
Total current assets	6,416,596
NONCURRENT:	
Capital Assets, net of accumulated depreciation:	
Nondepreciable	685,181
Depreciable	15,794,314
Total noncurrent assets	16,479,495
Total Assets	22,896,091
LIABILITIES	
CURRENT:	
Accounts Payable	56,478
Accrued Payroll	8,926
Accrued Interest	173,410
Compensated Absences	57,025
Bonds Payable	760,000
Total current liabilities	1,055,839
NONCURRENT:	
Compensated Absences	69,188
Bonds Payable	11,790,000
Total noncurrent liabilities	11,859,188
Total Liabilities	12,915,027
NET ASSETS:	
Invested in Capital Assets, net of related debt	3,929,495
Restricted for Capital	3,654,541
Unrestricted	2,397,028
Total Net Assets	\$ 9,981,064

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

**TOWN OF NORTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund
	Water Fund
Operating Revenues:	
Charges for Services	\$ 2,882,994
Other	305,020
Total Operating Revenues	3,188,014
Operating Expenses:	
Salaries & Wages	616,694
Operating Expenses	715,998
Depreciation	558,893
Total Operating Expenses	1,891,585
Operating Income (Loss)	1,296,429
Non-Operating Revenues (Expenses):	
Interest Expense	(521,406)
Total Non-Operating Revenues (Expenses)	(521,406)
Income (Loss) Before Operating Transfers	775,023
Operating Transfers:	
Transfers (Out)	(218,000)
Total Operating Transfers	(218,000)
Change in Net Assets	557,023
Net Assets at Beginning of Year	\$ 9,424,041
Net Assets at End of Year	\$ 9,981,064

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

**TOWN OF NORTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund
	Water Fund
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 2,843,839
Receipts from Other Revenues	305,020
Payments to Vendors	(698,196)
Payments to Employees	(641,760)
Net Cash Provided by (Used for) Operating Activities	1,808,903
Cash Flows from Noncapital Financing Activities:	
Transfers from (to) Other Funds	(218,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	(218,000)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(461,287)
Principal Payments on Bonds	(760,000)
Interest Expense	(527,156)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,748,443)
Net Increase (Decrease) in Cash and Cash Equivalents	(157,540)
Cash and Cash Equivalents at Beginning of Year	\$ 5,657,950
Cash and Cash Equivalents at End of Year	\$ 5,500,410
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ 1,296,429
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	558,893
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	17,802
Increase (Decrease) in Accrued Payroll	(21,649)
Increase (Decrease) in Compensated Absences	(3,417)
Decrease (Increase) in User Charges Receivable	(39,155)
Total Adjustments	512,474
Net Cash Provided by (Used for) Operating Activities	\$ 1,808,903

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

**TOWN OF NORTON, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 96,112	\$ 648,425
Total Assets	96,112	648,425
LIABILITIES		
Warrants Payable		3,871
Due to Others	-	6,473
Due to Student Groups	-	130,232
Deposits and Escrows	-	507,849
Total Liabilities	-	648,425
NET ASSETS:		
Held in Trust for Other Purposes	\$ 96,112	\$ -

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

**TOWN OF NORTON, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Private Purpose Trust Funds
Additions	
Contributions:	
Private Donations	\$ 30,750
Total Contributions	30,750
Investment Income:	
Interest & Dividends	100
Total Investment Earnings	100
Total Additions	30,850
Deductions:	
Educational Scholarships	35,800
Total Deductions	35,800
 Change in Net Assets	 (4,950)
 Net Assets at Beginning of Year	 \$ 101,062
 Net Assets at End of Year	 \$ 96,112

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

TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Norton, Massachusetts (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 2011, it was determined that no entities met the required GASB-14 and GASB-39 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.

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.

B. Implementation of New Accounting Principle

In fiscal year 2011, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Town to classify and report amounts in the appropriate fund balance classifications. The Town's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

**TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

C. Government-Wide and Fund Financial Statements

Government-wide financial statements

The government-wide financial statements (e.g., statement of net assets 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.

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.

Fiduciary funds are reported by fund type.

TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

D. 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.

Fund financial statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. 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 government 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.

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 Town, in accordance with the wishes of the trustees.

The government reports the following major proprietary fund:

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

TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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 *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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

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.

E. 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".

TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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.

F. 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.

G. 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, 2010 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 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.

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The Town mailed preliminary tax bills for the fiscal year 2011 on June 29, 2010, that were due on August 2, 2010 and November 1, 2010 and actual bills on December 27, 2010 that were due on February 1, 2011 and May 21, 2011.

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 2011 is \$26,550,042. The total amount raised by taxation was \$26,547,774.

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

User charges in the business-type funds consist of water that is based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water charges 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.

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.

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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.

H. 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 the 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) 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.

**TOWN OF NORTON, MASSACHUSETTS
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I. 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 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.

J. Deferred Revenue

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. Net Assets and Fund Equity

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

Net assets have 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.

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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.

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.

L. Long-term Debt

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

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

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M. 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.

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 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.

**TOWN OF NORTON, MASSACHUSETTS
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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.

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 2011, the Town incurred a final budget deficit of \$2,551,519 for the General Fund.

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

Unreserved fund balance:	
Overlay surplus	\$ 75,000
Free cash	1,069,765
Prior years reserved for encumbrance	1,406,754
	\$ 2,551,519

B. Deficit Fund Equity

The following funds had deficits at June 30, 2011 as measured by the balances of unreserved fund balance.

- The Henri Yelle school repairs fund has a deficit of \$75,000. The deficit will be eliminated upon the issuance of debt.
- The middle school repairs fund has a deficit of \$311,110. The deficit will be eliminated upon the issuance of debt.
- The high school feasibility study fund has a deficit of \$193,070. The deficit will be eliminated upon the issuance of debt.

TOWN OF NORTON, MASSACHUSETTS
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- Public safety project fund has a deficit of \$171,530. The deficit will be eliminated upon the receipt of additional funds.
- Breathing apparatus project fund has a deficit of \$250,000. The deficit will be eliminated upon the receipt of additional fund.

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, 2011 were \$17,859,384. Of these, \$129,591 were exposed to custodial credit risk as uninsured and uncollateralized.

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, 2011, the Town had the following investments and maturities:

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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	\$ 652,976	\$ 51,248	\$ 195,893	\$ 405,835	\$ -
U. S. government agencies	608,996	105,048	389,327	114,621	-
Corporate bond	719,238	-	272,883	-	446,355
Money market mutual fund	209,220	209,220	-	-	-
	<u>2,190,430</u>	<u>365,516</u>	<u>858,103</u>	<u>520,456</u>	<u>446,355</u>
Other Investments:					
Equity securities - domestic	3,330,857				
MMDT	188,637				
	<u>\$ 5,709,924</u>				

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 \$5,709,924 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.

Credit Risk

The Town's exposure to credit risk as of June 30, 2011 is as follows:

Related Debt Instruments	Moody's Quality Ratings				
	Fair Value	Aaa	A1	A2	Not Rated
Debt Securities:					
U. S. treasury obligations	\$ 652,976	\$ 652,976	\$ -	\$ -	\$ -
U. S. government agencies	608,996	608,996	-	-	-
Corporate bonds	719,238	187,979	189,900	341,359	-
Money market mutual fund	209,220	-	-	-	209,220
	<u>\$ 2,190,430</u>	<u>\$ 1,449,951</u>	<u>\$ 189,900</u>	<u>\$ 341,359</u>	<u>\$ 209,220</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 the Federal Farm Credit Bank and Corporate bonds amounting to 5.80% and 5.98%, respectively.

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B. Receivables

At June 30, 2011, 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	\$ 488,619	\$ (46,000)	\$ 442,619
Deferred property taxes	26,534	-	26,534
Tax liens	976,694	-	976,694
Taxes in litigation	1,092	-	1,092
Excise taxes	267,502	(74,000)	193,502
User charges	261,774	-	261,774
Departmental	453,321	(287,038)	166,283
Special assessments	1,119,115	-	1,119,115
Due from other governments	665,524	-	665,524
	<u>\$ 4,260,175</u>	<u>\$ (407,038)</u>	<u>\$ 3,853,137</u>

At June 30, 2011, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water	<u>\$ 916,186</u>	<u>\$ -</u>	<u>\$ 916,186</u>

The composition of amounts due from other governments as of June 30, 2011 for governmental funds is as follows:

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General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veterans benefits \$ 211,064

Department of Revenue:

Veterans, blind, and surviving spouse tax exemptions 36,353 \$ 247,417

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch 18,272

U. S. Department of Education:

School title grants 20,005

Commonwealth of Massachusetts:

School Building Assistance:

Norton high school project 158,065

Massachusetts Department of Elementary and
and Secondary Education:

School Lunch 2,214

Executive Office of Public Safety & Homeland Security:

911 support & incentive grant 13,687

Underage alcohol enforcement grant 689

Traffic enforcement 1,400

Massachusetts Highway Department:

Chapter 90 funded projects 198,277

Bristol County Technical Rescue Team:

Fire training	5,498	418,107
	<u>5,498</u>	<u>418,107</u>
	<u>\$</u>	<u>665,524</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the general fund deferred revenues account is equal to all of June 30, 2011 receivable balances, except real estate and personal property taxes that are accrued for subsequent 60 day collections.

At the end of the current fiscal year, the deferred revenue for property taxes is \$336,419.

The various components of the other deferred revenue reported in the governmental funds were as follows:

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General Fund:

Deferred property taxes	\$	26,534	
Tax liens		976,694	
Taxes in litigation		1,092	
Excise taxes		193,502	
User charges		261,774	
Special assessments		570,063	
Due from other governments		<u>167,358</u>	\$ 2,197,017

Nonmajor Governmental Funds:

Departmental		131,727	
Special assessments		549,052	
Due from other governments		<u>13,489</u>	694,268
			<u>\$ 2,891,285</u>

C. Capital Assets

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,170,844	\$ 35,947	\$ -	\$ 7,206,791
Construction in Progress	74,750	524,074	(150,000)	448,824
Total capital assets not being depreciated	<u>7,245,594</u>	<u>560,021</u>	<u>(150,000)</u>	<u>7,655,615</u>
Capital assets being depreciated:				
Buildings and Renovations	41,435,417	150,000	-	41,585,417
Machinery, equipment and other	5,100,208	699,462	(54,757)	5,744,913
Infrastructure	15,795,710	554,736	-	16,350,446
Total capital assets being depreciated	<u>62,331,335</u>	<u>1,404,198</u>	<u>(54,757)</u>	<u>63,680,776</u>
Less accumulated depreciation for:				
Buildings and Renovations	21,337,904	1,196,246	-	22,534,150
Machinery, equipment and other	4,139,068	343,538	(54,757)	4,427,849
Infrastructure	4,595,863	542,913	-	5,138,776
Total accumulated depreciation	<u>30,072,835</u>	<u>2,082,697</u>	<u>(54,757)</u>	<u>32,100,775</u>
Total capital assets being depreciated, net	<u>32,258,500</u>	<u>(678,499)</u>	<u>-</u>	<u>31,580,001</u>
Total governmental activities capital assets, net	<u>\$ 39,504,094</u>	<u>\$ (118,478)</u>	<u>\$ (150,000)</u>	<u>\$ 39,235,616</u>

TOWN OF NORTON, MASSACHUSETTS
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Business-Type Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 334,926	\$ -	\$ -	\$ 334,926
Construction in progress	353,802	350,255	(353,802)	350,255
Total capital assets not being depreciated	<u>688,728</u>	<u>350,255</u>	<u>(353,802)</u>	<u>685,181</u>
Capital assets being depreciated:				
Buildings and improvements	64,864	-	-	64,864
Machinery, equipment and other	957,250	59,965	-	1,017,215
Infrastructure	18,975,849	404,869	-	19,380,718
Total capital assets being depreciated	<u>19,997,963</u>	<u>464,834</u>	<u>-</u>	<u>20,462,797</u>
Less accumulated depreciation for:				
Buildings and improvements	12,858	4,324	-	17,182
Machinery, equipment and other	659,865	90,020	-	749,885
Infrastructure	3,436,867	464,549	-	3,901,416
Total accumulated depreciation	<u>4,109,590</u>	<u>558,893</u>	<u>-</u>	<u>4,668,483</u>
Total capital assets being depreciated, net	<u>15,888,373</u>	<u>(94,059)</u>	<u>-</u>	<u>15,794,314</u>
Total business-type activities capital assets, net	<u>\$ 16,577,101</u>	<u>\$ 256,196</u>	<u>\$ (353,802)</u>	<u>\$ 16,479,495</u>

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

Governmental Activities:

General government	\$ 29,018
Public safety	277,672
Public works	605,341
Education	1,067,885
Health and human services	46,060
Culture and recreation	56,721
Total depreciation expense - governmental activities	<u>\$ 2,082,697</u>

Business-Type Activities:

Water fund	\$ 558,893
Total depreciation expense - business-type activities	<u>\$ 558,893</u>

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

TOWN OF NORTON, MASSACHUSETTS
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Transfers Out:	Transfers In:		
	General fund	Nonmajor governmental funds	Total
General fund	\$ -	\$ 14,987	\$ 14,987
Cyrus Hicks fund	105,000	-	105,000
Nonmajor governmental funds	1,373,031	-	1,373,031
Water business type fund	218,000	-	218,000
Total transfers out	\$ 1,696,031	\$ 14,987	\$ 1,711,018

E. Leases

The Town has entered into lease agreements as lessee for financing a highway tractor, a highway loader and a sewer department 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 2011, acquired through the capital leases are as follows:

Machinery, equipment and other	\$ 314,010
Less: Accumulated Depreciation	(88,496)
Total	225,514

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

Year Ending June 30,	Governmental Activities
2012	\$ 68,452
2013	68,452
2014	37,338
2015	37,337
Total minimum lease payments	\$ 211,579
Less: amount representing interest	(19,378)
Present value of minimum lease payments	\$ 192,201

**TOWN OF NORTON, MASSACHUSETTS
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F. 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.

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

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2010	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2011
Governmental Activities:						
<i>Massachusetts Water</i>						
<i>Pollution Abatement Trust:</i>						
Community Septic Program	0.00%	09/01/09	\$ 200,000	\$ -	\$ 200,000	\$ -
Community Septic Program	0.00%	07/01/10	201,502	-	201,502	-
Community Septic Program	0.00%	08/15/13	-	125,000	-	125,000
School repairs	1.70%	07/30/10	579,165	-	579,165	-
School repairs/feasibility study and fire commuication improvements	1.15%	07/29/11	-	1,236,110	-	1,236,110
Fire equipment - breathing apparatus	0.90%	11/22/11	-	250,000	-	250,000
			<u>\$ 980,667</u>	<u>\$ 1,611,110</u>	<u>\$ 980,667</u>	<u>\$ 1,611,110</u>

G. 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.

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

**TOWN OF NORTON, MASSACHUSETTS
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	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2011
Inside Debt:					
Land acquisition - Slattery property	3.66%	11/01/04	11/01/22	\$ 400,000	250,000
School building renovations	3.75%	11/01/04	11/01/23	\$ 2,100,000	1,430,000
Land acquisition	3.96%	10/01/07	10/01/22	\$ 500,000	395,000
Sewer project	4.04%	10/01/07	10/01/17	\$ 350,000	245,000
Police station	2.38%	02/15/11	10/01/18	\$ 945,000	945,000
Land acquisition - school	2.38%	02/15/11	10/01/16	\$ 420,000	420,000
Sewer bond	2.38%	02/15/11	10/01/20	\$ 80,000	80,000
Massachusetts Water Pollution Abatement Trust:					
Lake Winnecunnet sewer	N/A	11/26/02	08/01/22	\$ 2,375,687	1,574,008
Water resource management	N/A	11/26/02	08/01/22	\$ 334,237	221,531
Total Inside Debt					<u>\$ 5,560,539</u>
Outside Debt:					
Massachusetts Water Pollution Abatement Trust:					
Title V Septic Loans - Round 1	0.00%	04/29/99	02/01/17	\$ 199,807	66,603
Title V Septic Loans - Round 2	0.00%	07/24/03	02/01/21	\$ 195,089	108,508
Title V Septic Loans - Round 3	0.00%	08/01/04	08/01/23	\$ 236,799	161,006
Title V Septic Loans - Round 4	0.00%	12/14/06	07/15/26	\$ 146,244	116,996
Title V Septic Loans - Round 5	0.00%	11/15/06	08/01/24	\$ 184,207	143,172
Title V Septic Loans - Round 6	0.00%	11/22/10	07/15/29	\$ 200,000	200,000
Title V Septic Loans - Round 7	0.00%	11/22/10	07/15/29	\$ 201,502	201,502
Total Outside Debt					<u>\$ 997,787</u>
Total Governmental Type Debt					<u>\$ 6,558,326</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, 2011
Outside Debt:					
Water fund:					
Water mains	3.99%	10/01/07	10/01/27	\$ 3,300,000	\$ 2,805,000
New water tank	3.99%	10/01/07	10/01/27	\$ 1,700,000	1,445,000
Water mains	4.02%	08/01/08	08/01/28	\$ 3,000,000	2,700,000
Water mains	4.02%	08/01/08	08/01/28	\$ 5,000,000	4,500,000
Water storage facility	2.38%	02/15/11	10/01/20	\$ 1,100,000	1,100,000
Total Business-type Debt					<u>\$ 12,550,000</u>

**TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2011 are as follows:

Governmental Type Activities

Year	Principal	Interest	Total
2012	\$ 608,968	\$ 254,398	\$ 863,366
2013	612,811	227,237	840,048
2014	613,194	195,635	808,829
2015	608,376	171,081	779,457
2016	618,413	144,946	763,359
2017-2021	2,416,291	397,203	2,813,494
2022-2026	988,428	48,762	1,037,190
2027-2030	91,845	-	91,845
	<u>\$ 6,558,326</u>	<u>\$ 1,439,262</u>	<u>\$ 7,997,588</u>

Business-Type Activities

Year	Principal	Interest	Total
2012	\$ 760,000	\$ 488,661	\$ 1,248,661
2013	765,000	457,725	1,222,725
2014	760,000	431,526	1,191,526
2015	760,000	403,097	1,163,097
2016	760,000	371,590	1,131,590
2017-2021	3,795,000	1,400,580	5,195,580
2022-2026	3,250,000	694,100	3,944,100
2027-2029	1,700,000	97,250	1,797,250
	<u>\$ 12,550,000</u>	<u>\$ 4,344,529</u>	<u>\$ 16,894,529</u>

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

**TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 14,050,000	\$ -	\$ 10,407,124	\$ 3,642,876	\$ 535,848
Massachusetts Water Pollution Abatement Trust	2,565,723	401,502	51,775	2,915,450	73,120
Leases Payable	85,532	171,272	64,603	192,201	59,805
Compensated Absences	1,720,555	-	372	1,720,183	705,895
OPEB Obligation Payable	6,493,437	1,780,128	-	8,273,565	-
Governmental activity Long-term liabilities	<u>\$ 24,915,247</u>	<u>\$ 2,352,902</u>	<u>\$ 10,523,874</u>	<u>\$ 16,744,275</u>	<u>\$ 1,374,668</u>
Business type activities:					
Bond Payable:					
General obligation bonds	\$ 13,310,000	\$ -	\$ 760,000	12,550,000	\$ 760,000
Compensated absences	129,630	-	3,417	126,213	57,025
Business-type activity long term Long-term liabilities	<u>\$ 13,439,630</u>	<u>\$ -</u>	<u>\$ 763,417</u>	<u>\$ 12,676,213</u>	<u>\$ 817,025</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 Water Pollution Abatement Trust (MWPAT)

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$2,793,326 and interest costs of \$660,400 for nine loans which the Town has borrowed from MWPAT. The gross amount outstanding at June 30, 2011 for principal and interest combined for the loans is \$3,453,726. The net repayments, including interest, are scheduled to be \$2,472,932. 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 2011 principal and interest subsidies totaled \$117,185.

**TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

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, 2011 totaled \$5,560,539.

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, 2011:

Equalized Valuation-Real Estate and Personal Property (2010)			\$ 2,368,149,600	
Debt Limit: 5 % of Equalized value			\$ 118,407,480	
Total Debt Outstanding	\$ 19,108,326			
Less: Debt Outside Debt Limit	(13,547,787)		5,560,539	
<hr/>				
Inside Debt Excess Borrowing Capacity at June 30, 2011			\$ 112,846,941	

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, 2011 and are not reflected in the Town's financial statements are as follows:

Date of Town Meeting Authorized	Purpose	Amount
10/2003	Repair, Replacement and Upgrading of Septic Systems or Household Connections to Sanitary Sewer System pursuant to Agreements between Board of Health and Property Owners	\$ 473,498
10/13/10	Fire Department - Pumper Replacement	475,000
06/06/11	Renovating, Constructing, and Improvements and Expansion of Norton High School	33,990,231
06/06/11	Reconstruction, Refurbishing and Making Extraordinary Repairs to the Norton High School Bleachers and Track	650,000
		<u>\$ 35,588,729</u>

H. Fund Balances

The following is a summary of the Governmental Fund fund balances at the year ended June 30, 2011:

TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

	General Fund	Cyrus Hicks Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 240,500	\$ 240,500
Restricted:				
Federal, state and local grants	-	-	555,286	555,286
School revolving funds	-	-	647,839	647,839
Revolving funds	-	-	150,709	150,709
Septic loans	-	-	646,092	646,092
Donations and gifts	-	-	363,458	363,458
Cyrus Hicks fund	-	5,521,287	-	5,521,287
Permanent funds	-	-	91,418	91,418
Capital projects:				
General government	-	-	9,945	9,945
Public works	-	-	43,249	43,249
Education	-	-	3,793	3,793
Other	-	-	24,096	24,096
	-	5,521,287	2,535,885	8,057,172
Assigned:				
Ambulance	-	-	681,632	681,632
Dog fund	-	-	72,555	72,555
General government	250,164	-	-	250,164
Public safety	104,815	-	-	104,815
Public works	242,453	-	-	242,453
Education	515,432	-	-	515,432
Health and human services	23,162	-	-	23,162
Culture and recreation	3,618	-	-	3,618
Insurance and employee benefits	7,918	-	-	7,918
Subsequent year's budget	466,438	-	-	466,438
	1,614,000	-	754,187	2,368,187
Unassigned:				
General fund	4,093,366	-	-	4,093,366
Capital projects:				
Henri Yelle school repairs	-	-	(75,000)	(75,000)
Middle school repairs	-	-	(311,110)	(311,110)
High school feasibility study	-	-	(193,070)	(193,070)
Public safety projects	-	-	(171,530)	(171,530)
Breathing apparatus	-	-	(250,000)	(250,000)
	4,093,366	-	(1,000,710)	3,092,656
Total Governmental fund balances	\$ 5,707,366	\$ 5,521,287	\$ 2,529,862	\$ 13,758,515

TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

I. 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, 2011 the balance in the stabilization fund is \$1,372,048 and is reported in the General Fund as unassigned fund balance.

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, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2011.

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
June 30, 2011**

C. 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

-The Town provides the following plan types, Blue Cross HMO Blue New England, Blue Care Elect Preferred (PPO), Managed Blue for Seniors and Medex.

-An employee shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service.

-Employees will pay 25% of premiums in retirement.

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 2011 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,760,184.

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 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 OPEB cost (expense)	\$ 3,540,312
Contributions made during the fiscal year	<u>1,760,184</u>
Increase in net OPEB obligation	1,780,128
Net OPEB Obligation - beginning of year	<u>6,493,437</u>
Net OPEB Obligation - end of year	<u><u>\$ 8,273,565</u></u>

**TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2011 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/09	\$ 3,435,238	36.9%	\$ 4,592,376
06/30/10	\$ 3,579,359	46.9%	\$ 6,493,437
06/30/11	\$ 3,540,312	49.7%	\$ 8,273,565

Funded Status and Funding Process

As of July 1, 2009, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$50,629,936 and the actuarial value of assets was \$0.0 million, resulting in a total unfunded actuarial accrued liability (UAAL) of \$50,629,936.

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 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued 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)
12/31/07	\$ -	\$ 34,468,501	\$ 34,468,501	0%	N/A	N/A
12/31/08	\$ -	\$ 36,364,614	\$ 36,364,614	0%	N/A	N/A
12/31/09	\$ -	\$ 50,629,934	\$ 50,629,934	0%	N/A	N/A

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
June 30, 2011**

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 4.50% per annum, a general inflation of 3.50% per annum and healthcare trend rates as follows:

Year	Medical	Dental
FY 2008	11.0%	8.5%
FY 2009	10.0%	8.0%
FY 2010	6.4%	7.5%
FY 2011	8.0%	7.0%
FY 2012	7.0%	6.5%
FY 2013	6.0%	6.0%
FY 2014	5.0%	5.5%
FY 2015	5.0%	5.0%

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at July 1, 2011 is 26 years.

D. Pension Plan

Plan Description

The Town, as a member of the Bristol County Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Bristol County Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the Town does not contribute. Pension benefits and administrative expenses are paid by the Teachers' Retirement Board and are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$4,818,131 for the fiscal year ending June 30, 2011, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

The Town has 238 employees in the retirement system.

The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987 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 Bristol County Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 645 County Street, Taunton, Massachusetts.

**TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of 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. Chapter 32B of the Massachusetts general laws governs the contributions of plan members and the Town.

The Town's contribution to the System for the fiscal years ended June 30, 2011, 2010 and 2009 is shown below, which equaled its required contribution for each fiscal year.

Fiscal Year Ended June 30	Town's Contribution
2011	\$ 1,950,377
2010	\$ 1,905,860
2009	\$ 1,914,390

The last actuarial valuation was prepared by Buck Consultants, LLC as of January 1, 2010. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.25% compounded annually, (b) projected salary, including longevity, increases of 4.5% per year per member.

The unfunded actuarial liability for the entire system is \$243,177,790. The Town's portion of such liability is approximately 6.69% or \$16,276,183.

Chapter 697 of the Acts of 1987, which was enacted on January 12, 1988, provides for the funding of the Commonwealth's current unfunded pension liability over a period not greater than forty years. In addition, Chapter 697 contained significant financial incentives for local governmental units to establish its own state-approved funding schedule to eliminate its unfunded actuarial liability by June 30, 2028. The Town has accepted the provisions of Chapter 32, Section 22 (6A) (b) to become a funding unit. In addition, the Town can provide supplemental funding under Section 5D of Chapter 40 of the Massachusetts General Laws. Currently the Town of Norton has not provided for any supplemental funding.

Reporting Policies

The funds of the Bristol County Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

TOWN OF NORTON, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

5. RESTATEMENT

As required by GASB Statement No. 54, fund balances as of June 30, 2010, have been restated. The beginning fund balance of the General fund increased by \$1,480,523 to \$5,031,901 to reflect the stabilization funds in the General fund, the beginning fund balance of the stabilization fund (a prior major fund) decreased by \$912,250 and the nonmajor governmental funds decreased by \$568,273.

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, 2011**

	Fund Balances July 1, 2010	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2011
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 112,313	\$ 1,775,252	\$ 1,636,400	\$ (2)	\$ 251,163
Arts Lottery Council Grant	6,267	4,790	6,431	-	4,626
Board of Health Grants	1,249	-	1,249	-	-
Council on Aging Grants	9,262	6,706	8,013	-	7,955
Extended Polling Hours	8	1,884	1,892	-	-
Highway Grants	130,567	497,727	567,486	-	60,808
Massachusetts School Building Administration Grant	-	9,464,458	8,720,000	(744,458)	-
Other Grants	2,969	10,599	11,196	-	2,372
Public Safety Grants	22,615	94,211	100,149	-	16,677
Schools:					
School Lunch Program	76,832	715,455	716,636	-	75,651
School Lunch Commodities	-	47,844	47,844	-	-
School Private Grants	8,015	-	8,000	(15)	-
Revolving Accounts	458,708	1,050,241	936,761	-	572,188
State Special Education Reimbursement	76,424	562,355	431,510	-	207,269
Other:					
Ambulance Fund	699,460	455,184	-	(473,012)	681,632
Board of Health Mini-Grant	2,381	-	-	-	2,381
Bristol County Homeland Security Grants	565	-	-	-	565
Clean Energy Choice Grant	1,470	-	-	-	1,470
Compost Bin Recycling Bin Revolving	807	350	511	-	646
Conservation Outside Consultant Fees	7,893	-	-	-	7,893
Dog Fund	77,917	19,238	-	(24,601)	72,554
Forestry Revolving	3,532	7,630	9,540	-	1,622
Gifts and Donations	367,768	166,688	127,498	(43,500)	363,458
Hazardous Materials Revolving	1,451	-	1,162	-	289
Insurance Reimbursement	307	25,407	23,403	(1)	2,310
Jackson Property Fees	8,000	4,000	-	-	12,000
Law Enforcement Fund	42,380	2,205	5,761	-	38,824
Parks and Recreation Revolving	4,071	21,288	14,161	-	11,198
Planning Board Review Fund	39,003	19,372	18,587	(808)	38,980
Sub-total Special Revenue Funds - Page 54	\$ 2,162,234	\$ 14,952,884	\$ 13,394,190	\$ (1,286,397)	\$ 2,434,531

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Fund Balances July 1, 2010	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2011
Continued from Page 54	\$ 2,162,234	\$ 14,952,884	\$ 13,394,190	\$ (1,286,397)	\$ 2,434,531
Other (continued):					
Police Restitution	416	300	670	-	46
Premium on Sale of Bonds	-	122,156	117,285	(4,871)	-
Public Safety Outside Detail Funds	-	440,982	440,982	-	-
Recycling Revolving	22,149	3,754	590	-	25,313
Septic Program	323,173	92,377	104,184	334,726	646,092
Wetlands Protection Fund	3,598	5,025	428	-	8,195
Zoning Board of Appeals Outside Consultant Fees	9,814	717	4,781	-	5,750
Conservation Fund	2,815	5	-	-	2,820
Sale of Pines Fund	18,424	33	-	-	18,457
War Memorial Fund	462	1	-	-	463
Total Special Revenue Funds	2,543,085	15,618,234	14,063,110	(956,542)	3,141,667
Capital Projects:					
Henri Yelle School Repairs	(112,500)	-	-	37,500	(75,000)
High School Feasibility Study	-	255,754	448,824	-	(193,070)
Land Purchase	9,945	-	-	-	9,945
Middle School Repairs	(466,665)	-	-	155,555	(311,110)
New Middle School	3,793	-	-	-	3,793
Public Safety Projects	-	-	421,530	-	(421,530)
Solar Panel Project	250	75,000	75,250	-	-
Sewer Projects:					
Interceptor Sewerage Collection System	4,915	-	-	-	4,915
Knollwood Sewerage Collection System	12,966	-	-	-	12,966
Lake Winnecunnet Wastewater	12,064	-	-	-	12,064
Sewer Main	19,804	-	6,500	-	13,304
Total Capital Projects Fund	(515,428)	330,754	952,104	193,055	(943,723)

**TOWN OF NORTON, MASSACHUSETTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Fund Balances July 1, 2010	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2011
Perpetual Permanent Funds:					
Cemetery Perpetual Care Fund	226,200	2,300	-	-	228,500
Library Fund	2,000	-	-	-	2,000
Wetherell Athletic Fund	10,000	-	-	-	10,000
Total Perpetual Permanent Funds	238,200	2,300	-	-	240,500
Permanent Funds:					
Cemetery Perpetual Care Fund	91,256	574	654	-	91,176
Library Fund	45	-	-	-	45
Wetherell Athletic Fund	179	18	-	-	197
Total Permanent Funds	91,480	592	654	-	91,418
Total - Non-Major Governmental Funds	\$ 2,357,337	\$ 15,951,880	\$ 15,015,868	\$ (763,487)	\$ 2,529,862

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY AND
ROLLBACK TAXES AND DEFERRED PROPERTY TAXES
JULY 1, 2010 TO JUNE 30, 2011**

	Uncollected Taxes July 1, 2010	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2011	Uncollected Taxes Per Detail June 30, 2011
Real Estate Taxes:						
Levy of 2011	\$ -	\$ 25,738,726	\$ 450,844	\$ 24,942,587	\$ 345,295	345,295
Levy of 2010	389,313	-	77,769	311,909	(365)	(365)
Levy of 2007	168	-	168	-	-	-
Prior Years	54,910	-	1,474	-	53,436	53,436
	<u>444,391</u>	<u>25,738,726</u>	<u>530,255</u>	<u>25,254,496</u>	<u>398,366</u>	<u>398,366</u>
Personal Property Taxes:						
Levy of 2011	-	809,049	3,359	789,382	16,308	16,308
Levy of 2010	18,693	-	2,900	2,104	13,689	13,689
Levy of 2009	21,285	-	-	2,033	19,252	19,252
Levy of 2008	10,467	-	-	627	9,840	9,840
Levy of 2007	9,348	-	-	288	9,060	9,060
Prior Years	22,679	-	-	575	22,104	22,104
	<u>82,472</u>	<u>809,049</u>	<u>6,259</u>	<u>795,009</u>	<u>90,253</u>	<u>90,253</u>
Rollback Taxes	3,640	12,343	3,640	12,343	-	-
Total Real Estate, Personal Property and Rollback Taxes	<u>\$ 530,503</u>	<u>\$ 26,560,118</u>	<u>\$ 540,154</u>	<u>\$ 26,061,848</u>	<u>\$ 488,619</u>	<u>\$ 488,619</u>
Deferred Property Taxes	<u>\$ 25,624</u>	<u>\$ 2,610</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 26,534</u>	<u>\$ 26,534</u>

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2010 TO JUNE 30, 2011**

	Uncollected Taxes July 1, 2010	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2011	Uncollected Taxes Per Detail June 30, 2011
Motor Vehicle Excise Taxes:						
Levy of 2011	\$ -	\$ 1,886,290	\$ 32,837	\$ 1,729,518	\$ 123,935	\$ 123,935
Levy of 2010	115,633	275,386	21,491	335,230	34,298	34,298
Levy of 2009	36,508	641	444	20,615	16,090	16,090
Levy of 2008	15,117	-	840	2,793	11,484	11,484
Levy of 2007	17,520	-	210	1,727	15,583	15,583
Prior Years	68,245	-	52	2,081	66,112	66,112
Total Motor Vehicle Excise Taxes	\$ 253,023	\$ 2,162,317	\$ 55,874	\$ 2,091,964	\$ 267,502	\$ 267,502

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF TAX LIENS AND TAXES IN LITIGATION
JULY 1, 2010 TO JUNE 30, 2011**

	Uncollected Accounts July 1, 2010	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2011	Uncollected Accounts Per Detail June 30, 2011
Tax Liens	\$ 839,590	\$ 423,352	\$ 25,447	\$ 260,801	\$ 976,694	\$ 961,454
Taxes in Litigation	\$ 1,092	\$ -	\$ -	\$ -	\$ 1,092	\$ 1,092