

TOWN OF NORTON, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2016

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Norton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norton, Massachusetts, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Norton, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norton, Massachusetts, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the Town of Norton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Norton, Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

December 15, 2016

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, 2016. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$43,715,650 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities by \$45,444,757 or a decrease of \$1,729,107 (4%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$18,548,875, an increase of \$1,158,185 (7%).
- The General Fund's total fund balance increased \$843,054 (13%) to \$7,468,387. The ending General fund balance is 13% of revenues and transfers in and 13% of expenditures.
- The total liabilities of the Town increased by \$6,074,342 (8%) to \$80,178,457 during the fiscal year. This was mainly attributed to a net decrease in net bonds and leases payable of \$2,295,409, and increases in bond anticipation notes payable of \$2,365,898, in the other post employment benefit (OPEB) liability of \$3,525,988 and the net pension liability of \$2,919,902.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$2,627,641. The key factors that attributed to the free cash amount for fiscal year 2016 were unexpended/unencumbered appropriations of \$887,600, excess over budget state and local receipts of \$1,190,500 and prior year free cash not appropriated of \$319,600.
- The Town's enterprise funds certified free cash are as follows:
 - Sewer fund \$ 582,760.
 - Water fund \$2,995,723.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Highlights
Statement of Net Position Highlights

	Governmental Activities		
	2016	2015	Change
Assets:			
Current assets	\$ 25,722,235	\$ 24,022,152	\$ 1,700,083
Noncurrent assets (excluding capital assets)	823,934	848,284	(24,350)
Capital assets	66,415,106	67,839,073	(1,423,967)
Total assets	92,961,275	92,709,509	251,766
Deferred Outflows of Resources			
Deferred outflows related to pensions	4,513,022	909,829	3,603,193
Liabilities:			
Current liabilities (excluding debt and leases)	2,044,770	2,565,519	(520,749)
Current debt including leases	4,844,342	4,049,929	794,413
Noncurrent liabilities (excluding debt and leases)	45,046,212	38,625,471	6,420,741
Noncurrent debt including leases	15,460,143	16,912,845	(1,452,702)
Total liabilities	67,395,467	62,153,764	5,241,703
Deferred Inflows of Resources			
Deferred outflows related to pensions	1,263,500	-	1,263,500
Net Position:			
Net investment in Capital assets	47,321,508	48,135,994	(814,486)
Restricted	13,009,037	12,059,754	949,283
Unrestricted	(31,515,215)	(28,730,174)	(2,785,041)
Total net position	\$ 28,815,330	\$ 31,465,574	\$ (2,650,244)

	Business-Type Activities		
	2016	2015	Change
Assets:			
Current assets	\$ 6,796,414	\$ 5,800,771	\$ 995,643
Capital assets	20,669,093	20,060,736	608,357
Total assets	27,465,507	25,861,507	1,604,000
Deferred Outflows of Resources			
Deferred outflows related to pensions	302,491	68,027	234,464
Liabilities:			
Current liabilities (excluding debt and leases)	338,859	405,277	(66,418)
Current debt including leases	2,248,778	760,000	1,488,778
Noncurrent liabilities (excluding debt and leases)	2,210,353	2,040,074	170,279
Noncurrent debt including leases	7,985,000	8,745,000	(760,000)
Total liabilities	12,782,990	11,950,351	832,639
Deferred Inflows of Resources			
Deferred outflows related to pensions	84,688	-	84,688
Net Position:			
Net Investment in Capital Assets	10,435,315	10,555,736	(120,421)
Restricted	1,157,473	1,189,710	(32,237)
Unrestricted	3,307,532	2,233,737	1,073,795
Total net position	\$ 14,900,320	\$ 13,979,183	\$ 921,137

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2016	2015	Change
Program Revenues:			
Charges for services	\$ 4,293,976	\$ 3,806,240	\$ 487,736
Operating grants and contributions	20,670,498	19,283,329	1,387,169
Capital grants and contributions	666,634	986,408	(319,774)
General Revenues:			
Property taxes	32,350,338	31,066,151	1,284,187
Motor vehicle excise and other taxes	2,786,317	2,598,455	187,862
Hotel room occupancy and meals taxes	331,871	296,667	35,204
Penalties and interest on taxes	292,505	283,936	8,569
Nonrestricted grants	2,003,331	1,977,336	25,995
Unrestricted investment income	966,166	517,710	448,456
Miscellaneous	12,639	3,275	9,364
Total revenues	64,374,275	60,819,507	3,554,768
Expenses:			
General government	2,129,081	2,213,466	(84,385)
Public safety	8,783,783	8,277,414	506,369
Public works	1,624,744	1,725,836	(101,092)
Education	32,606,685	31,343,159	1,263,526
Health and human services	633,498	677,139	(43,641)
Culture and recreation	525,555	521,514	4,041
Employee benefits and insurance	18,305,169	15,648,028	2,657,141
State assessments	2,181,292	2,229,489	(48,197)
Interest	584,763	643,398	(58,635)
Total expenses	67,374,570	63,279,443	4,095,127
Contributions to permanent funds	3,600	8,100	(4,500)
Transfers	346,451	338,031	8,420
Change in net position	(2,650,244)	(2,113,805)	(536,439)
Net position - beginning of year	31,465,574	33,579,379	(2,113,805)
Net position - end of year	\$ 28,815,330	\$ 31,465,574	(2,650,244)

	Business-Type Activities		
	2016	2015	Change
Program Revenues:			
Charges for services	\$ 4,886,019	\$ 4,610,620	\$ 275,399
Operating grants and contributions	12,338	9,104	3,234
Total revenues	4,898,357	4,619,724	278,633
Expenses:			
Sewer	1,114,240	1,389,370	(275,130)
Water	2,516,529	2,796,718	(280,189)
Total expenses	3,630,769	4,186,088	(555,319)
Transfers	(346,451)	(338,031)	(8,420)
Change in net position	921,137	95,605	825,532
Net position - beginning of year	13,979,183	13,883,578	95,605
Net position - end of year	\$ 14,900,320	\$ 13,979,183	\$ 921,137

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$43,715,650 at the close of fiscal year 2016.

Net position of \$57,756,823 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$14,166,510, represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$28,207,683).

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

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

The governmental activities net position decreased by \$2,650,244 (8%) during the current fiscal year, which reflects the general fund's results of operation. The key elements of the decrease in net position for fiscal year 2016 was attributed to the depreciation expense (normally spread out over the useful life of the asset) for the year of \$2,954,760 exceeding the acquisition of \$1,530,793 in new capital assets, increases as a result of the net change in debt and leases of \$1,535,409 and the change in the deferred outflow/(inflow) of resources related to pensions of \$2,339,693, and net decreases in recognizing this year's OPEB obligation of \$3,418,459 and net pension liability of \$2,873,702.

There was an increase of \$921,137 (7%) in net position reported in connection with the sewer and water business-type activities. Of this, there were increases of \$223,186 attributed to the sewer department and \$697,951 attributed to the water department.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$18,548,875, an increase of \$1,158,185 (7%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance – \$265,200 (1%).
- Restricted fund balance – \$10,528,372 (57%).
- Committed fund balance – \$1,588,622 (9%).
- Assigned fund balance – \$2,293,475 (12%).
- Unassigned fund balance – \$3,873,206 (21%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$7,468,387 increasing \$843,054 (13%) from the prior year. Of the \$7,468,387, the unassigned amount is \$5,174,912 (69%) and the assigned amount is \$2,293,475 (31%). General fund revenues were \$3,285,232 (6%) more than the prior fiscal year while expenditures also increased by \$2,066,683 (4%). Other activity in the General Fund consisted of transfers from other funds of \$1,065,003.

The main components of the increases in general fund revenues as compared to the prior year related to increases in property taxes in the amount of \$1,299,263 (4%) and in intergovernmental – “on behalf” payments of \$1,376,519 (48%).

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

- Increase in Education expenditures of \$829,892 (3%).
- Increase in Employee benefits and insurance of \$1,536,010 (12%).

The *Cyrus Hicks fund* is the accumulation of resources over many years and has a balance of \$7,929,080 at the end of the fiscal year. The fund balance increased by \$714,763 (10%). This amount was attributed to the receipt of interest of \$265,875, unrealized gain/(loss) of 615,569, expenditures of \$18,201 and transfers to the general fund of \$100,000 and nonmajor governmental funds of \$48,480.

The *high school construction fund* is used to account for financial resources to construct a new high school. The fund has a balance of (\$644,923) at the end of the fiscal year. The fund balance increased by \$7,510 (1%); which is attributed to receipts from the Massachusetts School Building Authority of \$102,930 and expenditures of 95,420.

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

Major Proprietary Fund

The *Sewer Fund* has accumulated a fund balance of \$4,051,210 used in the financing and operations of the Town's sewer system. The sewer fund shows an increase of \$223,186 (6%) in total operations. This change was mainly attributed to operating revenues exceeding operating expenses by \$291,702, interest income of

\$1,458 and transfers out to the general fund of \$69,974. Operating revenues increased by \$35,234 (3%) while operating expenses decreased by \$275,130 (20%) from the prior year.

The *Water Fund* has accumulated a fund balance of \$10,849,110 used in the financing and operations of the Town's water system. The water fund shows an increase of \$697,951 (7%) in total operations. This change resulted from operating revenues exceeding operating expenses by \$1,327,022, interest income of \$8,670, interest expense of \$361,264 and transfers out to the general fund of \$276,477. Operating revenues increased by \$242,375 (7%) while operating expenses decreased by \$248,409 (10%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2016 was \$54,740,201. This was an increase of \$856,313 (2%) over the previous year's budget.

There was an increase of \$1,199,593 between the original budget and the total final amended budget. The change is attributed to votes made at four special town meetings for various budget operating line items.

General fund expenditures were less than budgeted by \$2,252,152. Of the \$2,252,152 in under budget expenditures, \$1,364,591 has been carried over to fiscal year 2017.

Overall the variance with the final budget was a positive \$2,307,377 consisting of a revenue surplus of \$1,419,816 and an appropriation surplus of \$887,561.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities amounts to \$66,415,106 and \$20,669,093, respectively.

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

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

- Land foreclosures for \$26,930.
- Dam improvements for \$299,785.
- Police vehicle for \$32,855.
- Highway vehicle and equipment for \$270,636.
- Road improvements/infrastructure for \$266,325.
- Schools' vehicles and equipment for \$102,162.
- High school renovations for \$196,310.
- Landfill capping improvements for \$266,840.
- Library improvements for \$68,950.

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

In the Sewer Fund:

- Sewer infrastructure improvements for \$1,368,505.

In the Water Fund:

- Water Complex roof for \$24,975.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2016, totaled \$16,780,227, of which \$13,320,000 is for various school building renovations, \$835,000 is for various land acquisitions, \$1,015,000 is for sewer projects, \$140,000 for the water resource management project, \$330,000 is for the police station, \$215,000 is for departmental vehicles and equipment, \$21,591 is for a Library project and \$903,636 is for the Title V septic loan projects.

The business-type funds have outstanding long-term debt as of June 30, 2016 totaling \$8,745,000, all of which relates to water projects.

The Town governmental activities have bond anticipation notes outstanding in the amount of \$3,056,120 as of June 30, 2016 for various construction projects and land acquisitions.

The business-type activity currently has a \$1,488,778 in bond anticipation notes outstanding for various sewer projects.

The Town has capital governmental leases for financing the acquisition of a fire truck, a highway sweeper and backhoe/loader, two highway dump trucks and a school dump truck. The last lease is due in 2020. The Town currently owes \$496,364 on these leases consisting of \$468,138 in principal and \$28,226 in interest.

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

Next Year's Annual Town Meeting

The Town of Norton operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2016 do not reflect the fiscal year 2017 Town Meeting action except for the free cash, overlay surplus and capital stabilization fund amounts voted. The Annual Town Meeting on May 9, 2016 authorized a fiscal year 2017 operating and capital budget as follows:

From the tax levy		\$	50,164,740
From sewer receipts			1,119,656
From water receipts	\$	3,313,286	
From water main capital project		430,000	
From water retained earnings		95,000	3,838,286
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From Other Available Funds:			
General Fund:			
Unassigned fund balance:			
Free cash	600,000		
Overlay surplus	75,000		675,000
Capital improvement stabilization fund			253,884
Cyrus Hicks fund			100,000
Non-major Governmental Funds:			
Ambulance fund	526,000		
Dog fund	49,000		
Premium on Sale of Bonds	21,014		
Septic repair program funds	60,000		
Wetlands protection fund	5,000		661,014
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		\$	56,812,580
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Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 12,129,646	\$ 5,186,409	\$ 17,316,055
Investments	9,455,002	-	9,455,002
Receivables, net of allowance for uncollectibles:			
Property Taxes	629,319	-	629,319
Deferred Property Taxes	53,320	-	53,320
Tax Liens	614,029	-	614,029
Taxes in Litigation	1,092	-	1,092
Excise Taxes	319,411	-	319,411
User Charges	-	1,418,748	1,418,748
Departmental	193,572	-	193,572
Special Assessments	3,909	-	3,909
Due from Other Governments	2,322,935	191,257	2,514,192
Total current assets	25,722,235	6,796,414	32,518,649
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	556,432	-	556,432
Due from Other Governments	267,502	-	267,502
Capital Assets, net of accumulated Depreciation			
Nondepreciable	8,727,832	1,717,431	10,445,263
Depreciable	57,687,274	18,951,662	76,638,936
Total noncurrent assets	67,239,040	20,669,093	87,908,133
Total Assets	92,961,275	27,465,507	120,426,782
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	4,513,022	302,491	4,815,513
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	269,115	128,248	397,363
Accrued Payroll	439,699	26,679	466,378
Payroll Withholdings	385,314	-	385,314
Accrued Interest	93,147	124,738	217,885
Other	123,955	-	123,955
Compensated Absences	733,540	59,194	792,734
Bond Anticipation Notes Payable	3,056,120	1,488,778	4,544,898
Bonds and Leases Payable	1,788,222	760,000	2,548,222
Total current liabilities	6,889,112	2,587,637	9,476,749
NONCURRENT:			
Compensated Absences	1,490,866	56,780	1,547,646
OPEB Obligation Payable	21,771,151	693,459	22,464,610
Net Pension Liability	21,784,195	1,460,114	23,244,309
Bonds and Leases Payable	15,460,143	7,985,000	23,445,143
Total noncurrent liabilities	60,506,355	10,195,353	70,701,708
Total Liabilities	67,395,467	12,782,990	80,178,457
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,263,500	84,688	1,348,188
NET POSITION			
Net Investment in Capital Assets	47,321,508	10,435,315	57,756,823
Restricted for:			
Capital Projects	1,840,474	1,157,473	2,997,947
Federal & State Grants	1,291,934	-	1,291,934
Permanent Funds:			
Expendable	88,573	-	88,573
Nonexpendable	265,200	-	265,200
Other Purposes	9,522,856	-	9,522,856
Unrestricted	(31,515,215)	3,307,532	(28,207,683)
Total Net Position	\$ 28,815,330	\$ 14,900,320	\$ 43,715,650

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, 2016**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 2,129,081	\$ 275,680	\$ 57,906	\$ -	\$ (1,795,495)	\$ -	\$ (1,795,495)
Public Safety	8,783,783	2,524,502	285,266	-	(5,974,015)	-	(5,974,015)
Public Works	1,624,744	23,087	71,245	563,704	(966,708)	-	(966,708)
Education	32,606,685	1,267,150	15,718,045	102,930	(15,518,560)	-	(15,518,560)
Health and Human Services	633,498	176,152	184,664	-	(272,682)	-	(272,682)
Culture and Recreation	525,555	27,405	41,917	-	(456,233)	-	(456,233)
Employee Benefits and Insurance	18,305,169	-	4,265,711	-	(14,039,458)	-	(14,039,458)
State Assessments	2,181,292	-	-	-	(2,181,292)	-	(2,181,292)
Interest	584,763	-	45,744	-	(539,019)	-	(539,019)
Total Governmental Activities	67,374,570	4,293,976	20,670,498	666,634	(41,743,462)	-	(41,743,462)
Business-Type Activities:							
Sewer	1,114,240	1,405,621	1,779	-	-	293,160	293,160
Water	2,516,529	3,480,398	10,559	-	-	974,428	974,428
Total Primary Government	\$ 71,005,339	\$ 9,179,995	\$ 20,682,836	\$ 666,634	(41,743,462)	1,267,588	(40,475,874)
General Revenues:							
Property Taxes					32,350,338	-	32,350,338
Motor vehicle and other taxes					2,786,317	-	2,786,317
Hotel room occupancy and meal taxes					331,871	-	331,871
Penalties & Interest on taxes					292,505	-	292,505
Grants & Contributions not restricted to specific programs					2,003,331	-	2,003,331
Unrestricted Investment Income					966,166	-	966,166
Miscellaneous					12,639	-	12,639
Contributions to Permanent Funds					3,600	-	3,600
Transfers, net					346,451	(346,451)	-
Total General Revenues, Contributions and Transfers					39,093,218	(346,451)	38,746,767
Change in Net Position					(2,650,244)	921,137	(1,729,107)
Net Position:							
Beginning of year					31,465,574	13,979,183	45,444,757
End of year					\$ 28,815,330	\$ 14,900,320	\$ 43,715,650

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

**TOWN OF NORTON, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 6,795,795	\$ -	\$ 23,537	\$ 5,310,314	\$ 12,129,646
Investments	1,525,922	7,929,080	-	-	9,455,002
Receivables, net of allowance for uncollectibles:					
Property Taxes	629,319	-	-	-	629,319
Deferred Property Taxes	53,320	-	-	-	53,320
Tax Liens	614,029	-	-	-	614,029
Taxes in Litigation	1,092	-	-	-	1,092
Excise Taxes	319,411	-	-	-	319,411
Departmental	-	-	-	193,572	193,572
Special Assessments	272,081	-	-	288,260	560,341
Due from Other Governments	229,496	-	876,660	1,155,802	2,261,958
Total Assets	\$ 10,440,465	\$ 7,929,080	\$ 900,197	\$ 6,947,948	\$ 26,217,690
Liabilities:					
Warrants and Accounts Payable	\$ 197,366	\$ -	\$ -	\$ 71,749	\$ 269,115
Accrued Payroll	382,074	-	-	57,625	439,699
Payroll Withholdings	385,314	-	-	-	385,314
Other	123,955	-	-	-	123,955
Bond Anticipation Notes Payable	-	-	1,545,120	1,511,000	3,056,120
Total Liabilities	1,088,709	-	1,545,120	1,640,374	4,274,203
Deferred Inflows of Resources:					
Unavailable Revenue	1,883,369	-	-	1,511,243	3,394,612
Fund Balance:					
Non-Spendable	-	-	-	265,200	265,200
Restricted	-	7,929,080	-	2,599,292	10,528,372
Committed	-	-	-	1,588,622	1,588,622
Assigned	2,293,475	-	-	-	2,293,475
Unassigned	5,174,912	-	(644,923)	(656,783)	3,873,206
Total Fund Balance	7,468,387	7,929,080	(644,923)	3,796,331	18,548,875
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,440,465	\$ 7,929,080	\$ 900,197	\$ 6,947,948	\$ 26,217,690

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, 2016**

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 32,465,850	\$ -	\$ -	\$ -	\$ 32,465,850
Intergovernmental	15,066,805	-	102,930	3,308,805	18,478,540
Excise and Other Taxes	2,987,601	-	-	-	2,987,601
Charges for Services	-	-	-	3,270,806	3,270,806
Licenses, Permits, Fees	1,368,617	-	-	-	1,368,617
Interest and Penalties on Taxes	292,505	-	-	-	292,505
Investment Income	84,722	881,444	-	588	966,754
Gifts and Donations	-	-	-	184,037	184,037
Other	-	-	-	11,747	11,747
Intergovernmental - "On-behalf" Payments	4,268,576	-	-	-	4,268,576
Total Revenues	56,534,676	881,444	102,930	6,775,983	64,295,033
Expenditures:					
Current:					
General Government	1,940,011	18,201	-	457,525	2,415,737
Public Safety	7,479,483	-	-	895,541	8,375,024
Public Works	1,110,041	-	-	575,691	1,685,732
Education	26,466,376	-	95,420	4,655,442	31,217,238
Health and Human Services	480,564	-	-	354,554	835,118
Culture and Recreation	457,121	-	-	79,182	536,303
Employee Benefits and Insurance	14,319,725	-	-	-	14,319,725
State Assessments	2,181,292	-	-	-	2,181,292
Debt Service:					
Principal	1,728,035	-	-	-	1,728,035
Interest	593,977	-	-	-	593,977
Total Expenditures	56,756,625	18,201	95,420	7,017,935	63,888,181
Excess of Revenues Over (Under) Expenditures	(221,949)	863,243	7,510	(241,952)	406,852
Other Financing Sources (Uses):					
Operating Transfers In	1,065,003	-	-	48,480	1,113,483
Operating Transfers Out	-	(148,480)	-	(618,552)	(767,032)
Capital Lease	-	-	-	304,882	304,882
Proceeds from Bonds and Notes	-	-	-	100,000	100,000
Total Other Financing Sources (Uses)	1,065,003	(148,480)	-	(165,190)	751,333
Net Change in Fund Balances	843,054	714,763	7,510	(407,142)	1,158,185
Fund Balances, Beginning of Year	6,625,333	7,214,317	(652,433)	4,203,473	17,390,690
Fund Balances, End of Year	\$ 7,468,387	\$ 7,929,080	\$ (644,923)	\$ 3,796,331	\$ 18,548,875

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

TOWN OF NORTON, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2016

Total Governmental Fund Balances		\$ 18,548,875
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		66,415,106
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		3,723,091
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.		3,249,522
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	\$ (17,248,365)	
Other Post Employment Benefits Payable	(21,771,151)	
Net Pension Liability	(21,784,195)	
Compensated Absences	<u>(2,224,406)</u>	(63,028,117)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(93,147)</u>
Net Position of Governmental Activities		<u><u>\$ 28,815,330</u></u>

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

TOWN OF NORTON, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 1,158,185

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	\$ 1,530,793	
Depreciation	<u>(2,954,760)</u>	(1,423,967)

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue and WPAT subsidy.

49,866

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds.

Neither transaction, however, has any effect on net position:

Repayment of Debt Principal and Lease Principal	1,940,291	
Capital Lease Financing	(304,882)	
Proceeds from Bonds and Notes	<u>(100,000)</u>	1,535,409

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	(26,483)	
Net Change in Other Post Employment Benefits	(3,418,459)	
Net Change in Net Pension Liability	(2,873,702)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	2,339,693	
Net Change in Accrued Interest on Long-Term Debt	<u>9,214</u>	(3,969,737)

Change in Net Position of Governmental Activities \$ (2,650,244)

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, 2016

	Budgeted Amounts			Actual Budgetary Basis	Amounts Carried Forward to Next year	Variance with Final Budget Positive (Negative)
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget			
Revenues:						
Property Taxes	\$ -	\$ 31,766,652	\$ 32,205,577	\$ 32,434,850	\$ -	\$ 229,273
Intergovernmental	-	14,838,161	14,838,161	15,066,805	-	228,644
Excise and Other Taxes	-	2,660,480	2,660,480	2,987,601	-	327,121
Licenses, Permits, Fees	-	759,500	759,500	1,368,617	-	609,117
Interest and Penalties on Taxes	-	275,000	275,000	292,505	-	17,505
Interest on Investments	-	35,000	35,000	43,156	-	8,156
Total Revenues	-	50,334,793	50,773,718	52,193,534	-	1,419,816
Expenditures:						
Current:						
General Government	347,896	2,060,741	2,719,414	1,940,011	588,314	191,089
Public Safety	69,469	7,246,365	7,707,466	7,479,483	127,932	100,051
Public Works	81,787	1,020,497	1,263,746	1,110,041	89,358	64,347
Education	612,236	26,176,597	27,015,612	26,466,376	508,172	41,064
Health and Human Services	19,744	512,614	544,817	480,564	36,856	27,397
Culture and Recreation	159	458,594	458,753	457,121	430	1,202
Employee Benefits and Insurance	13,753	10,428,454	10,538,691	10,138,679	13,529	386,483
State Assessments	-	2,245,346	2,245,346	2,181,292	-	64,054
Debt Service:						
Principal	-	1,690,566	1,690,566	1,690,565	-	1
Interest	-	555,790	555,790	543,917	-	11,873
Total Expenditures	1,145,044	52,395,564	54,740,201	52,488,049	1,364,591	887,561
Excess of Revenues Over (Under) Expenditures	(1,145,044)	(2,060,771)	(3,966,483)	(294,515)	(1,364,591)	2,307,377
Other Financing Sources (Uses):						
Operating Transfers In	-	1,360,771	1,572,148	1,572,148	-	-
Operating Transfers Out	-	-	(700,000)	(700,000)	-	-
Total Other Financing Sources (Uses)	-	1,360,771	872,148	872,148	-	-
Net Change in Budgetary Fund Balance	(1,145,044)	(700,000)	(3,094,335)	\$ 577,633	\$ (1,364,591)	\$ 2,307,377
Other Budgetary Items:						
Free Cash and Other Reserves	-	700,000	1,949,291			
Prior Year Encumbrances	1,145,044	-	1,145,044			
Total Other Budgetary Items	1,145,044	700,000	3,094,335			
NET BUDGET	\$ -	\$ -	\$ -			

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

TOWN OF NORTON, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2016

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 52,193,534	\$ 52,488,049
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	41,566	-
Recognition of Intergovernmental Revenue - "on behalf payments"	4,268,576	-
Recognition of Expenditures - "on behalf payments"	-	4,268,576
Net Increase in Revenue from Recording 60-Day Receipts	31,000	-
Reported on a GAAP Basis	<u>\$ 56,534,676</u>	<u>\$ 56,756,625</u>

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

TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 631,717	\$ 4,554,692	\$ 5,186,409
User Charges, net of allowance for uncollectibles	369,635	1,049,113	1,418,748
Due from Other Governments	191,257	-	191,257
Total current assets	1,192,609	5,603,805	6,796,414
NONCURRENT:			
Capital Assets, net of accumulated depreciation:			
Nondepreciable	1,368,505	348,926	1,717,431
Depreciable	3,298,278	15,653,384	18,951,662
Total noncurrent assets	4,666,783	16,002,310	20,669,093
Total Assets	5,859,392	21,606,115	27,465,507
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	43,918	258,573	302,491
LIABILITIES			
CURRENT:			
Accounts Payable	28,778	99,470	128,248
Accrued Payroll	3,862	22,817	26,679
Accrued Interest	-	124,738	124,738
Compensated Absences	8,290	50,904	59,194
Bond Anticipation Notes Payable	1,488,778	-	1,488,778
Bonds Payable	-	760,000	760,000
Total current liabilities	1,529,708	1,057,929	2,587,637
NONCURRENT:			
Compensated Absences	14,743	42,037	56,780
OPEB Obligation Payable	83,362	610,097	693,459
Net Pension Liability	211,991	1,248,123	1,460,114
Bonds Payable	-	7,985,000	7,985,000
Total noncurrent liabilities	310,096	9,885,257	10,195,353
Total Liabilities	1,839,804	10,943,186	12,782,990
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	12,296	72,392	84,688
NET POSITION			
Net Investment in Capital Assets	3,178,005	7,257,310	10,435,315
Restricted for Capital	120,273	1,037,200	1,157,473
Unrestricted	752,932	2,554,600	3,307,532
Total Net Position	\$ 4,051,210	\$ 10,849,110	\$ 14,900,320

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

TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,400,319	\$ 3,117,456	\$ 4,517,775
Other	5,623	364,831	370,454
Total Operating Revenues	1,405,942	3,482,287	4,888,229
Operating Expenses:			
Salaries & Wages	152,774	653,380	806,154
Operating Expenses	762,733	915,495	1,678,228
Depreciation	198,733	586,390	785,123
Total Operating Expenses	1,114,240	2,155,265	3,269,505
Operating Income (Loss)	291,702	1,327,022	1,618,724
Non-Operating Revenues (Expenses):			
Investment Income	1,458	8,670	10,128
Interest Expense	-	(361,264)	(361,264)
Total Non-Operating Revenues (Expenses)	1,458	(352,594)	(351,136)
Income (Loss) Before Operating Transfers	293,160	974,428	1,267,588
Operating Transfers:			
Transfers In/(Out)	(69,974)	(276,477)	(346,451)
Total Operating Transfers	(69,974)	(276,477)	(346,451)
Change in Net Position	223,186	697,951	921,137
Net Position at Beginning of Year	3,828,024	10,151,159	13,979,183
Net Position at End of Year	\$ 4,051,210	\$ 10,849,110	\$ 14,900,320

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

**TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,379,044	\$ 3,046,860	\$ 4,425,904
Receipts from Other Revenues	5,623	364,831	370,454
Payments to Vendors	(893,552)	(847,584)	(1,741,136)
Payments to Employees	(134,604)	(644,231)	(778,835)
Net Cash Provided by (Used for) Operating Activities	356,511	1,919,876	2,276,387
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	(69,974)	(276,477)	(346,451)
Net Cash Provided by (Used for) Noncapital Financing Activities	(69,974)	(276,477)	(346,451)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(1,368,505)	(24,975)	(1,393,480)
Proceeds from the Issuance of Bonds and Notes	245,272	-	245,272
WPAT Project Drawdowns	1,052,249	-	1,052,249
Principal Payments on Bonds	-	(760,000)	(760,000)
Interest Expense	-	(371,590)	(371,590)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(70,984)	(1,156,565)	(1,227,549)
Cash Flows from Investing Activities:			
Investment Income	1,458	8,670	10,128
Net Cash Provided by (Used for) Investing Activities	1,458	8,670	10,128
Net Increase (Decrease) in Cash and Cash Equivalents	217,011	495,504	712,515
Cash and Cash Equivalents at Beginning of Year	414,706	4,059,188	4,473,894
Cash and Cash Equivalents at End of Year	\$ 631,717	\$ 4,554,692	\$ 5,186,409

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

Operating Income (Loss)	\$ 291,702	\$ 1,327,022	\$ 1,618,724
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	198,733	586,390	785,123
Deferred (Outflows)/Inflows of Resources Related to Pensio	(15,779)	(133,997)	(149,776)
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	(15,436)	(51,425)	(66,861)
Increase (Decrease) in Accrued Payroll	1,015	6,666	7,681
Increase (Decrease) in Compensated Absences	17,155	2,483	19,638
Increase (Decrease) in OPEB Obligation Payable	17,694	89,835	107,529
Increase (Decrease) in Net Pension Liability	(117,298)	163,498	46,200
Decrease (Increase) in User Charges Receivable	(21,275)	(70,596)	(91,871)
Total Adjustments	64,809	592,854	657,663
Net Cash Provided by (Used for) Operating Activities	\$ 356,511	\$ 1,919,876	\$ 2,276,387

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

**TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	<div> <div>Other</div> <div>Post Employment</div> <div>Benefits</div> <div>Trust Fund</div> </div> <div> <div>Private</div> <div>Purpose</div> <div>Trust Funds</div> </div> <div> <div>Agency</div> <div>Funds</div> </div>		
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 101,773	\$ 444,800
Investments	190,985	-	-
Total Assets	190,985	101,773	444,800
LIABILITIES			
Warrants Payable	-	-	692
Due to Others	-	-	10,080
Due to Student Groups	-	-	112,814
Deposits and Escrows	-	-	321,214
Total Liabilities	-	-	444,800
NET POSITION			
Held in Trust for Other Purposes	\$ 190,985	\$ 101,773	\$ -

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

**TOWN OF NORTON, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 70,000	\$ -
Private Donations	-	42,580
Investment Income	9,548	298
Total Additions	<u>79,548</u>	<u>42,878</u>
Deductions:		
Educational Scholarships	-	39,950
Total Deductions	<u>-</u>	<u>39,950</u>
Change in Net Position	<u>79,548</u>	<u>2,928</u>
Net Position at Beginning of Year	<u>111,437</u>	<u>98,845</u>
Net Position at End of Year	<u><u>\$ 190,985</u></u>	<u><u>\$ 101,773</u></u>

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

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2016, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

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

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

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

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

Fund financial statements

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

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Year Ended June 30, 2016

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

Major Fund Criteria

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

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

and

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

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

Proprietary and fiduciary funds are reported by fund type.

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

Government-wide financial statements

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

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

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

Fund financial statements

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

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

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

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

Additionally, the Town reports the following fund types:

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

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

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

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

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

D. Cash and Cash Equivalents

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

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

Investment income from proprietary funds is maintained in those funds.

E. Investments

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

All investments are carried at fair value.

F. Receivables

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

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

Property taxes are based on assessments as of January 1, 2015 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

The Town mailed preliminary tax bills for the fiscal year 2016 on July 1, 2015, that were due on August 3, 2015 and November 2, 2015 and actual bills on December 31, 2015 that were due on February 1, 2016 and May 2, 2016.

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 2016 is as follows;

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2016	\$ 31,493,229
Add: Debt Exclusion	1,070,671
	<u>\$ 32,563,900</u>

The total amount raised by taxation was \$32,555,960.

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

Excise Taxes

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

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

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

User Charges

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

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

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

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
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Departmental

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

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

Special Assessments

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

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

Due from Other Governments

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

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

G. Capital Assets

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

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

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

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

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

H. Interfund Transfers

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

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

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

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

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

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

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is *deferred inflows related to pensions*.

Fund financial statements

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

J. Net position and Fund Balances

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

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

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

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

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

“Other purposes” represents restrictions placed on assets from outside parties.

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

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

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

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

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

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

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

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

K. Long-term Debt

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

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

L. Compensated Absences

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

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
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M. Pension Benefits

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

N. Post Retirement Benefits

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

O. Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

- The budgets for all departments are prepared by the department heads and submitted to the Town Manager who presents the budget to the Town's finance committee for review.
- The finance committee, in turn, presents the omnibus budget for voter approval at the Annual Town Meeting of each fiscal year.
- The Town Manager can also present an alternative budget at the Town Meeting if there is not a finance committee consensus.
- The budget is legally enacted by vote of Town meeting members at the annual Town meeting.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

- 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 2016, the Town incurred a final budget deficit of \$3,094,335 for the General Fund.

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

Unassigned fund balance:	
Free cash votes	\$ 1,874,291
Overlay surplus	75,000
Prior year's encumbrances	1,145,044
	<u>\$ 3,094,335</u>

B. Deficit Fund Balances

The following funds had deficits at June 30, 2016 as measured by the balances of unreserved fund balance.

- The Norton High School construction fund has a deficit of \$644,923. The Town has temporary notes of \$1,545,120. The deficit will be eliminated upon additional Massachusetts School Building Administration (MSBA) receipts and the issuance of permanent debt.
- The Dam improvements fund, a capital project, has a deficit of \$299,786. The Town has a temporary note of \$300,000. The deficit will be eliminated upon the issuance of permanent debt.
- The Erickson property land acquisition fund, a capital project, has a deficit of \$51,000. The Town has a temporary note of \$51,000. The deficit will be eliminated upon the issuance of permanent debt.
- The Landfill project fund, a capital project, has a deficit of \$266,840. The Town has a temporary note of \$300,000. The deficit will be eliminated upon the issuance of permanent debt.
- The Town Hall improvements fund, a capital project, has a deficit of \$12,862. The Town has a temporary note of \$350,000. The deficit will be eliminated upon the issuance of permanent debt.
- The Water shed plan fund, a capital project, has a deficit of \$26,296. The Town has a temporary note of \$510,000. The deficit will be eliminated upon the issuance of permanent debt.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016 were \$18,852,994. Of these, \$100,384 are 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, 2016, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More than 10
Debt Securities:					
U. S. treasury obligations	\$ 465,320	\$ 103,434	\$ 361,886	\$ -	\$ -
U. S. government agencies	690,463	-	559,267	131,196	-
Corporate bonds	1,473,633	-	689,672	425,878	358,083
Money market mutual fund	597,844	597,844	-	-	-
	<u>3,227,260</u>	<u>\$ 701,278</u>	<u>\$ 1,610,825</u>	<u>\$ 557,074</u>	<u>\$ 358,083</u>
Other Investments:					
Equity securities - domestic (stocks)	5,657,448				
Certificate of deposits	570,167				
MMDT	191,112				
	<u>\$ 9,645,987</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 \$9,645,987 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.

TOWN OF NORTON, MASSACHUSETTS
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Year Ended June 30, 2016

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, 2016 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 465,320
<i>U. S. Government Agencies:</i>	
Aaa	690,463
<i>Corporate Bonds:</i>	
AA2	213,006
A1	105,521
A2	348,873
Baa1	806,233
<i>Money Market Mutual Funds:</i>	
Not rated	597,844
	<u>\$ 3,227,260</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. The Town does not have more than 5 percent of the Town's investments in one issuer.

B. Receivables

At June 30, 2016, 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	\$ 637,344	\$ (8,025)	\$ 629,319
Deferred property taxes	53,320	-	53,320
Tax liens	614,029	-	614,029
Taxes in litigation	1,092	-	1,092
Excise taxes	338,648	(19,237)	319,411
User charges	301	(301)	-
Departmental	597,969	(404,397)	193,572
Special assessments	560,341	-	560,341
Due from other governments	2,261,958	-	2,261,958
	<u>\$ 5,065,002</u>	<u>\$ (431,960)</u>	<u>\$ 4,633,042</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

At June 30, 2016, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
Sewer user charges	\$ 370,135	\$ (500)	\$ 369,635
Due from other governments	191,257	-	191,257
Water Fund:			
Water user charges	1,050,113	(1,000)	1,049,113
	<u>\$ 1,611,505</u>	<u>\$ (1,500)</u>	<u>\$ 1,610,005</u>

The composition of amounts due from other governments as of June 30, 2016 for governmental and business-type funds are as follows:

General Fund:			
<i>Commonwealth of Massachusetts:</i>			
Department of Revenue:			
Veterans, blind and surviving spouses	\$ 24,096		
Department of Veterans Services:			
Veterans benefits	205,400	\$	229,496
High School Construction Fund:			
<i>Commonwealth of Massachusetts:</i>			
Massachusetts School Building Assistance:			
Norton high school project			876,660
Nonmajor Governmental Funds:			
<i>U. S. Department of Agriculture:</i>			
School lunch	21,255		
<i>Commonwealth of Massachusetts:</i>			
Department of Elementary and Secondary Education:			
School Lunch	668		
Executive Office of Public Safety & Homeland Security:			
State 911 support & incentive grant	43,183		
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funded projects	1,090,696		1,155,802
		<u>\$</u>	<u>2,261,958</u>
 Business-type Funds:			
<i>Massachusetts Clean Water Trust:</i>			
Sewer Extensions CW-14-33	\$ 191,257		

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

Governmental Funds:

Massachusetts Clean Water Trust:

Principal loan subsidy	\$	328,479
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\$ 328,479

C. Deferred Inflows of Resources – Unavailable Revenue

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

General Fund:

Property taxes	\$	466,319	
Deferred property taxes		53,320	
Tax liens		614,029	
Taxes in litigation		1,092	
Excise taxes		319,411	
Special assessments		272,081	
Due from other governments		<u>157,117</u>	\$ 1,883,369

Nonmajor Governmental Funds:

Departmental		146,555	
Special assessments		288,260	
Due from other governments		<u>1,076,428</u>	1,511,243
		<u>\$</u>	<u>3,394,612</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

D. Capital Assets

Capital asset activity for the year ended June 30, 2016, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 8,401,117	\$ 26,930	\$ -	\$ 8,428,047
Construction in Progress	-	299,785	-	299,785
Total capital assets not being depreciated	8,401,117	326,715	-	8,727,832
Capital assets being depreciated:				
Buildings and Renovations	77,709,543	532,100	-	78,241,643
Machinery, equipment and other	8,182,676	405,653	(65,000)	8,523,329
Infrastructure	11,118,894	266,325	-	11,385,219
Total capital assets being depreciated	97,011,113	1,204,078	(65,000)	98,150,191
Less accumulated depreciation for:				
Buildings and Renovations	28,284,697	1,905,888	-	30,190,585
Machinery, equipment and other	5,718,922	566,541	(65,000)	6,220,463
Infrastructure	3,569,538	482,331	-	4,051,869
Total accumulated depreciation	37,573,157	2,954,760	(65,000)	40,462,917
Total capital assets being depreciated, net	59,437,956	(1,750,682)	-	57,687,274
Total governmental activities capital assets, net	\$ 67,839,073	\$ (1,423,967)	\$ -	\$ 66,415,106

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 348,926	\$ -	\$ -	\$ 348,926
Construction in progress	-	1,368,505	-	1,368,505
Total capital assets not being depreciated	348,926	1,368,505	-	1,717,431
Capital assets being depreciated:				
Buildings and improvements	429,819	24,975	-	454,794
Machinery, equipment and other	1,185,952	-	-	1,185,952
Infrastructure	29,184,958	-	-	29,184,958
Total capital assets being depreciated	30,800,729	24,975	-	30,825,704
Less accumulated depreciation for:				
Buildings and improvements	85,574	19,755	-	105,329
Machinery, equipment and other	1,024,414	47,683	-	1,072,097
Infrastructure	9,978,931	717,685	-	10,696,616
Total accumulated depreciation	11,088,919	785,123	-	11,874,042
Total capital assets being depreciated, net	19,711,810	(760,148)	-	18,951,662
Total business-type activities capital assets, net	\$ 20,060,736	\$ 608,357	\$ -	\$ 20,669,093

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

Governmental Activities:

General government	\$ 39,938
Public safety	425,772
Public works	591,385
Education	1,780,061
Health and human services	59,402
Culture and recreation	58,202
Total depreciation expense - governmental activities	<u>\$ 2,954,760</u>

Business-Type Activities:

Sewer fund	\$ 198,733
Water fund	586,390
Total depreciation expense - business-type activities	<u>\$ 785,123</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:		
	General fund	Nonmajor governmental funds	Total
Cyrus Hicks fund	\$ 100,000	\$ 48,480	\$ 148,480
Nonmajor governmental funds	618,552	-	618,552
Business-type activities	346,451	-	346,451
Total transfers out	<u>\$ 1,065,003</u>	<u>\$ 48,480</u>	<u>\$ 1,113,483</u>

F. Leases

The Town has entered into lease agreements as lessee for financing a fire truck, a highway sweeper and backhoe/loader, two highway dump trucks and a school dump 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 2016, acquired through the capital leases are as follows:

Asset:	Governmental Activities
Machinery, Equipment and Other	\$ 856,216
Less: Accumulated Depreciation	(227,667)
Total	<u>\$ 628,549</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

Year Ending June 30,	Governmental Activities
2017	\$ 190,683
2018	190,683
2019	57,499
2020	57,499
Total minimum lease payments	496,364
Less: amount representing interest	(28,226)
Present value of minimum lease payments	<u>\$ 468,138</u>

G. Short-Term Financing

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

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

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2015	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2016
Bond Anticipation Notes:						
Municipal purpose loan	0.40%	03/25/16	\$ 1,800,000	\$ -	\$ 1,800,000	\$ -
Land acquisitions	0.55%	03/25/16	51,000	-	51,000	-
Landfill capping project	0.55%	03/25/16	300,000	-	300,000	-
MCWT Interim note	0.00%	12/31/15	28,000	72,000	100,000	-
Municipal purpose loan	0.70%	09/15/16	-	2,705,120	-	2,705,120
Land acquisitions	0.70%	09/15/16	-	51,000	-	51,000
Landfill capping project	0.70%	09/15/16	-	300,000	-	300,000
Total Governmental Activities			<u>\$ 2,179,000</u>	<u>\$ 3,128,120</u>	<u>\$ 2,251,000</u>	<u>\$ 3,056,120</u>

Details related to the short-term debt activity of the business type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2015	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2016
Bond Anticipation Notes:						
Nourse School sewer main	0.70%	09/15/16	\$ -	\$ 245,272	\$ -	\$ 245,272
MCWT Interim note (CWT-14-33)	0.13%	12/31/17	-	1,243,506	-	1,243,506
Total Business-Type Activities			<u>\$ -</u>	<u>\$ 1,488,778</u>	<u>\$ -</u>	<u>\$ 1,488,778</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

H. Long Term Debt

General Obligation Bonds

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

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2016
Inside Debt:					
Land acquisition-Slattery property	3.66%	11/01/04	11/01/22	\$ 400,000	\$ 140,000
School building renovations	3.75%	11/01/04	11/01/23	2,100,000	880,000
Land acquisition	3.96%	10/01/07	10/01/22	500,000	220,000
School sewer pump	4.04%	10/01/07	10/01/17	350,000	70,000
Police station	2.38%	02/15/11	10/01/18	945,000	330,000
Land acquisition - school	2.38%	02/15/11	10/01/16	420,000	70,000
Sewer bond	2.38%	02/15/11	10/01/20	80,000	30,000
Fire truck	1.86%	11/15/11	11/15/16	475,000	95,000
Land Acquisition - Newcomb	2.81%	05/15/14	11/15/28	475,000	405,000
School HVAC Repairs	2.81%	05/15/14	05/05/26	120,000	100,000
School Roof	2.81%	05/15/14	05/15/29	548,370	465,000
School Technology - Hardware	2.81%	05/15/14	05/15/23	348,750	265,000
School Technology - Software	2.81%	05/15/14	05/15/18	26,250	10,000
School equipment	0.75%	12/12/14	12/09/16	160,000	120,000
Library HVAC	0.75%	12/12/14	12/09/16	28,787	21,591
Massachusetts Clean Water Trust:					
Lake Winnecunnet sewer project	N/A	11/26/02	08/01/22	2,375,687	985,000
Water resource management	N/A	11/26/02	08/01/22	334,237	140,000
Total Inside Debt					4,346,591
Outside Debt:					
High school renovation	2.82%	11/15/11	02/15/31	6,550,000	5,230,000
High school track/bleachers	2.38%	11/15/11	02/15/25	650,000	450,000
School construction	2.81%	05/15/14	05/15/34	6,500,000	5,850,000
Massachusetts Clean Water Trust:					
Title V Septic Loans - Round 1	N/A	04/29/99	02/01/17	199,807	11,100
Title V Septic Loans - Round 2	N/A	07/24/03	02/01/21	195,089	54,365
Title V Septic Loans - Round 3	N/A	08/01/04	08/01/23	236,799	97,975
Title V Septic Loans - Round 4	N/A	12/14/06	07/15/26	146,244	80,436
Title V Septic Loans - Round 5	N/A	11/15/06	08/01/24	184,207	91,840
Title V Septic Loans - Round 6	N/A	11/22/10	07/15/29	200,000	147,370
Title V Septic Loans - Round 7	N/A	11/22/10	07/15/29	201,502	148,477
Title V Septic Loans - Round 8	N/A	05/22/13	01/15/33	165,000	140,250
Title V Septic Loans - Round 9	N/A	01/07/15	01/15/35	33,498	31,823
Title V Septic Loans - Round 10	N/A	02/11/16	01/15/36	100,000	100,000
Total Outside Debt					12,433,636
Total Governmental Type Debt					\$ 16,780,227

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

Future Debt Service

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2016, are as follows:

Year	Principal	Interest	Total
2017	\$ 1,610,535	\$ 525,761	\$ 2,136,296
2018	1,429,435	471,895	1,901,330
2019	1,374,434	424,125	1,798,559
2020	1,216,441	373,653	1,590,094
2021	1,216,662	337,299	1,553,961
2022-2026	4,973,052	1,143,952	6,117,004
2027-2031	3,611,469	546,113	4,157,582
2032-2036	1,348,199	72,719	1,420,918
	<u>\$ 16,780,227</u>	<u>\$ 3,895,517</u>	<u>\$ 20,675,744</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, 2016
Outside Debt:					
Water fund:					
Water mains	3.99%	10/01/07	10/01/27	\$ 3,300,000	\$ 1,980,000
New water tank	3.99%	10/01/07	10/01/27	1,700,000	1,020,000
Water mains	4.02%	08/01/08	08/01/28	3,000,000	1,950,000
Water mains	4.02%	08/01/08	08/01/28	5,000,000	3,250,000
Water storage facility	2.38%	02/15/11	10/01/20	1,100,000	545,000
Total Business-type Debt					<u><u>\$ 8,745,000</u></u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2016, are as follows:

Year	Principal	Interest	Total
2017	\$ 760,000	\$ 341,208	\$ 1,101,208
2018	760,000	310,604	1,070,604
2019	760,000	279,467	1,039,467
2020	760,000	249,642	1,009,642
2021	755,000	219,659	974,659
2022-2026	3,250,000	694,100	3,944,100
2027-2029	1,700,000	97,250	1,797,250
	<u>\$ 8,745,000</u>	<u>\$ 2,191,930</u>	<u>\$ 10,936,930</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 16,251,287	\$ -	\$ 1,499,697	\$ 14,751,590	\$ 1,372,197
Massachusetts Clean Water Trust bonds	2,156,975	100,000	228,338	2,028,637	238,338
Capital lease	375,512	304,882	212,256	468,138	177,687
Compensated absences	2,197,923	106,763	80,280	2,224,406	733,540
OPEB liability obligation	18,352,692	3,418,459	-	21,771,151	-
Net pension liability	18,910,493	2,873,702	-	21,784,195	-
Governmental activity Long-term liabilities	<u>\$ 58,244,882</u>	<u>\$ 6,803,806</u>	<u>\$ 2,020,571</u>	<u>\$ 63,028,117</u>	<u>\$ 2,521,762</u>
Business-type activities:					
Bond Payable:					
General obligation bonds	\$ 9,505,000	\$ -	\$ 760,000	8,745,000	\$ 760,000
Compensated absences	96,336	19,638	-	115,974	59,194
OPEB liability obligation	585,930	107,529	-	693,459	-
Net pension liability	1,413,914	46,200	-	1,460,114	-
Business-type activity Long-term liabilities	<u>\$ 11,601,180</u>	<u>\$ 173,367</u>	<u>\$ 760,000</u>	<u>\$ 11,014,547</u>	<u>\$ 819,194</u>

Massachusetts Clean Water Trust (MCWT)

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$4,372,061 and interest costs of \$1,795,889 for twelve loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2016 for principal and interest combined for the loans is \$2,250,594. The net repayments, including interest, are scheduled to be \$1,769,215. 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 2016 principal and interest subsidies totaled \$87,530.

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, 2016 totaled \$4,346,590.

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."

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

The following is a computation of the legal debt limit as of June 30, 2016:

Proposed and Revised Equalized Valuation-Real Estate and Personal Property (2014)		<u>\$ 2,041,345,000</u>
Debt Limit: 5 % of Equalized value		102,067,250
Total Debt Outstanding	\$ 25,525,227	
Less: Debt Outside Debt Limit	<u>(21,178,637)</u>	<u>4,346,590</u>
Inside Debt Excess Borrowing Capacity at June 30, 2016		<u>\$ 97,720,660</u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. Loan authorizations that have not been issued as of June 30, 2016 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
10/08/03	Repair, Replacement and Upgrading of Septic Systems or Household Connections to Sanitary Sewer System pursuant to Agreements between Board of Health and Property Owners	\$ 300,000
06/06/11	Renovating, Constructing, and Improvements and Expansion of Norton High School	19,395,111
10/29/12	Acquisition of Erikson property	5,000
10/07/13	Land Acquisition - Crane Property	140,800
05/12/14	Norton Center Sewer Extension Project	1,647,751
05/12/14	Water Treatment Plant	8,900,000
05/19/16	Water Treatment Plant (additional)	500,000
10/20/14	Water Shed Plan	290,000
05/11/15	Nourse Elementary School Sewer Connection	194,728
05/11/15	Norton Reservoir Dam Spillway Improvements	579,400
10/19/15	Norton Rail Trail Project	480,000
12/19/15	Repair, Replacement and Upgrading of Septic Systems or Household Connections to Sanitary Sewer System pursuant to Agreements between Board of Health and Property Owners	1,000,000
		<u>\$ 33,432,790</u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

Overlapping Debt

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

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Southeastern Regional Vocational Technical School District:	<u>\$ 5,215,000</u>	7.40%	<u>\$ 385,910</u>

The Southeastern Regional Vocational Technical School District also has bond anticipation notes outstanding as of June 30, 2016 of \$227,000 for a school roof renovation project.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

I. Fund Balances

The following is a summary of the Governmental fund balances at the year ended June 30, 2016:

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent funds	\$ -	\$ -	\$ -	\$ 265,200	\$ 265,200
Restricted:					
Federal, state and local grants	-	-	-	215,506	215,506
School revolving funds	-	-	-	428,242	428,242
Revolving funds	-	-	-	245,931	245,931
Septic loans	-	-	-	949,138	949,138
Debt service	-	-	-	186,234	186,234
Donations and gifts	-	-	-	361,494	361,494
Permanent funds	-	-	-	88,573	88,573
Cyrus Hicks fund	-	7,929,080	-	-	7,929,080
Capital project funds	-	-	-	86,060	86,060
Other	-	-	-	38,114	38,114
	-	7,929,080	-	2,599,292	10,528,372
Committed:					
Ambulance	-	-	-	1,470,098	1,470,098
Dog fund	-	-	-	118,524	118,524
	-	-	-	1,588,622	1,588,622
Assigned:					
General government	588,314	-	-	-	588,314
Public safety	127,932	-	-	-	127,932
Public works	89,358	-	-	-	89,358
Education	508,172	-	-	-	508,172
Health and human services	36,856	-	-	-	36,856
Culture and recreation	430	-	-	-	430
Employee benefits and insurance	13,529	-	-	-	13,529
Subsequent year's budget	928,884	-	-	-	928,884
	2,293,475	-	-	-	2,293,475
Unassigned:					
General fund	5,174,912	-	-	-	5,174,912
Capital projects	-	-	(644,923)	(656,783)	(1,301,706)
	5,174,912	-	(644,923)	(656,783)	3,873,206
Total Governmental fund balances	\$ 7,468,387	\$ 7,929,080	\$ (644,923)	\$ 3,796,331	\$ 18,548,875

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

J. Special Trust Funds

Stabilization Fund

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

At June 30, 2016 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 1,334,810
Capital improvement stabilization fund	<u>493,282</u>
	<u><u>\$ 1,828,092</u></u>

4. OTHER INFORMATION

A. Risk Management

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

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

Southeastern Massachusetts Health Group

The Town, along with other government entities from the neighboring geographic area, is a member of the Southeastern Massachusetts Health Group (the Group), a public entity risk pool, currently operating as a common risk sharing management and health insurance program for eligible active and former employees of its members.

Payments in the form of insurance premiums, are made monthly to the Group. These payments are funded in part from the Town, recorded as expenditures in the general fund, and payroll withholdings from active employees, or direct payments from retired and certain eligible former employees. The Town pays 70% or 75% of the cost of the insurance for active employees. Retired and other past employees who may be eligible to participate in the plan must pay 25% and 30% of their premium costs.

The Town makes payments to the Group in the form of monthly premiums based upon actual employee enrollment. The Group makes payment, through a third party administrator for actual health claims incurred for the entire group. At the end of the Group's fiscal year, the Group's insurance consultant will determine if assets are sufficient to meet the anticipated needs of the ensuing year. It is anticipated that if claim liabilities exceed assets, premium rates will be adjusted prospectively to recover the necessary assets to meet claims.

Based upon the audited results of operations of the Group for the fiscal year ended June 30, 2016, the Town's insurance consultants have reported the Group has accumulated a surplus of \$4,147,601.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2016.

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.

C. Pension Plan

Plan Description

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

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2015. The Town's portion of the collective pension expense contributed by the Commonwealth of \$4,181,046 on-behalf payments for the fiscal year ending June 30, 2016 is reported as intergovernmental revenues and insurance and employee benefit expenditures in the General Fund as of the measurement date.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

Benefits Provided

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

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

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

Contributions

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2015 was \$2,201,176, representing 18.99% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

Pension Liability

As of June 30, 2016, the Town reported a liability of \$23,244,309 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2015, the Town's proportional percentage was 6.909%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2016, the Town recognized a pension expense of \$2,666,796 and reported deferred outflows of resources related to pensions of \$4,815,513 and deferred inflows of resources related to pensions of \$1,348,188, from the net difference between projected and actual investment earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or a change of assumptions as of December 31, 2015.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

The Town's net deferred outflows/(inflows) of resources related to pensions will be recognized in the pension expense as follows:

For years ended June 30,		
	2017	\$ 926,909
	2018	926,909
	2019	926,909
	2020	686,598
		\$ 3,467,325

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent, open group
Remaining amortization period	15 years
Asset valuation method	Actuarially valued using a five-year smoothing of asset returns greater than or less than the assumed rate of return.
Investment rate of return	7.75%
Projected salary increase	varies based upon years of service
Inflation	4.00%
Cost of living adjustments	3.00% of \$18,000 per year.
Mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Mortality Table with Scale MP-2014, fully generational. Healthy Retiree rates reflect Group 1 & 2 retirees are represented by the RP-2000 Mortality Table set forward five years for males and 3 years for females, fully generational. Group 4 retirees are represented by the RP-2000 Mortality Table set forward three years for males and six years for females, fully generational. For disabled retirees, Group 1 & 2 disabled retirees are represented by the RP-2000 Mortality Table set forward six years. Group 4 disabled retirees are represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2014.

Long-term Expected Rate of Return

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

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2015, are summarized in the following table:

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

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (0.55%). The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The discount rate was selected based on a projection of employer and employee contributions, benefit payments, expenses and long term expected rate of return on trust assets. Under Chapter 32 of the Massachusetts General Law, employers are required to make the necessary contributions to the trust such that the Plan reaches a full funding status by 2040.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Town's net pension liability	\$ 30,393,077	\$ 23,244,309	\$ 17,227,556

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

D. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2007, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

In addition to providing pension benefits, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 848 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2016 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,834,976.

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 required contribution	\$ 4,123,021
Interest on net OPEB obligation	662,852
Adjustment to annual required contribution	(994,899)
Amortization of actuarial (Gain)/Loss	<u>1,569,990</u>
Annual OPEB cost (expense)	5,360,964
Contributions made during the fiscal year	(1,764,976)
Contributions made to OPEB Trust	<u>(70,000)</u>
Increase in net OPEB obligation	3,525,988
Net OPEB Obligation - beginning of year	<u>18,938,622</u>
Net OPEB Obligation - end of year	<u><u>\$ 22,464,610</u></u>

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2016 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/16	\$ 5,360,964	34.2%	\$ 22,464,610
06/30/15	\$ 5,319,932	36.5%	\$ 18,938,622
06/30/14	\$ 5,074,895	38.3%	\$ 15,559,557

Funded Status and Funding Process

As of July 1, 2015, the most recent valuation date, the plan was 0.19% funded. The actuarial liability for benefits was \$59,970,409 and the actuarial value of assets was \$111,437, resulting in a total unfunded actuarial accrued liability (UAAL) of \$59,858,972. The covered payroll (annual payroll of active employees covered by the plan) was \$23,397,443 and the ratio of the UAAL to the covered payroll was 255.8%.

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

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

Actuarial Methods and Assumptions

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

The Town OPEB actuarial valuation used the individual entry age normal actuarial cost method. The OPEB liability is currently funded and the actuarial assumptions include a 3.50% rate of return on invested assets. The actuarial assumptions also include an expected payroll growth of 3.00% per annum and a general inflation of 2.75% per annum. Medical and drug cost trend is at an ultimate level of 5% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amortization. The remaining amortization period at July 1, 2016 is 21 years.

Trust Fund

The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2016 the trust balance is \$190,985.

TOWN OF NORTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

E. Implementation Of New GASB Pronouncements

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

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

F. Future GASB Pronouncements

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

The GASB issued Statement No. 77, *Tax Abatement Disclosures*, for implementation in fiscal year 2017.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NORTON, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Bristol County Retirement System
For the Year Ended June 30, 2016

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

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

	<u>12/31/15</u>	<u>12/31/14</u>
Town's proportion of the net pension liability (asset)	6.909%	7.113%
Town's proportionate share of the net pension liability (asset)	\$ 23,244,309	\$ 20,323,407
Town's covered employee payroll	\$ 11,589,091	\$ 10,091,715
Net pension liability percentage of covered-employee payroll	200.57%	201.39%
Plan fiduciary net position as a percentage of the total pension liability	62.95%	67.10%

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

TOWN OF NORTON, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Bristol County Retirement System
For the Year Ended June 30, 2016

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

Schedule of the Town's Contributions:

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarially determined contribution	\$ 2,201,176	\$ 2,084,055
Less: Contributions in relation to the actuarially determined contribution	<u>(2,201,176)</u>	<u>(2,084,055)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 11,589,091	\$ 10,091,715
Contributions percentage of covered-employee payroll	18.99%	20.65%

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

TOWN OF NORTON, MASSACHUSETTS
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan Schedule
Year Ended June 30, 2016

Schedule of Funding Progress

Other Post Employment Benefits						
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)
07/01/15	\$ 111,437	\$ 59,970,409	\$ 59,858,972	0.19%	\$ 23,397,443	255.8%
07/01/14	\$ 51,179	\$ 57,231,170	\$ 57,179,991	0.09%	\$ 27,927,301	204.7%
07/01/13	\$ 41,052	\$ 54,987,938	\$ 54,946,886	0.07%	\$ 27,113,884	202.7%

Schedule of Contribution Funding

Other Post Employment Benefits			
Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions Made	Percentage Contributed
2016	\$ 5,360,964	\$ 1,834,976	34.2%
2015	\$ 5,319,932	\$ 1,940,867	36.5%
2014	\$ 5,074,895	\$ 1,945,630	38.3%

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

Actuarial Methods:

Valuation date	July 1, 2015
Actuarial cost method	Individual Entry Age Normal Cost method
Amortization method	Level dollar amortization over 30 years

Actuarial Assumptions:

Investment rate of return	3.50% per year
Projected salary increases	3.00% per year
General inflation	2.75% per year
Medical/drug cost trend rate	5.00% ultimate trend rate per year

Plan Membership:

Current active members	469
Current retirees, beneficiaries and dependents	379
Total	848

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, 2016

	Fund Balances July 1, 2015	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2016
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 43,167	\$ 1,146,904	\$ 1,162,008	\$ -	\$ 28,063
Arts Lottery Council Grant	7,150	6,716	8,170	-	5,696
Council on Aging Grants	6,926	27,261	34,187	-	-
Extended Polling Hours	7,726	1,306	7,485	-	1,547
Highway Grants	26,219	266,337	266,324	-	26,232
Other Grants and Programs	1,558	18,132	18,132	-	1,558
Public Safety Grants	(23,121)	128,703	90,631	-	14,951
Schools:					
School Lunch Program	49,254	637,534	654,452	-	32,336
School Lunch Commodities	-	47,425	47,425	-	-
School Choice	64,700	174,750	73,313	-	166,137
Revolving Accounts	420,561	911,981	1,102,773	-	229,769
State Special Education Reimbursement	351,316	1,186,794	1,409,107	-	129,003
Other:					
Ambulance Fund	1,027,277	941,485	-	(498,664)	1,470,098
Bristol County Homeland Security Grants	565	-	-	-	565
Clean Energy Choice Grant	1,470	-	-	-	1,470
Compost Bin Recycling Bin Revolving	1,246	50	-	-	1,296
Conservation Outside Consultant Fees	11,241	41,677	25,005	-	27,913
Council on Aging Revolving	452	4,696	3,854	-	1,294
Dog Fund	113,016	24,708	-	(19,200)	118,524
Forestry Revolving	1,412	-	-	-	1,412
Gifts and Donations	299,208	184,189	170,383	48,480	361,494
Hazardous Materials Revolving	6,579	-	985	-	5,594
Insurance Reimbursement	23,071	7,001	12,965	-	17,107
Jackson Property Fees	32,819	3,380	-	-	36,199
Law Enforcement Fund	53,780	1,256	8,669	-	46,367
Parks and Recreation Revolving	9,639	27,427	30,929	-	6,137
Planning Board Review Fund	38,886	70,514	36,224	-	73,176
Special Revenue Funds Page 64	\$ 2,576,117	\$ 5,860,226	\$ 5,163,021	\$ (469,384)	\$ 2,803,938

TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Fund Balances July 1, 2015	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2016
Continued from Page 64	\$ 2,576,117	\$ 5,860,226	\$ 5,163,021	\$ (469,384)	\$ 2,803,938
Other (continued):					
Police Restitution	18	200	218	-	-
Premium on Sale of Bonds	208,923	-	-	(22,688)	186,235
Public Safety Outside Detail Funds	-	758,453	758,453	-	-
Recycling Revolving	10,000	3,872	3,133	-	10,739
Septic Program Funds	865,386	103,326	49,574	30,000	949,138
Wetlands Protection Fund	19,085	21,050	3,145	(8,000)	28,990
Zoning Board of Appeals Outside Consultant Fees	7,658	2,966	3,810	-	6,814
Conservation Fund	2,013	1	-	-	2,014
Sale of Pines Fund	18,519	9	-	-	18,528
War Memorial Fund	464	1	-	-	465
Total Special Revenue Funds	3,708,183	6,750,104	5,981,354	(470,072)	4,006,861
Capital Projects:					
Dam Improvements	-	-	299,785	-	(299,785)
Erickson Property Acquisition	(51,000)	-	-	-	(51,000)
High School Feasibility Study	9,635	-	-	-	9,635
High School Track Bleachers	9,106	-	-	-	9,106
Landfill Project	-	-	266,840	-	(266,840)
Norton Crossing Improvements	-	22,145	15,725	-	6,420
Other Projects	25,030	-	304,882	304,882	25,030
Other School Projects	121,543	-	100,890	-	20,653
School Air Conditioning and Ventilation	8,332	-	-	-	8,332
School Sewer Main	13,304	-	-	-	13,304
Town Hall Improvements	-	-	12,862	-	(12,862)
Water Shed plan	-	-	26,296	-	(26,296)
Total Capital Projects Fund	\$ 135,950	\$ 22,145	\$ 1,027,280	\$ 304,882	\$ (564,303)

TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Fund Balances July 1, 2015	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2016
Perpetual Permanent Funds:					
Cemetery Funds	\$ 249,600	\$ 3,600	\$ -	\$ -	\$ 253,200
Library Fund	2,000	-	-	-	2,000
Wetherell Athletic Fund	10,000	-	-	-	10,000
Total Perpetual Permanent Funds	261,600	3,600	-	-	265,200
Permanent Funds:					
Cemetery Funds	97,493	129	9,301	-	88,321
Library Fund	15	-	-	-	15
Wetherell Athletic Fund	232	5	-	-	237
Total Permanent Funds	97,740	134	9,301	-	88,573
Total - Non-Major Governmental Funds	\$ 4,203,473	\$ 6,775,983	\$ 7,017,935	\$ (165,190)	\$ 3,796,331

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
AND DEFERRED PROPERTY TAXES
JULY 1, 2015 TO JUNE 30, 2016**

	Uncollected Taxes July 1, 2015	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2016	Uncollected Taxes Per Detail June 30, 2016
Real Estate Taxes:						
Levy of 2016	\$ -	\$ 31,749,074	\$ 205,675	\$ 30,953,474	\$ 589,925	\$ 589,925
Levy of 2015	603,231	-	259,728	340,025	3,478	3,478
Levy of 2014	3,833	-	-	1,017	2,816	2,816
Levy of 2013	2,165	-	-	-	2,165	2,165
Prior Years	616	-	-	-	616	616
	<u>609,845</u>	<u>31,749,074</u>	<u>465,403</u>	<u>31,294,516</u>	<u>599,000</u>	<u>599,000</u>
Personal Property Taxes:						
Levy of 2016	-	806,890	1,645	789,271	15,974	15,974
Levy of 2015	18,559	-	756	4,540	13,263	13,263
Levy of 2014	15,416	-	13,268	-	2,148	2,148
Levy of 2013	16,290	-	13,764	480	2,046	2,046
Levy of 2012	12,981	-	11,152	41	1,788	1,788
Prior Years	35,796	-	29,748	2,923	3,125	3,125
	<u>99,042</u>	<u>806,890</u>	<u>70,333</u>	<u>797,255</u>	<u>38,344</u>	<u>38,344</u>
Total Real Estate and Personal Property Taxes	<u>\$ 708,887</u>	<u>\$ 32,555,964</u>	<u>\$ 535,736</u>	<u>\$ 32,091,771</u>	<u>\$ 637,344</u>	<u>\$ 637,344</u>
Deferred Property Taxes	<u>\$ 47,885</u>	<u>\$ 5,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,320</u>	<u>\$ 53,320</u>

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2015 TO JUNE 30, 2016**

	Uncollected Taxes July 1, 2015	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2016	Uncollected Taxes Per Detail June 30, 2016
Motor Vehicle Excise Taxes:						
Levy of 2016	\$ -	\$ 2,500,783	\$ 41,668	\$ 2,193,100	\$ 266,015	\$ 266,015
Levy of 2015	150,833	281,340	31,565	362,889	37,719	37,719
Levy of 2014	35,038	382	1,558	20,490	13,372	13,372
Levy of 2013	14,029	59	191	4,324	9,573	9,573
Levy of 2012	6,974	-	-	1,142	5,832	5,832
Prior Years	29,422	-	22,045	1,240	6,137	6,137
Total Motor Vehicle Excise Taxes	\$ 236,296	\$ 2,782,564	\$ 97,027	\$ 2,583,185	\$ 338,648	\$ 338,648

**TOWN OF NORTON, MASSACHUSETTS
SCHEDULE OF TAX LIENS AND TAXES IN LITIGATION
JULY 1, 2015 TO JUNE 30, 2016**

	Uncollected Accounts July 1, 2015	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2016	Uncollected Accounts Per Detail June 30, 2016
Tax Liens	\$ 671,757	\$ 292,150	\$ 19,742	\$ 330,136	\$ 614,029	\$ 595,263
Taxes in Litigation	\$ 1,092	\$ -	\$ -	\$ -	\$ 1,092	\$ 1,092