

**TOWN OF NORTON, MASSACHUSETTS**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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**TABLE OF CONTENTS**

	<u>Page</u>
<b>TABLE OF CONTENTS .....</b>	<b>2</b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>3-4</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	<b>5-14</b>
<b>BASIC FINANCIAL STATEMENTS .....</b>	<b>15</b>
Statement of Net Position .....	16
Statement of Activities .....	17
Balance Sheet - Governmental Funds .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities .....	21
Statement of Revenues and Expenditures – Budgetary Basis – (NON-GAAP) – Budget and Actual – General Fund .....	22
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis .....	23
Statement of Net Position – Proprietary Funds .....	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds .....	26
Statement of Fiduciary Net Position – Fiduciary Funds .....	27
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	28
<b>Notes to the Financial Statements .....</b>	<b>29-65</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION .....</b>	<b>66</b>
Pension Plan Schedules .....	67-68
Other Post Employment Benefit Plan Schedules .....	69-71
<b>SUPPLEMENTARY SCHEDULES .....</b>	<b>72</b>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds .....	73-75
Schedule of Real Estate and Personal Property Taxes and Deferred Property Taxes .....	76
Schedule of Motor Vehicle Excise Taxes .....	77
Schedule of Tax Liens and Taxes in Litigation .....	78

## **Independent Auditor's Report**

To the Honorable Select Board  
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, 2021, 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, 2021, 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 February 16, 2022, 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

February 16, 2022

## **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, 2021. 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 liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$2,044,854 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2,607,445, or a decrease of \$4,652,299 (178%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$30,745,110, an increase of \$2,189,678 (8%) in comparison with the prior year.
- The General Fund's total fund balance increased \$1,339,827 (11%) to \$13,207,977. The ending General fund balance is 18% of revenues and transfers in; and 18% of expenditures and transfers out.
- The total liabilities of the Town increased by \$9,457,995 (6%) to \$179,585,016 during the fiscal year. This was mainly attributed to net increases in unearned revenue of \$1,044,004, in the other post employment benefit (OPEB) liability of \$10,218,551 and in bonds and leases payable of \$1,904,486; and net decreases in bond anticipation notes payable of \$1,148,800 and in the pension liability of \$2,890,529.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$4,238,298. The key factors that attributed to the free cash amount for fiscal year 2021 were unexpended/unencumbered appropriations of \$1,940,700, excess over budget state and local receipts of \$1,248,200 and prior year free cash not appropriated of \$92,800.
- The Town's enterprise funds certified free cash are as follows:
  - Sewer fund      \$ 2,515,515.
  - Water fund      \$ 2,179,601.

### 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		
	2021	2020	Change
<b>Assets:</b>			
Current assets	\$ 37,590,607	\$ 34,237,389	\$ 3,353,218
Noncurrent assets (excluding capital assets)	311,264	385,374	(74,110)
Capital assets	68,387,313	68,915,263	(527,950)
<b>Total assets</b>	<b>106,289,184</b>	<b>103,538,026</b>	<b>2,751,158</b>
<b>Deferred Outflows of Resources</b>	<b>24,275,304</b>	<b>24,685,508</b>	<b>(410,204)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and leases)	3,643,518	2,209,696	1,433,822
Current debt including leases	3,502,297	3,125,346	376,951
Noncurrent liabilities (excluding debt and leases)	127,130,219	120,530,621	6,599,598
Noncurrent debt including leases	14,567,390	16,085,567	(1,518,177)
<b>Total liabilities</b>	<b>148,843,424</b>	<b>141,951,230</b>	<b>6,892,194</b>
<b>Deferred Inflows of Resources</b>	<b>4,227,698</b>	<b>2,897,840</b>	<b>1,329,858</b>
<b>Net Position:</b>			
Net investment in Capital assets	51,134,670	50,570,553	564,117
Restricted	16,493,317	15,193,428	1,299,889
Unrestricted	(90,134,621)	(82,389,517)	(7,745,104)
<b>Total net position</b>	<b>\$ (22,506,634)</b>	<b>\$ (16,625,536)</b>	<b>\$ (5,881,098)</b>

  

	Business-Type Activities		
	2021	2020	Change
<b>Assets:</b>			
Current assets	\$ 12,232,499	\$ 11,215,591	\$ 1,016,908
Capital assets	38,219,312	35,323,397	2,895,915
<b>Total assets</b>	<b>50,451,811</b>	<b>46,538,988</b>	<b>3,912,823</b>
<b>Deferred Outflows of Resources</b>	<b>1,010,209</b>	<b>983,962</b>	<b>26,247</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	446,262	419,685	26,577
Current debt	2,424,479	3,646,319	(1,221,840)
Noncurrent liabilities (excluding debt)	4,557,901	3,915,589	642,312
Noncurrent debt	23,312,950	20,194,198	3,118,752
<b>Total liabilities</b>	<b>30,741,592</b>	<b>28,175,791</b>	<b>2,565,801</b>
<b>Deferred Inflows of Resources</b>	<b>258,648</b>	<b>114,178</b>	<b>144,470</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	12,481,883	11,482,880	999,003
Restricted	3,331,840	2,673,502	658,338
Unrestricted	4,648,057	5,076,599	(428,542)
<b>Total net position</b>	<b>\$ 20,461,780</b>	<b>\$ 19,232,981</b>	<b>\$ 1,228,799</b>



## Statement of Activities Highlights

	Governmental Activities		
	2021	2020	Change
<b>Program Revenues:</b>			
Charges for services	\$ 5,134,795	\$ 5,018,098	\$ 116,697
Operating grants and contributions	28,323,221	25,495,647	2,827,574
Capital grants and contributions	638,887	4,040,739	(3,401,852)
<b>General Revenues:</b>			
Property taxes	40,998,718	39,071,540	1,927,178
Motor vehicle excise and other taxes	3,062,589	3,064,704	(2,115)
Hotel room occupancy and meals taxes	289,603	318,102	(28,499)
Penalties and interest on taxes	303,838	250,899	52,939
Nonrestricted grants	2,391,256	2,268,631	122,625
Unrestricted investment income	1,790,229	534,070	1,256,159
Miscellaneous	9,409	18,189	(8,780)
<b>Total revenues</b>	<b>82,942,545</b>	<b>80,080,619</b>	<b>2,861,926</b>
<b>Expenses:</b>			
General government	4,554,913	3,366,932	1,187,981
Public safety	11,089,800	11,078,797	11,003
Public works	2,141,484	1,830,930	310,554
Education	38,509,985	36,445,046	2,064,939
Health and human services	722,740	825,550	(102,810)
Culture and recreation	648,431	684,159	(35,728)
Employee benefits and insurance	29,143,975	28,304,787	839,188
State assessments	1,934,937	2,025,486	(90,549)
Interest	547,139	565,410	(18,271)
<b>Total expenses</b>	<b>89,293,404</b>	<b>85,127,097</b>	<b>4,166,307</b>
<b>Contributions to permanent funds</b>	<b>13,250</b>	<b>12,450</b>	<b>800</b>
<b>Transfers</b>	<b>456,511</b>	<b>416,503</b>	<b>40,008</b>
<b>Change in net position</b>	<b>(5,881,098)</b>	<b>(4,617,525)</b>	<b>(1,263,573)</b>
<b>Net position - beginning of year</b>	<b>(16,625,536)</b>	<b>(12,008,011)</b>	<b>(4,617,525)</b>
<b>Net position - end of year</b>	<b>\$ (22,506,634)</b>	<b>\$ (16,625,536)</b>	<b>(5,881,098)</b>

	Business-Type Activities		
	2021	2020	Change
<b>Program Revenues:</b>			
Charges for services	\$ 6,083,749	\$ 5,705,224	\$ 378,525
Operating grants and contributions	34,367	112,847	(78,480)
Capital grants and contributions	1,157,101	909,368	247,733
<b>Total revenues</b>	<b>7,275,217</b>	<b>6,727,439</b>	<b>547,778</b>
<b>Expenses:</b>			
Sewer	1,739,760	1,432,532	307,228
Water	3,850,147	2,739,013	1,111,134
<b>Total expenses</b>	<b>5,589,907</b>	<b>4,171,545</b>	<b>1,418,362</b>
<b>Transfers</b>	<b>(456,511)</b>	<b>(416,503)</b>	<b>(40,008)</b>
<b>Change in net position</b>	<b>1,228,799</b>	<b>2,139,391</b>	<b>(910,592)</b>
<b>Net position - beginning of year</b>	<b>19,232,981</b>	<b>17,093,590</b>	<b>2,139,391</b>
<b>Net position - end of year</b>	<b>\$ 20,461,780</b>	<b>\$ 19,232,981</b>	<b>\$ 1,228,799</b>

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,044,854 at the close of fiscal year 2021.

Net position of \$63,616,553 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, \$19,825,157, represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$85,486,564).

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 \$5,881,098 (35%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2021 was attributed to increases resulting from the changes in governmental funds of \$2,189,678, in the deferred outflows/(inflows) of resources related to OPEB of \$3,025,612, in the pension liability of \$3,248,854 and in debt and leases payable of \$1,310,909; and decreases as a result of recognizing the changes in the OPEB liability of \$9,964,053 and in the deferred outflows/(inflows) of resources related to pensions of \$4,765,674 as compared to the prior year.

There was an increase of \$1,228,799 (6%) in net position reported in connection with the sewer and water business-type activities. Of this, there was an increase of \$1,325,668 attributed to the sewer department and a decrease of \$96,869 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 \$30,745,110, an increase of \$2,189,678 (8%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance – \$311,100 (1%).
- Restricted fund balance – \$15,408,813 (50%).
- Committed fund balance – \$3,188,237 (11%).
- Assigned fund balance – \$5,283,015 (17%).
- Unassigned fund balance – \$6,553,945 (21%).

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a total fund balance of \$13,207,977, increasing \$1,339,827 (11%) from the prior year. Of the \$13,207,977, the unassigned amount is \$7,924,962 (60%) and the assigned amount is \$5,283,015 (40%). General fund revenues were \$3,971,500 (6%) more than the prior fiscal year and expenditures also increased by \$1,552,044 (2%). Other activity in the General Fund consisted of net transfers from other funds of \$1,420,724.

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 \$3,458,532 (9%) and in intergovernmental "on-behalf" payments of \$1,229,030 (15%); and a decrease in excise and other taxes of \$371,595 (11%).

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

- Decrease in Governmental expenditures of \$297,370 (10%).
- Decrease in Public safety expenditures of \$365,741 (4%).
- Increase in Education expenditures of \$83,181 (3%).
- Increase in Employee benefits and insurance of \$1,099,478 (6%).
- Increase in Debt service expenditures (principal and interest) of \$379,308 (18%).

The *Cyrus Hicks fund* is the accumulation of resources over many years and has a balance of \$10,282,378 at the end of the fiscal year increasing by \$1,527,908 (17%). This amount was attributed to interest of \$552,185, unrealized gain/(loss) of \$1,075,723 and transfers out to the general fund of \$100,000.

**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 \$7,635,975 used in the financing and operations of the Town's sewer system. The sewer fund shows an increase of \$1,325,668 (21%) in total operations. This change was mainly attributed to operating revenues exceeding operating expenses by \$310,634, interest income of \$9,796, intergovernmental income of \$1,157,101, interest expense of \$65,796 and net transfers out to the general fund of \$94,986. Operating revenues decreased by \$76,612 (4%) while operating expenses increased by \$300,271 (15%) from the prior year.

The *Water Fund* has accumulated a fund balance of \$12,825,805 used in the financing and operations of the Town's water system. The water fund shows a decrease of \$96,869 (1%) in total operations. This change resulted from operating revenues exceeding operating expenses by \$772,408, interest income of \$24,571, interest expense of \$503,133 and net transfers out to governmental funds of \$390,715. Operating revenues increased by \$455,137 (12%) and operating expenses also increased by \$1,061,619 (46%) from the prior year.

## General Fund Budgetary Highlights

The final general fund budget for fiscal year 2021 was \$68,322,497. This was an increase of \$551,777 (1%) over the previous year's budget.

There was an increase of \$1,346,727 between the original budget and the total final amended budget. The change is attributed to votes made at the Special Town Meetings in October 2020 and Mat 2021 for various budget operating line items.

General fund expenditures were less than budgeted by \$5,759,347. Of the \$5,759,347 in under budget expenditures, \$3,818,612 has been carried over to fiscal year 2022.

Overall, the variance with the final budget was a positive \$4,037,433 consisting of a revenue surplus of \$2,098,698 and an appropriation surplus of \$1,940,735.

## Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities amounts to \$68,387,313 and \$38,219,312, 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:

- Foreclosure properties for \$37,944.
- Rail Trail design and improvements for \$124,239.
- Police vehicle and equipment purchases for \$131,413.
- Fire Station improvements for \$51,854.
- Fire Department vehicle and equipment purchases for \$660,686.
- Highway vehicle purchase for \$240,000.
- Road improvements/infrastructure for \$856,329.
- School vehicle and equipment purchases for \$125,214.
- School Buildings' improvements for \$594,805.

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

In the Sewer Fund:

- Sewer infrastructure improvements for \$2,932,784.

In the Water Fund:

- Water vehicle purchase for \$33,672.
- Water infrastructure improvements for \$972,835.

**Debt Administration.** The Town's outstanding governmental long-term debt, as of June 30, 2021, totaled \$15,987,721, of which \$12,790,000 is for various school building renovations, \$340,000 is for various land acquisitions, \$300,000 is for sewer projects, \$370,000 for the water management projects, \$555,000 is for the building improvements, \$95,000 is for a rail trail project, \$635,000 is for Dam improvements, \$150,000 is for landfill capping, \$245,000 is for the watershed plan and \$507,721 is for the Title V septic loan projects.

The governmental activities currently have \$1,447,216 in bond anticipation notes outstanding for various projects.

The Town has capital governmental leases for financing the acquisition of highway and school vehicles and equipment. The last lease is due in 2024. The Town currently owes \$683,045 on these leases consisting of \$634,750 in principal and \$48,295 in interest.

The business-type funds outstanding long-term debt totaling \$24,887,429 consists of \$7,604,074 in sewer debt and \$17,283,355 which relates to water projects that are fully supported by the rates.

The Town also has \$850,000 in business-type temporary debt for a water project.

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

### **Next Year's Annual Town Meeting**

The Town of Norton operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2021 do not reflect the fiscal year 2022 Town Meeting action except for the fund balance free cash amount used to fund the 2022 budget.

The Annual Town Meeting on May 8, 2021 authorized a fiscal year 2022 operating and capital budget as follows:

From the tax levy		\$ 60,846,485
From sewer receipts	\$ 2,071,390	
From sewer retained earnings	<u>357,000</u>	2,428,390
From water receipts	4,330,589	
From water retained earnings	<u>534,837</u>	4,865,426
From Other Available Funds:		
<b>General Fund:</b>		
Unassigned fund balance:		
Free cash	1,464,403	
Continuing Appropriations	<u>350,000</u>	1,814,403
<b>Capital improvement stabilization fund</b>		656,818
<b>Cyrus Hicks fund</b>		200,000
<b>Non-major Governmental Funds:</b>		
Ambulance fund	769,129	
Dog fund	10,000	
Premium on Sale of Bonds	13,646	
Septic repair program funds	35,000	
Wetlands protection fund	<u>3,000</u>	830,775
		<u>\$ 71,642,297</u>

#### Requests for Information

This financial report is designed to provide a general overview of the Town of Norton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager or Town Accountant, 70 East Main Street, Norton, Massachusetts 02766.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF NORTON, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
CURRENT:			
Cash and Cash Equivalents	\$ 20,281,935	\$ 10,107,252	\$ 30,389,187
Investments	13,676,095	-	13,676,095
Receivables, net of allowance for uncollectibles:			
Property Taxes	701,303	-	701,303
Deferred Property Taxes	129,816	-	129,816
Tax Liens	548,373	-	548,373
Excise Taxes	524,011	-	524,011
User Charges	-	1,521,727	1,521,727
Departmental	415,403	-	415,403
Special Assessments	69,430	-	69,430
Due from Other Governments	1,244,241	603,520	1,847,761
Total current assets	37,590,607	12,232,499	49,823,106
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	262,418	-	262,418
Due from Other Governments	48,846	-	48,846
Capital Assets, net of accumulated Depreciation			
Nondepreciable	8,921,199	6,584,279	15,505,478
Depreciable	59,466,114	31,635,033	91,101,147
Total noncurrent assets	68,698,577	38,219,312	106,917,889
<b>Total Assets</b>	<b>106,289,184</b>	<b>50,451,811</b>	<b>156,740,995</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	8,116,222	651,949	8,768,171
Deferred Outflows Related to OPEB	16,159,082	358,260	16,517,342
<b>Total Deferred Outflows of Resources</b>	<b>24,275,304</b>	<b>1,010,209</b>	<b>25,285,513</b>
<b>LIABILITIES</b>			
CURRENT:			
Warrants and Accounts Payable	60,980	78,673	139,653
Accrued Payroll	692,032	57,468	749,500
Payroll Withholdings	400,085	-	400,085
Accrued Interest	78,412	220,645	299,057
Other	441,646	-	441,646
Unearned Revenue	1,044,004	-	1,044,004
Compensated Absences	926,359	89,476	1,015,835
Bond Anticipation Notes Payable	1,447,216	850,000	2,297,216
Bonds and Leases Payable	2,055,081	1,574,479	3,629,560
Total current liabilities	7,145,815	2,870,741	10,016,556
NONCURRENT:			
Compensated Absences	1,677,583	90,233	1,767,816
Net OPEB Liability	96,456,736	2,138,526	98,595,262
Net Pension Liability	28,995,900	2,329,142	31,325,042
Bonds and Leases Payable	14,567,390	23,312,950	37,880,340
Total noncurrent liabilities	141,697,609	27,870,851	169,568,460
<b>Total Liabilities</b>	<b>148,843,424</b>	<b>30,741,592</b>	<b>179,585,016</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	2,835,767	227,788	3,063,555
Deferred Inflows Related to OPEB	1,391,931	30,860	1,422,791
<b>Total Deferred Inflows of Resources</b>	<b>4,227,698</b>	<b>258,648</b>	<b>4,486,346</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	51,134,670	12,481,883	63,616,553
Restricted for:			
Capital Projects	888,260	3,331,840	4,220,100
Federal & State Grants	1,364,238	-	1,364,238
Permanent Funds:			
Expendable	121,702	-	121,702
Nonexpendable	311,100	-	311,100
Other Purposes	13,808,017	-	13,808,017
Unrestricted	(90,134,621)	4,648,057	(85,486,564)
<b>Total Net Position</b>	<b>\$ (22,506,634)</b>	<b>\$ 20,461,780</b>	<b>\$ (2,044,854)</b>

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, 2021**

	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
<b>Governmental Activities:</b>							
General Government	\$ 4,554,913	\$ 385,985	\$ 949,870	\$ -	\$ (3,219,058)	\$ -	\$ (3,219,058)
Public Safety	11,089,800	3,878,668	204,196	-	(7,006,936)	-	(7,006,936)
Public Works	2,141,484	57,377	43,232	595,267	(1,445,608)	-	(1,445,608)
Education	38,509,985	609,758	17,562,226	43,620	(20,294,381)	-	(20,294,381)
Health and Human Services	722,740	183,049	222,896	-	(316,795)	-	(316,795)
Culture and Recreation	648,431	19,958	45,629	-	(582,844)	-	(582,844)
Employee Benefits and Insurance	29,143,975	-	9,277,903	-	(19,866,072)	-	(19,866,072)
State Assessments	1,934,937	-	-	-	(1,934,937)	-	(1,934,937)
Interest	547,139	-	17,269	-	(529,870)	-	(529,870)
<b>Total Governmental Activities</b>	<b>89,293,404</b>	<b>5,134,795</b>	<b>28,323,221</b>	<b>638,887</b>	<b>(55,196,501)</b>	<b>-</b>	<b>(55,196,501)</b>
<b>Business-Type Activities:</b>							
Sewer	1,739,760	1,964,327	9,796	1,157,101	-	1,391,464	1,391,464
Water	3,850,147	4,119,422	24,571	-	-	293,846	293,846
<b>Total Primary Government</b>	<b>\$ 94,883,311</b>	<b>\$ 11,218,544</b>	<b>\$ 28,357,588</b>	<b>\$ 1,795,988</b>	<b>(55,196,501)</b>	<b>1,685,310</b>	<b>(53,511,191)</b>
<b>General Revenues:</b>							
Property Taxes					40,998,718	-	40,998,718
Motor vehicle and other taxes					3,062,589	-	3,062,589
Hotel room occupancy and meal taxes					289,603	-	289,603
Penalties & Interest on taxes					303,838	-	303,838
Grants & Contributions not restricted to specific programs					2,391,256	-	2,391,256
Unrestricted Investment Income					1,790,229	-	1,790,229
Miscellaneous					9,409	-	9,409
<b>Contributions to Permanent Funds</b>					13,250	-	13,250
<b>Transfers, net</b>					456,511	(456,511)	-
<b>Total General Revenues, Contributions and Transfers</b>					<b>49,315,403</b>	<b>(456,511)</b>	<b>48,858,892</b>
<b>Change in Net Position</b>					<b>(5,881,098)</b>	<b>1,228,799</b>	<b>(4,652,299)</b>
<b>Net Position:</b>							
Beginning of year (as restated)					(16,625,536)	19,232,981	2,607,445
End of year					<b>\$ (22,506,634)</b>	<b>\$ 20,461,780</b>	<b>\$ (2,044,854)</b>

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

**TOWN OF NORTON, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<b>General Fund</b>	<b>Cyrus Hicks Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 10,785,115	\$ -	\$ 9,496,820	\$ 20,281,935
Investments	3,393,717	10,282,378	-	13,676,095
Receivables, net of allowance for uncollectibles:				
Property Taxes	701,303	-	-	701,303
Deferred Property Taxes	129,816	-	-	129,816
Tax Liens	548,373	-	-	548,373
Excise Taxes	524,011	-	-	524,011
Departmental	-	-	415,403	415,403
Special Assessments	53,987	-	277,861	331,848
Due from Other Governments	130,549	-	1,060,176	1,190,725
<b>Total Assets</b>	<b>\$ 16,266,871</b>	<b>\$ 10,282,378</b>	<b>\$ 11,250,260</b>	<b>\$ 37,799,509</b>
<b>Liabilities:</b>				
Warrants and Accounts Payable	\$ 51,299	\$ -	\$ 9,681	\$ 60,980
Accrued Payroll	650,356	-	41,676	692,032
Payroll Withholdings	400,085	-	-	400,085
Other	5,015	-	436,631	441,646
Unearned Revenue	-	-	1,044,004	1,044,004
Bond Anticipation Notes Payable	-	-	1,447,216	1,447,216
<b>Total Liabilities</b>	<b>1,106,755</b>	<b>-</b>	<b>2,979,208</b>	<b>4,085,963</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	1,952,139	-	1,016,297	2,968,436
<b>Fund Balance:</b>				
Non-Spendable	-	-	311,100	311,100
Restricted	-	10,282,378	5,126,435	15,408,813
Committed	-	-	3,188,237	3,188,237
Assigned	5,283,015	-	-	5,283,015
Unassigned	7,924,962	-	(1,371,017)	6,553,945
<b>Total Fund Balance</b>	<b>13,207,977</b>	<b>10,282,378</b>	<b>7,254,755</b>	<b>30,745,110</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 16,266,871</b>	<b>\$ 10,282,378</b>	<b>\$ 11,250,260</b>	<b>\$ 37,799,509</b>

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, 2021**

	General Fund	Cyrus Hicks Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 41,685,710	\$ -	\$ -	\$ 41,685,710
Intergovernmental	15,515,862	-	6,409,849	21,925,711
Excise and Other Taxes	3,114,418	-	-	3,114,418
Charges for Services	-	-	3,431,897	3,431,897
Licenses, Permits, Fees	1,700,104	-	-	1,700,104
Interest and Penalties on Taxes	303,838	-	-	303,838
Investment Income	162,321	1,627,908	1,415	1,791,644
Gifts and Donations	-	-	101,087	101,087
Other	-	-	74,218	74,218
Intergovernmental - "On-behalf" Payments	9,331,496	-	-	9,331,496
<b>Total Revenues</b>	<b>71,813,749</b>	<b>1,627,908</b>	<b>10,018,466</b>	<b>83,460,123</b>
<b>Expenditures:</b>				
Current:				
General Government	2,632,171	-	1,932,948	4,565,119
Public Safety	9,535,819	-	1,979,385	11,515,204
Public Works	1,314,230	-	1,355,906	2,670,136
Education	32,217,141	-	5,264,887	37,482,028
Health and Human Services	552,888	-	137,820	690,708
Culture and Recreation	542,775	-	50,877	593,652
Employee Benefits and Insurance	20,688,714	-	-	20,688,714
State Assessments	1,934,937	-	-	1,934,937
Debt Service:				
Principal	1,915,523	-	-	1,915,523
Interest	560,448	-	-	560,448
<b>Total Expenditures</b>	<b>71,894,646</b>	<b>-</b>	<b>10,721,823</b>	<b>82,616,469</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(80,897)</b>	<b>1,627,908</b>	<b>(703,357)</b>	<b>843,654</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	1,741,326	-	1,079	1,742,405
Operating Transfers Out	(320,602)	(100,000)	(865,292)	(1,285,894)
Capital Lease	-	-	760,651	760,651
Proceeds from Bonds and Notes	-	-	128,862	128,862
<b>Total Other Financing Sources (Uses)</b>	<b>1,420,724</b>	<b>(100,000)</b>	<b>25,300</b>	<b>1,346,024</b>
<b>Net Change in Fund Balances</b>	<b>1,339,827</b>	<b>1,527,908</b>	<b>(678,057)</b>	<b>2,189,678</b>
<b>Fund Balances, Beginning of Year (as restated)</b>	<b>11,868,150</b>	<b>8,754,470</b>	<b>7,932,812</b>	<b>28,555,432</b>
<b>Fund Balances, End of Year</b>	<b>\$ 13,207,977</b>	<b>\$ 10,282,378</b>	<b>\$ 7,254,755</b>	<b>\$ 30,745,110</b>

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, 2021**

<b>Total Governmental Fund Balances</b>		\$ 30,745,110
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		68,387,313
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		3,070,798
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		20,047,606
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	\$ (16,622,471)	
Net Other Post Employment Benefits Liability	(96,456,736)	
Net Pension Liability	(28,995,900)	
Compensated Absences	(2,603,942)	(144,679,049)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		(78,412)
<b>Net Position of Governmental Activities</b>		<u><u>\$ (22,506,634)</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, 2021**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>2,189,678</b>
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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	\$ 2,822,485	
Depreciation	<u>(3,350,435)</u>	(527,950)

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.

(504,328)

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	2,200,422	
Capital Lease Financing	(760,651)	
Proceeds from Bonds and Notes	<u>(128,862)</u>	1,310,909

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	92,545	
Net Change in Net Other Post Employment Benefits Liability	(9,964,053)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	3,025,612	
Net Change in Net Pension Liability	3,248,854	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(4,765,674)	
Net Change in Accrued Interest on Long-Term Debt	<u>13,309</u>	<u>(8,349,407)</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(5,881,098)</u></b>
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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, 2021**

	Budgeted Amounts					
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget	Actual Budgetary Basis	Amounts Carried Forward to Next year	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 40,922,080	\$ 40,922,080	\$ 41,770,610	\$ -	\$ 848,530
Intergovernmental	-	15,513,653	15,513,653	15,515,862	-	2,209
Excise and Other Taxes	-	2,682,920	2,682,920	3,114,418	-	431,498
Licenses, Permits, Fees	-	941,773	941,773	1,700,104	-	758,331
Interest and Penalties on Taxes	-	250,000	250,000	303,838	-	53,838
Interest on Investments	-	85,000	85,000	87,292	-	2,292
<b>Total Revenues</b>	-	60,395,426	60,395,426	62,492,124	-	2,096,698
<b>Expenditures:</b>						
Current:						
General Government	2,329,914	2,819,653	5,402,754	2,632,171	2,563,096	207,487
Public Safety	456,714	9,364,964	10,168,207	9,535,819	138,452	493,936
Public Works	126,457	1,191,200	1,477,807	1,314,230	163,168	409
Education	344,675	32,227,060	32,984,106	32,217,141	686,833	80,132
Health and Human Services	55,368	636,322	708,744	552,888	63,326	92,530
Culture and Recreation	513	546,447	547,318	542,775	632	3,911
Employee Benefits and Insurance	280,487	12,199,924	12,637,489	11,420,712	203,105	1,013,672
State Assessments	-	1,965,074	1,965,074	1,934,937	-	30,137
Debt Service:						
Principal	-	1,869,481	1,869,481	1,869,480	-	1
Interest	-	561,517	561,517	542,997	-	18,520
<b>Total Expenditures</b>	3,594,128	63,381,642	68,322,497	62,563,150	3,818,612	1,940,735
<b>Excess of Revenues Over (Under) Expenditures</b>	(3,594,128)	(2,986,216)	(7,927,071)	(71,026)	(3,818,612)	4,037,433
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	2,204,671	2,522,604	2,589,576	-	66,972
Operating Transfers Out	-	(29,190)	(320,602)	(320,602)	-	-
<b>Total Other Financing Sources (Uses)</b>	-	2,175,481	2,202,002	2,268,974	-	66,972
<b>Net Change in Budgetary Fund Balance</b>	(3,594,128)	(810,735)	(5,725,069)	\$ 2,197,948	\$ (3,818,612)	\$ 4,104,405
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	810,735	2,130,941			
Prior Year Encumbrances	3,594,128	-	3,594,128			
<b>Total Other Budgetary Items</b>	3,594,128	810,735	5,725,069			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

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, 2021**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 62,492,124	\$ 62,563,150
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	75,029	-
Net Increase in Revenue from recording Refund Taxes Payable	50,100	-
Recognition of Intergovernmental Revenue - "on behalf payments"	9,331,496	-
Recognition of Expenditures - "on behalf payments"	-	9,331,496
Net Decrease in Revenue from Recording 60-Day Receipts	(135,000)	-
<b>Reported on a GAAP Basis</b>	<b>\$ 71,813,749</b>	<b>\$ 71,894,646</b>

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, 2021**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>ASSETS</b>			
CURRENT:			
Cash and Cash Equivalents	\$ 3,304,590	\$ 6,802,662	\$ 10,107,252
User Charges, net of allowance for uncollectibles	384,300	1,137,427	1,521,727
Due from Other Governments	603,520	-	603,520
Total current assets	4,292,410	7,940,089	12,232,499
NONCURRENT:			
Capital Assets, net of accumulated depreciation:			
Nondepreciable	6,235,353	348,926	6,584,279
Depreciable	5,226,508	26,408,525	31,635,033
Total noncurrent assets	11,461,861	26,757,451	38,219,312
<b>Total Assets</b>	<b>15,754,271</b>	<b>34,697,540</b>	<b>50,451,811</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	75,161	576,788	651,949
Deferred Outflows Related to OPEB	37,208	321,052	358,260
<b>Total Deferred Outflows of Resources</b>	<b>112,369</b>	<b>897,840</b>	<b>1,010,209</b>
<b>LIABILITIES</b>			
CURRENT:			
Accounts Payable	19,669	59,004	78,673
Accrued Payroll	8,228	49,240	57,468
Accrued Interest	40,285	180,360	220,645
Compensated Absences	18,675	70,801	89,476
Bond Anticipation Notes Payable	-	850,000	850,000
Bonds Payable	368,779	1,205,700	1,574,479
Total current liabilities	455,636	2,415,105	2,870,741
NONCURRENT:			
Compensated Absences	19,647	70,586	90,233
Net OPEB Liability	222,103	1,916,423	2,138,526
Net Pension Liability	268,518	2,060,624	2,329,142
Bonds Payable	7,235,295	16,077,655	23,312,950
Total noncurrent liabilities	7,745,563	20,125,288	27,870,851
<b>Total Liabilities</b>	<b>8,201,199</b>	<b>22,540,393</b>	<b>30,741,592</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	26,261	201,527	227,788
Deferred Inflows Related to OPEB	3,205	27,655	30,860
<b>Total Deferred Inflows of Resources</b>	<b>29,466</b>	<b>229,182</b>	<b>258,648</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,857,787	8,624,096	12,481,883
Restricted for Capital	795,845	2,535,995	3,331,840
Unrestricted	2,982,343	1,665,714	4,648,057
<b>Total Net Position</b>	<b>\$ 7,635,975</b>	<b>\$ 12,825,805</b>	<b>\$ 20,461,780</b>

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, 2021**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,956,076	\$ 3,728,157	\$ 5,684,233
Other	8,251	391,265	399,516
<b>Total Operating Revenues</b>	<b>1,964,327</b>	<b>4,119,422</b>	<b>6,083,749</b>
<b>Operating Expenses:</b>			
Salaries & Wages	174,151	1,065,177	1,239,328
Operating Expenses	1,193,153	1,524,850	2,718,003
Depreciation	286,389	756,987	1,043,376
<b>Total Operating Expenses</b>	<b>1,653,693</b>	<b>3,347,014</b>	<b>5,000,707</b>
<b>Operating Income (Loss)</b>	<b>310,634</b>	<b>772,408</b>	<b>1,083,042</b>
<b>Non-Operating Revenues (Expenses):</b>			
Investment Income	9,796	24,571	34,367
Intergovernmental	1,157,101	-	1,157,101
Interest Expense	(86,067)	(503,133)	(589,200)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,080,830</b>	<b>(478,562)</b>	<b>602,268</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>1,391,464</b>	<b>293,846</b>	<b>1,685,310</b>
<b>Operating Transfers:</b>			
Transfer In	29,190	-	29,190
Transfers (Out)	(94,986)	(390,715)	(485,701)
<b>Total Operating Transfers</b>	<b>(65,796)</b>	<b>(390,715)</b>	<b>(456,511)</b>
<b>Change in Net Position</b>	<b>1,325,668</b>	<b>(96,869)</b>	<b>1,228,799</b>
<b>Net Position at Beginning of Year</b>	<b>6,310,307</b>	<b>12,922,674</b>	<b>19,232,981</b>
<b>Net Position at End of Year</b>	<b>\$ 7,635,975</b>	<b>\$ 12,825,805</b>	<b>\$ 20,461,780</b>

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, 2021**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 1,953,132	\$ 3,561,184	\$ 5,514,316
Receipts from Other Revenues	8,251	391,265	399,516
Payments to Vendors	(1,136,453)	(838,970)	(1,975,423)
Payments to Employees	(158,214)	(1,035,181)	(1,193,395)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>666,716</b>	<b>2,078,298</b>	<b>2,745,014</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) Other Funds	(65,796)	(390,715)	(456,511)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(65,796)</b>	<b>(390,715)</b>	<b>(456,511)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Capital Assets	(2,932,784)	(1,006,507)	(3,939,291)
Proceeds from the Issuance of Bonds and Notes	-	850,000	850,000
WPAT Project Drawdowns	2,027,997	256,138	2,284,135
Intergovernmental	1,050,332	-	1,050,332
Principal Payments on Bonds and Notes	(176,191)	(1,301,645)	(1,477,836)
Interest Expense	(72,209)	(518,392)	(590,601)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(102,855)</b>	<b>(1,720,406)</b>	<b>(1,823,261)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment Income	9,796	24,571	34,367
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>9,796</b>	<b>24,571</b>	<b>34,367</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>507,861</b>	<b>(8,252)</b>	<b>499,609</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>2,796,729</b>	<b>6,810,914</b>	<b>9,607,643</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,304,590</b>	<b>\$ 6,802,662</b>	<b>\$ 10,107,252</b>

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

<b>Operating Income (Loss)</b>	<b>\$ 310,634</b>	<b>\$ 772,408</b>	<b>\$ 1,083,042</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	286,389	756,987	1,043,376
Deferred (Outflows)/Inflows of Resources Related to Pensions	38,513	151,351	189,864
Deferred (Outflows)/Inflows of Resources Related to OPEB	(8,870)	(62,771)	(71,641)
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	2,147	9,387	11,534
Increase (Decrease) in Accrued Payroll	2,879	4,205	7,084
Increase (Decrease) in Compensated Absences	13,058	25,791	38,849
Increase (Decrease) in Net OPEB Liability	36,960	217,538	254,498
Increase (Decrease) in Net Pension Liability	(12,050)	370,375	358,325
Decrease (Increase) in User Charges Receivable	(2,944)	(166,973)	(169,917)
<b>Total Adjustments</b>	<b>356,082</b>	<b>1,305,890</b>	<b>1,661,972</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 666,716</b>	<b>\$ 2,078,298</b>	<b>\$ 2,745,014</b>

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, 2021**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ -	\$ 118,426
Investments	895,302	-
<b>Total Assets</b>	<b>895,302</b>	<b>118,426</b>
<b>NET POSITION:</b>		
Restricted for Other Postemployment Benefits	895,302	-
Held in Trust for Other Purposes	-	118,426
<b>Total Net Position</b>	<b>\$ 895,302</b>	<b>\$ 118,426</b>

**TOWN OF NORTON, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Contributions:		
Employer	\$ 2,719,273	\$ -
Private Donations	-	7,650
Investment Income	172,283	272
<b>Total Additions</b>	<b>2,891,556</b>	<b>7,922</b>
<b>Deductions:</b>		
Educational Scholarships	-	41,900
Insurance and Employee Benefits	2,619,273	-
<b>Total Deductions</b>	<b>2,619,273</b>	<b>41,900</b>
<b>Change in Net Position</b>	<b>272,283</b>	<b>(33,978)</b>
<b>Net Position at Beginning of Year</b>	<b>623,019</b>	<b>152,404</b>
<b>Net Position at End of Year</b>	<b>\$ 895,302</b>	<b>\$ 118,426</b>

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, 2021**

**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 Select Board.

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 2021, 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 and/or committee members of the Norton Housing Authority and the Southeastern Regional Vocational Technical School District. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board and/or committee members. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are 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.

**Southeastern Regional Vocational Technical School District** – A regional school district made up of ten communities to serve and provide a learning environment in specific career areas. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of operating and capital costs. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects one school committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**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.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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.

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.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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.

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 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.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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.

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.

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**

The Town maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.



**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

**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, 2020 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2021 on June 29, 2020, that were due on August 3, 2020 and November 2, 2020 and actual bills on December 30, 2020 that were due on February 1, 2021 and May 3, 2021.

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 2021 is as follows;

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2021	\$ 40,225,841
Add: Debt Exclusion	<u>1,012,711</u>
Maximum Allowable Levy	<u><u>\$ 41,238,552</u></u>

The total amount raised by taxation was \$41,222,080.

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

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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 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.

**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 septic Title V 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.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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:

<b>Capital Asset Type</b>	<b>Years</b>
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 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 items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

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 items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

##### **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; departmental revenue, special

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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.

“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.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

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

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

**K. Long-term Debt**

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

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

**L. Compensated Absences**

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

**M. Pension Benefits**

For purposes of measuring the net pension 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.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**P. Total Column**

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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

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

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 2021, the Town incurred a final budget deficit of \$5,725,069 for the General Fund.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

Unassigned fund balance:	
Free cash votes	\$ 2,130,941
Prior year's encumbrances	<u>3,594,128</u>
	<u><u>\$ 5,725,069</u></u>

**B. Deficit Fund Balances**

The following funds have deficits at June 30, 2021 as measured by the balance of unreserved fund balance.

- The *Camp Edith Read property acquisition* capital project fund has a deficit of \$108,872. The Town has an outstanding bond anticipation note for \$108,872. The deficit will be eliminated upon the issuance of permanent debt.
- The *LED street lights* capital project fund has a deficit of \$227,212. The Town has an outstanding bond anticipation note for \$299,300. The deficit will be eliminated upon the issuance of permanent debt.
- The *School windows and doors* capital project fund has a deficit of \$326,785. The Town has an outstanding bond anticipation note for \$600,000. The deficit will be eliminated upon the issuance of permanent debt.
- The Emergency management (Covid-19) grant special revenue funds have deficits totaling of \$501,625. These deficits will be eliminated upon additional receipts or appropriation.
- The *Massachusetts Clean Water Trust septic loan program* special revenue fund has a deficit of \$206,523. The Town has an outstanding bond anticipation note for \$214,044. The deficit will be eliminated upon the issuance of permanent debt or appropriation.

**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, 2021 were \$30,602,530. Of these, \$235,369 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.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. MMDT's fair value is measured at amortized cost.

As of June 30, 2021, 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
Debt Securities:				
U. S. treasury obligations	\$ 280,152	\$ 70,072	\$ 210,080	\$ -
U. S. government agencies	511,787	-	412,441	99,346
Corporate bonds	3,077,932	335,642	2,274,316	467,974
Money market mutual fund	128,744	128,744	-	-
	3,998,615	\$ 534,458	\$ 2,896,837	\$ 567,320
Other Investments:				
Certificate of deposits	209,991			
Equity securities - domestic (stocks)	8,480,015			
Fixed Income	728,773			
MMDT	1,154,003			
	<u>\$ 14,571,397</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 \$14,571,397 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

### Interest Rate Risk

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



**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2021 is as follows:

Related Debt Instruments	Fair Value
<b>Moody's Quality Ratings</b>	
<b><i>U. S. Treasury Obligations:</i></b>	
Aaa	\$ 280,152
<b><i>U. S. Government Agencies:</i></b>	
Aaa	511,787
<b><i>Corporate Bonds:</i></b>	
A1	86,102
A2	1,077,195
A3	223,759
Baa1	939,982
Baa2	331,678
Not rated	419,216
<b><i>Money Market Mutual Funds:</i></b>	
Not rated	128,744
	<u>\$ 3,998,615</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.

**Fair Value of Investments**

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The Town has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 280,152	\$ 280,152	\$ -	\$ -
U. S. government agencies	511,787	511,787	-	-
Certificates of deposit	209,991	209,991	-	-
Equity securities - domestic	8,480,015	8,480,015	-	-
Fixed Income	728,773	728,773	-	-
Money market mutual fund	128,744	128,744	-	-
Corporate bonds	3,077,932	-	3,077,932	-
	13,417,394	\$ 10,339,462	\$ 3,077,932	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	1,154,003			
Total Investments	\$ 14,571,397			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**B. Receivables**

At June 30, 2021, 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
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 707,103	\$ (5,800)	\$ 701,303
Deferred property taxes	129,816	-	129,816
Tax liens	548,373	-	548,373
Taxes in litigation	1,092	(1,092)	-
Excise taxes	584,155	(60,144)	524,011
Departmental	1,376,707	(961,304)	415,403
Special assessments	331,848	-	331,848
Due from other governments	1,190,725	-	1,190,725
	\$ 4,869,819	\$ (1,028,340)	\$ 3,841,479

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

At June 30, 2021, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Sewer Fund:</b>			
Sewer user charges	\$ 384,800	\$ (500)	\$ 384,300
Due from other governments	603,520	-	603,520
<b>Water Fund:</b>			
Water user charges	1,138,427	(1,000)	1,137,427
	<u>\$ 2,126,747</u>	<u>\$ (1,500)</u>	<u>\$ 2,125,247</u>

The composition of amounts due from other governments as of June 30, 2021 for governmental funds and the business-type activities are as follows:

**Governmental Funds:**

**General Fund:**

**Commonwealth of Massachusetts:**

Department of Veterans Services:

Veterans benefits \$ 130,549

**Nonmajor Governmental Funds:**

**U. S. Department of Agriculture:**

School lunch \$ 72,552

**U. S. Department of Education:**

School title grants 111,495

**U. S. Department of Homeland Security**

Staffing for Adequate Fire and Emergency

Response (SAFER) grant 64,455

**Commonwealth of Massachusetts:**

Department of Elementary and Secondary Education:

School Lunch 943

Department of Fire Services:

Fire equipment grant 14,932

Department of Revenue:

School Choice 91,195

Executive Office of Public Safety & Homeland Security

Public Safety Grants 30,000

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects 674,604

\$ 1,190,725

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 \$ 102,362

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The composition of amounts due from other governments as of June 30, 2021 for business-type funds is as follows:

**Business-type Funds:**

**Massachusetts Clean Water Trust:**

Water Treatment Plant - DW-14-10	\$	<u>603,520</u>
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**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 are as follows:

**General Fund:**

Property taxes	\$	565,403	
Deferred property taxes		129,816	
Tax liens		548,373	
Excise taxes		524,011	
Special assessments		53,987	
Due from other governments		<u>130,549</u>	\$ 1,952,139

**Nonmajor Governmental Funds:**

Departmental		305,475	
Special assessments		277,861	
Due from other governments		<u>432,961</u>	1,016,297
		<u>\$</u>	<u>2,968,436</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2021, is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 8,883,255	\$ 37,944	\$ -	\$ 8,921,199
Construction in Progress	7,852,943	508,205	(8,361,148)	-
Total capital assets not being depreciated	16,736,198	546,149	(8,361,148)	8,921,199
Capital assets being depreciated:				
Buildings and Renovations	79,032,434	8,499,602	-	87,532,036
Machinery, equipment and other	9,862,305	1,157,314	(617,903)	10,401,716
Infrastructure	15,201,402	980,568	-	16,181,970
Total capital assets being depreciated	104,096,141	10,637,484	(617,903)	114,115,722
Less accumulated depreciation for:				
Buildings and Renovations	37,664,071	1,953,271	-	39,617,342
Machinery, equipment and other	7,881,511	701,386	(617,903)	7,964,994
Infrastructure	6,371,494	695,778	-	7,067,272
Total accumulated depreciation	51,917,076	3,350,435	(617,903)	54,649,608
Total capital assets being depreciated, net	52,179,065	7,287,049	-	59,466,114
Total governmental activities capital assets, net	\$ 68,915,263	\$ 7,833,198	\$ (8,361,148)	\$ 68,387,313

  

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 348,926	\$ -	\$ -	\$ 348,926
Construction in progress	15,116,478	3,905,619	(12,786,744)	6,235,353
Total capital assets not being depreciated	15,465,404	3,905,619	(12,786,744)	6,584,279
Capital assets being depreciated:				
Buildings and improvements	454,794	-	-	454,794
Machinery, equipment and other	1,390,701	33,672	-	1,424,373
Infrastructure	33,014,173	12,786,744	-	45,800,917
Total capital assets being depreciated	34,859,668	12,820,416	-	47,680,084
Less accumulated depreciation for:				
Buildings and improvements	187,679	20,587	-	208,266
Machinery, equipment and other	1,086,199	80,884	-	1,167,083
Infrastructure	13,727,797	941,905	-	14,669,702
Total accumulated depreciation	15,001,675	1,043,376	-	16,045,051
Total capital assets being depreciated, net	19,857,993	11,777,040	-	31,635,033
Total business-type activities capital assets, net	\$ 35,323,397	\$ 15,682,659	\$ (12,786,744)	\$ 38,219,312

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

**Governmental Activities:**

General government	\$ 120,468
Public safety	591,222
Public works	747,617
Education	1,809,103
Health and human services	26,684
Culture and recreation	55,341
Total depreciation expense - governmental activities	<u>\$ 3,350,435</u>

**Business-Type Activities:**

Sewer fund	\$ 286,389
Water fund	756,987
Total depreciation expense - business-type activities	<u>\$ 1,043,376</u>

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2021, are summarized as follows:

Transfers Out:	Transfers In:			
	General fund	Nonmajor governmental funds	Business-type funds	Total
General fund	\$ 290,333	\$ 1,079	\$ 29,190	\$ 320,602
Cyrus Hicks fund	100,000	-	-	100,000
Nonmajor governmental funds	865,292	-	-	865,292
Business-type activities	485,701	-	-	485,701
Total transfers out	<u>\$ 1,741,326</u>	<u>\$ 1,079</u>	<u>\$ 29,190</u>	<u>\$ 1,771,595</u>

**F. Leases**

The Town has entered into lease agreements as lessee for financing highway vehicles and equipment and school vehicles. 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 2021, acquired through the capital leases are as follows:

	<b>Governmental Activities</b>
<b>Asset:</b>	
Machinery, Equipment and Other	\$ 1,341,274
Less: Accumulated Depreciation	(258,196)
Total	<u>\$ 1,083,078</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, are as follows:

Year Ending June 30,	Governmental Activities
2022	\$ 304,687
2023	271,958
2024	53,200
2025	53,200
Total minimum lease payments	683,045
Less: amount representing interest	(48,295)
Present value of minimum lease payments	<u>\$ 634,750</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, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
<b>Bond Anticipation Notes:</b>						
Camp Edith Read property acquisition	1.74%	10/16/2020	\$ 163,308	\$ -	\$ 163,308	\$ -
LED Street Lights	1.72%	12/23/2020	373,726	-	373,726	-
School windows and doors	1.08%	6/18/2021	600,000	-	600,000	-
Camp Edith Read property acquisition	0.58%	10/15/2021	-	108,872	-	108,872
LED Street Lights	0.54%	12/15/2021	-	299,300	-	299,300
School windows and doors	0.33%	6/17/2022	-	600,000	-	600,000
Watershed Improvements	0.33%	6/17/2022	-	225,000	-	225,000
Septic program interim loan	0.00%	3/21/2022	140,499	73,545	-	214,044
Total Governmental Activities			<u>\$ 1,277,533</u>	<u>\$ 1,306,717</u>	<u>\$ 1,137,034</u>	<u>\$ 1,447,216</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
<b>Bond Anticipation Notes:</b>						
<b>Sewer:</b>						
Sewer pumps - CWP-18-43 Interim Loan	0.00%	9/3/2022	\$ 2,168,483	\$ 2,027,997	\$ 4,196,480	\$ -
<b>Water:</b>						
Well Replacement	0.33%	6/17/2022	-	850,000	-	850,000
Total Business-Type Activities			\$ 2,168,483	\$ 2,877,997	\$ 4,196,480	\$ 850,000

## H. Long Term Debt

### General Obligation Bonds

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



**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2021</b>
<b>Inside Debt:</b>					
Land acquisition-Slattery property	3.66%	11/1/2004	11/1/2022	\$ 400,000	\$ 40,000
School building renovations	3.75%	11/1/2004	11/1/2023	2,100,000	330,000
Land acquisition	3.96%	10/1/2007	10/1/2022	500,000	60,000
Land Acquisition - Newcomb	2.81%	5/15/2014	11/15/2028	475,000	240,000
School HVAC Repairs	2.81%	5/15/2014	5/5/2026	120,000	50,000
School Roof	2.81%	5/15/2014	5/15/2029	548,370	280,000
School Technology - Hardware	2.81%	5/15/2014	5/15/2023	348,750	70,000
Rail Trail project	2.45%	12/15/2016	12/15/2021	480,000	95,000
Watershed planning	2.45%	12/15/2016	12/15/2028	510,000	330,000
Town Hall repairs	2.45%	12/15/2016	12/15/2026	350,000	210,000
Library Building Remodeling	2.05%	10/15/2019	10/15/2029	385,000	345,000
School Engineering Services	2.05%	10/15/2019	10/15/2028	180,000	160,000
Watershed Plan	2.05%	10/15/2019	10/15/2032	270,000	245,000
<b>Massachusetts Clean Water Trust:</b>					
Lake Winnecunnet sewer project	N/A	11/26/2002	8/1/2022	2,375,687	300,000
Water resource management	N/A	11/26/2002	8/1/2022	334,237	40,000
<b>Total Inside Debt</b>					<u>2,795,000</u>
<b>Outside Debt:</b>					
High school renovations	2.82%	11/15/2011	2/15/2031	6,550,000	3,580,000
High school track/bleachers	2.38%	11/15/2011	2/15/2025	650,000	210,000
School construction	2.81%	5/15/2014	5/15/2034	6,500,000	4,225,000
High school renovations	2.45%	12/15/2016	12/15/2031	650,000	470,000
Dam improvements	2.45%	12/15/2016	12/15/2031	878,000	635,000
Landfill capping	2.45%	12/15/2016	12/15/2026	267,000	150,000
School construction	2.05%	10/15/2019	10/15/2039	3,595,000	3,415,000
<b>Massachusetts Clean Water Trust:</b>					
Title V Septic Loans - Round 3	N/A	8/1/2004	8/1/2023	236,799	35,844
Title V Septic Loans - Round 4	N/A	12/14/2006	7/15/2026	146,244	43,876
Title V Septic Loans - Round 5	N/A	11/15/2006	8/1/2024	184,207	40,360
Title V Septic Loans - Round 6	N/A	11/22/2010	7/15/2029	200,000	94,740
Title V Septic Loans - Round 7	N/A	11/22/2010	7/15/2029	201,502	95,452
Title V Septic Loans - Round 8	N/A	5/22/2013	1/15/2033	165,000	99,000
Title V Septic Loans - Round 9	N/A	1/7/2015	1/15/2035	33,498	23,449
Title V Septic Loans - Round 10	N/A	2/11/2016	1/15/2036	100,000	75,000
<b>Total Outside Debt</b>					<u>13,192,721</u>
<b>Total Governmental Type Debt</b>					<u>\$ 15,987,721</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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, 2021, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,775,612	\$ 479,819	\$ 2,255,431
2023	1,670,612	411,643	2,082,255
2024	1,405,202	362,156	1,767,358
2025	1,283,255	333,506	1,616,761
2026	1,273,371	290,959	1,564,330
2027-2031	5,481,469	856,419	6,337,888
2032-2036	2,383,200	205,975	2,589,175
2037-2040	715,000	33,334	748,334
	<u>\$ 15,987,721</u>	<u>\$ 2,973,811</u>	<u>\$ 18,961,532</u>

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2021</b>
<b>Inside Debt:</b>					
<b>Sewer Fund:</b>					
Sewer Expansion	2.45%	12/15/2016	12/15/2026	\$ 245,000	\$ 145,000
Sewer Expansion	2.05%	10/15/2019	10/15/2034	355,000	330,000
<b>Massachusetts Clean Water Trust:</b>					
Sewer Expansion CW-14-33	2.00%	4/13/2017	1/15/2037	2,924,728	2,435,843
Sewer pumps CWP-18-43	2.00%	5/11/2021	1/15/2041	4,693,231	4,693,231
<b>Total Inside Debt</b>					<u>7,604,074</u>
<b>Outside Debt:</b>					
<b>Water fund:</b>					
Water mains	3.99%	10/1/2007	10/1/2027	3,300,000	1,155,000
New water tank	3.99%	10/1/2007	10/1/2027	1,700,000	595,000
Water mains	4.02%	8/1/2008	8/1/2028	3,000,000	1,200,000
Water mains	4.02%	8/1/2008	8/1/2028	5,000,000	2,000,000
Water mains	2.05%	10/15/2019	10/15/2034	2,580,000	2,450,000
Water Treatment Plant	2.00%	10/24/2019	7/15/2039	10,300,000	9,883,355
<b>Total Outside Debt</b>					<u>17,283,355</u>
<b>Total Business-type Debt</b>					<u>\$ 24,887,429</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2021, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,574,479	\$ 587,909	\$ 2,162,388
2023	1,590,661	568,609	2,159,270
2024	1,607,193	518,377	2,125,570
2025	1,624,083	467,436	2,091,519
2026	1,641,342	415,931	2,057,273
2027-2031	6,824,001	1,398,188	8,222,189
2032-2036	5,550,320	759,436	6,309,756
2037	4,475,350	208,748	4,684,098
	<u>\$ 24,887,429</u>	<u>\$ 4,924,634</u>	<u>\$ 29,812,063</u>

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

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2021</b>	<b>Amounts Due within One Year</b>
<b>Governmental activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds	\$ 16,685,000	\$ -	\$ 1,545,000	\$ 15,140,000	\$ 1,540,000
Massachusetts Clean					
Water Trust bonds	1,089,383	-	241,662	847,721	235,612
<b>Capital lease</b>	158,997	760,651	284,898	634,750	279,469
<b>Compensated absences</b>	2,696,487	36,857	129,402	2,603,942	926,359
<b>Net OPEB liability</b>	86,492,683	9,964,053	-	96,456,736	-
<b>Net pension liability</b>	32,244,754	-	3,248,854	28,995,900	-
Governmental activity					
Long-term liabilities	<u>\$ 139,367,304</u>	<u>\$ 10,761,561</u>	<u>\$ 5,449,816</u>	<u>\$ 144,679,049</u>	<u>\$ 2,981,440</u>
<b>Business-type activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds	\$ 8,810,000	\$ -	\$ 935,000	7,875,000	\$ 830,000
Massachusetts Clean					
Water Trust bonds	12,862,034	4,693,231	542,836	17,012,429	744,479
<b>Compensated absences</b>	140,860	38,849	-	179,709	89,476
<b>Net OPEB liability</b>	1,884,028	254,498	-	2,138,526	-
<b>Net pension liability</b>	1,970,817	358,325	-	2,329,142	-
Business-type activity					
Long-term liabilities	<u>\$ 25,667,739</u>	<u>\$ 5,344,903</u>	<u>\$ 1,477,836</u>	<u>\$ 29,534,806</u>	<u>\$ 1,663,955</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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 \$22,090,213 and interest costs of \$5,611,546 for fourteen loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2021 for principal and interest combined for the loans is \$21,347,355. The net repayments, including interest, are scheduled to be \$20,589,081. 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 2021 principal and interest subsidies totaled \$63,494.

**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, 2021 totaled \$10,399,074.

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

The following is a computation of the legal debt limit as of June 30, 2021:

Proposed and Revised Equalized Valuation-Real Estate and Personal Property (2020)		<u>\$ 2,900,634,100</u>
Debt Limit: 5 % of Equalized value		145,031,705
Total Debt Outstanding	\$ 40,875,150	
Less: Debt Outside Debt Limit	(30,476,076)	<u>10,399,074</u>
Inside Debt Excess Borrowing Capacity at June 30, 2021		<u>\$ 134,632,631</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.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Loan authorizations that have not been issued as of June 30, 2021 and are not reflected in the Town's financial statements are as follows:

<b>Date Town Meeting Authorized</b>	<b>Purpose</b>	<b>Amount</b>
5/11/2015	Nourse Elementary School sewer connection	\$ 195,000
12/19/2015	Repair, replacement and upgrading of Septic systems or household connections to Sanitary Sewer System pursuant to Agreements between Board of Health and property owners	785,956
5/14/2018	Norton Elementary School window/door replacement	4,116,971
5/15/2019	Planning, design and construction of West Main Street Water mains	520,000
10/21/2019	LED Street lighting conversion	81,274
6/27/2020	Planning, design and construction of West Main Street Sewer mains	1,100,000
10/17/2020	Land Acquisition for Town Hall and Senior Center	1,800,000
10/17/2020	Water Shed Management	397,380
5/8/2021	New Town Hall	23,290,000
5/8/2021	Senior and Community Support System	11,110,000
5/8/2021	School Athletic Complex	6,362,000
5/8/2021	Water - Wells 5 & 6 replacement	725,000
5/8/2021	Energy Management Services Contract	12,000,000
		<u>\$ 62,483,581</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**I. Fund Balances**

The following is a summary of the Governmental fund balances at the year ended June 30, 2021:

	<b>General Fund</b>	<b>Major Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 311,100	\$ 311,100
Restricted:				
Federal, state and local grants	-	-	931,277	931,277
School revolving funds	-	-	1,935,080	1,935,080
Revolving funds	-	-	241,667	241,667
Septic loans	-	-	944,845	944,845
Debt service	-	-	172,045	172,045
Donations and gifts	-	-	400,225	400,225
Permanent funds	-	-	121,702	121,702
Cyrus Hicks fund	-	10,282,378	-	10,282,378
Capital project funds	-	-	317,957	317,957
Other	-	-	61,637	61,637
	-	10,282,378	5,126,435	15,408,813
Committed:				
Ambulance	-	-	3,083,587	3,083,587
Dog fund	-	-	104,650	104,650
	-	-	3,188,237	3,188,237
Assigned:				
General government	2,563,096	-	-	2,563,096
Public safety	138,452	-	-	138,452
Public works	163,168	-	-	163,168
Education	686,833	-	-	686,833
Health and human services	63,326	-	-	63,326
Culture and recreation	632	-	-	632
Employee benefits and insurance	203,105	-	-	203,105
Subsequent year's budget	1,464,403	-	-	1,464,403
	5,283,015	-	-	5,283,015
Unassigned:				
General fund	7,924,962	-	-	7,924,962
Capital projects	-	-	(662,869)	(662,869)
Special revenue funds	-	-	(708,148)	(708,148)
	7,924,962	-	(1,371,017)	6,553,945
Total Governmental fund balances	\$ 13,207,977	\$ 10,282,378	\$ 7,254,755	\$ 30,745,110

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**J. Special Trust Funds**

**Stabilization Fund**

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

At June 30, 2021 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 2,239,713
Capital improvement stabilization fund	340,514
	<u>\$ 2,580,227</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 most recent available audited results of operations of the Group (fiscal year ended June 30, 2020), the Town's insurance consultants have reported the Group has accumulated a surplus of \$14,017,237.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**B. Contingent Liabilities**

**Litigation**

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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

**C. Tax Abatements**

The Town enters into property tax abatement agreements with local businesses under the Commonwealth of Massachusetts Economic Development Incentive Program Act of 1993 and as amended in 2009. Under this Act, state municipalities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining these businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town of Norton. As of June 30, 2021, the Town of Norton abated property taxes amounting to \$246,949 under seven tax abatement agreements. The Town has not made any commitments as part of the agreements other than to reduce taxes.

**D. COVID-19**

The Covid-19 pandemic in the United States and across the globe has resulted in economic uncertainties. The disruption was expected to be temporary, but there remains considerable uncertainty around the duration and scope. The United States Federal Government and State of Massachusetts established funding through various sources; the Coronavirus Aid Relief and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) in addition to several other federal and state grants. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the full extent to which Covid-19 may impact our financial condition or results of operations remains uncertain.

**E. Subsequent Events**

In July of 2021, the Town received \$3.6 million in note proceeds with an interest rate of 2.0% to finance the school project. The principal and interest payments will be due July 2022.

In September of 2021, the Town received \$7,235,000 in bond proceeds with an interest rate of 1.57% to finance (the water main \$2,435,000 {refunding} and Town Hall construction \$4,800,000) projects. Principal payments will be due annually August 1<sup>st</sup> for 20 years. Interest is payable semi-annually commencing February 1, 2022.



**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**F. 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, 2020. The Town's portion of the collective pension expense contributed by the Commonwealth of \$9,268,002 on-behalf payments for the fiscal year ending June 30, 2021 is reported as intergovernmental revenues and insurance and employee benefit expenditures in the General Fund.

**Benefits Provided**

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

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

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

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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, 2020 was \$3,125,328, representing 22.74% 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, 2021, the Town reported a liability of \$31,325,042 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. 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, 2020, the Town's proportional percentage was 7.180%, which was a slight decrease from the last measurement.

**Pension Expense**

For the year ended June 30, 2021, the Town recognized a pension expense of \$5,192,881; and reported deferred outflows of resources related to pensions of \$8,768,171 from the differences between actual and expected experience, the changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$3,063,555 from the net difference between projected and actual investment earnings on pension plan investments and the changes in proportion and differences between employer contributions and proportionate share of contributions.

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

<b>For years ended June 30,</b>		
	<b>2022</b>	<b>\$ 2,023,072</b>
	<b>2023</b>	<b>2,276,167</b>
	<b>2024</b>	<b>1,164,765</b>
	<b>2025</b>	<b>265,052</b>
	<b>2026</b>	<b>(24,440)</b>
		<b>\$ 5,704,616</b>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement that was dated December 31, 2020:

Valuation date	January 1, 2020
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**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Level percent, open group
Asset valuation method	Market value
Investment rate of return	7.50% annually
Projected salary increases	3.00% annually
Cost of living adjustments	3.00% on first \$18,000 of benefits per year.
Mortality rates	Rates reflect the RP-2014 table adjusted to 2006 and projected generationally with MP-2019 (gender distinct) During employment the Healthy Employee Mortality Table is used. Post-employment, the Healthy Annuitant Mortality Table is used. For disabled retirees, mortality table follows the same as non-disabled retirees, set forward two years. Death is assumed to be due to the same cause as disability 40% of the time.

**Long-term Expected Rate of Return**

The long-term expected real rate of return reflects the expected rate of return on pension plan assets minus the expected rate of inflation. Note that the discount rate includes the effect on inflation. The long-term real rate of return removes the effect of inflation on the return amounts. It is a long-term assumption and is meant to reflect a best estimate of future experience, based on the expected asset allocation. 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, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	22.0%	4.9%
International Equity	11.0%	5.4%
Emerging Markets Equity	11.0%	6.4%
Global REITs	2.0%	3.7%
TIPS	0.0%	0.3%
Core Fixed Income	5.0%	0.3%
High Yield	3.0%	2.6%
Emerging Market Debt	4.0%	2.6%
Global Fixed Income	3.0%	0.2%
Private Equity	12.0%	7.9%
Hedge Funds	4.0%	2.3%
Real Estate Funds	11.0%	2.8%
Timber	3.0%	3.1%
Farmland	3.0%	4.8%
Infrastructure	6.0%	4.8%
Total	100.0%	

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Rate of Return**

For the year ended December 31, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 11.13%. 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 7.50%. The discount rate is consistent with the actuarial funding valuation. One of the objectives of the provisions of GASB 68 is to examine how benefit payments, plan contributions and investment earnings interact on the cash flow. GASB requires that these amounts be calculated with Market Value of Assets and using the Entry Age Normal cost method.

**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 7.50%. 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Town's net pension liability	\$ 41,576,429	\$ 31,325,042	\$ 22,677,062

**G. Other Post Employment Benefits Payable**

**GASB Statement No. 74 and GASB Statement No. 75**

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 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 provides 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 888 active, retired employees and beneficiaries that meet the eligibility requirements. The plan does not issue a separate financial report.

**Investment Policy**

The OPEB Trust fund does not have a formal investment policy. As of June 30, 2021, investments, concentration and rate of return information consisted of pooled funds in the Town's Bartholomew Commonwealth Financial investments described earlier under Deposits and Investments (refer to note 3A).

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The required contribution is based on the projected pay-as-you-go financing requirements. The Town contributes 70% to 75% of the cost of current year premiums for eligible retired plan members and their survivors. For the period ending on the June 30, 2021 Measurement Date, the Town premiums plus implicit costs for the retiree medical program were \$2,619,273. The Town also made a contribution to an OPEB Trust of \$100,000 for a total contribution during the measurement period of \$2,719,273. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$895,302 as of June 30, 2021.

**Measurement Date**

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

**Plan Membership:**

Current active members	459
Current retirees, beneficiaries and dependents	429
Total	<u>888</u>

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<u>6/30/2021</u>
Total OPEB liability	99,490,564
Less: Plan fiduciary net position	<u>(895,302)</u>
Town's Net OPEB liability	<u>\$ 98,595,262</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.90%

**Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2021:

Valuation date	Actuarially determined contribution was calculated as of July 1, 2019
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value of assets as of the measurement date.
Investment rate of return	6.34% annually, net of OPEB plan investment expense, Including inflation
Single Equivalent Discount rate	2.75%, net of OPEB plan investment expense, Including inflation

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Inflation rate	2.50% as of June 30, 2021 and for future periods
Participant salary increases	3.00% as of June 30, 2021 and for future periods
Healthcare cost trend rates	4.50% annually
Mortality rates	
Pre-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Employees, projected generationally with Scale MP-2016 for males and females, set forward one year for females.
Post-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Annuitants, projected generationally with Scale MP-2016 for males and females, set forward one year for females.
Disabled mortality (General)	RP-2014 Mortality Table for Blue Collar Annuitants, projected generationally with Scale MP-2016 for males and females, set forward one year for females.
Pre-retirement mortality (Teachers)	RP-2014 Mortality Table for White Collar Employees, projected generationally with Scale MP-2016 for males and females.
Post-retirement mortality (Teachers)	RP-2014 Mortality Table for White Collar Annuitants, projected generationally with Scale MP-2016 for males and females.
Disabled mortality (Teachers)	RP-2014 Mortality Table for White Collar Annuitants, projected generationally with Scale MP-2016 for males and females.

The actuarial assumptions used in the July 1, 2019 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2021 is 2.18%.

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 26.01%.

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments is developed based on the Town's investment policy is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity - Large Capital	28.00%	4.90%
Domestic Equity - Small/Mid Capital	18.75%	5.40%
International Equity - Developed Market	11.75%	5.32%
International Equity - Emerging Market	5.25%	6.26%
Domestic Fixed Income	25.25%	1.40%
International Fixed Income	5.25%	1.30%
Alternatives	5.25%	6.32%
Real Estate	0.00%	6.25%
Cash	0.50%	0.00%
Total	100.00%	
I. Real Rate of Return		4.09%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		6.59%
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		6.34%

**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Total OPEB Liability</b>
Balances at June 30, 2020	\$ 88,999,820	\$ 623,109	\$ 88,376,711
Service cost	2,779,823	-	2,779,823
Interest on Total OPEB Liability	2,940,616	-	2,940,616
Changes in benefit terms *	-	-	-
Changes in assumptions **	7,389,578	-	7,389,578
Difference between actual and expected experience **	-	-	-
Net investment income	-	172,193	(172,193)
Employer contributions to Trust	-	2,719,273	(2,719,273)
Total benefit payments including implicit cost	(2,619,273)	(2,619,273)	-
Net change in total OPEB liability	10,490,744	272,193	10,218,551
Balances at June 30, 2021	\$ 99,490,564	\$ 895,302	\$ 98,595,262

\* = Recognized immediately

\*\* = Amortized over 6.19 years

**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 2.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments is applied to the projected benefit payments which the fiduciary net position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	<b>1% Decrease (1.75%)</b>	<b>Current Discount Rate (2.75%)</b>	<b>1% Increase (3.75%)</b>
Town's net OPEB liability	\$ 117,491,216	\$ 98,595,262	\$ 84,310,694

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare cost trend rate:

	<b>1% Decrease (3.50%)</b>	<b>Healthcare Cost Trend Rates (4.50%)</b>	<b>1% Increase (5.50%)</b>
Town's net OPEB liability	\$ 82,243,481	\$ 98,595,262	\$ 120,152,818

**Summary of Significant Accounting Policies**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year, which are reported at cost.

**Expense, Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$7,121,298 and reported deferred outflows of resources related to OPEB of \$16,517,342 from the differences between actual and expected experience, changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$1,422,791 from the differences between actual and expected experience and the net difference between projected and actual investment earnings on OPEB plan investments.



**TOWN OF NORTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

<b>For years ended June 30,</b>		
	<b>2022</b>	<b>\$ 4,162,758</b>
	<b>2023</b>	<b>3,818,934</b>
	<b>2024</b>	<b>2,966,584</b>
	<b>2025</b>	<b>2,476,938</b>
	<b>2026</b>	<b>1,442,511</b>
	<b>Thereafter:</b>	<b>226,826</b>
		<b><u>\$ 15,094,551</u></b>

#### **H. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 84, *Fiduciary Activities*, for implementation in fiscal year 2021.

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2021.

#### **I. 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. 87, *Leases*, for implementation in fiscal year 2022.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022.

### **5. RESTATEMENT**

The net position as of June 30, 2020 has been restated. As required by GASB Statement No. 84, the beginning nonmajor governmental fund balance in governmental funds and net position increased \$140,100 for governmental activities to reflect the change in the fiduciary activities. Accordingly, the previously reported net position of \$2,467,345 has been revised to \$2,607,445 {\$(16,625,536) for governmental activities and \$19,232,981 for business-type activities}.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF NORTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Bristol County Retirement System**  
**For the Year Ended June 30, 2021**

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:**

<b>Measurement Date</b>	<b>Town's proportion of the net pension liability (asset)</b>	<b>Town's proportionate share of the net pension liability (asset)</b>	<b>Town's covered employee payroll</b>	<b>Net pension liability percentage of covered employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
12/31/2020	7.180%	\$ 31,325,042	\$ 13,744,191	227.91%	65.24%
12/31/2019	7.260%	\$ 34,215,571	\$ 13,082,140	261.54%	61.25%
12/31/2018	6.919%	\$ 25,666,887	\$ 12,314,219	208.43%	63.48%
12/31/2017	6.909%	\$ 21,558,443	\$ 12,539,421	171.93%	68.56%
12/31/2016	6.909%	\$ 23,065,864	\$ 12,083,846	190.88%	64.17%
12/31/2015	6.909%	\$ 23,244,309	\$ 11,589,091	200.57%	62.95%
12/31/2014	7.113%	\$ 20,323,407	\$ 10,091,715	201.39%	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, 2021**

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:**

<b>Measurement Date</b>	<b>Actuarially determined contribution</b>	<b>Less: Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Town's covered employee payroll</b>	<b>Contributions percentage of covered employee payroll</b>
12/31/2020	\$ 3,125,329	\$ (3,127,871)	\$ (2,542)	\$ 13,744,191	22.74%
12/31/2019	\$ 2,936,745	\$ (2,939,242)	\$ (2,497)	\$ 13,082,140	22.45%
12/31/2018	\$ 2,710,522	\$ (2,710,522)	\$ -	\$ 12,314,219	22.01%
12/31/2017	\$ 2,601,305	\$ (2,601,305)	\$ -	\$ 12,539,421	20.75%
12/31/2016	\$ 2,595,139	\$ (2,595,139)	\$ -	\$ 12,083,846	21.48%
12/31/2015	\$ 2,201,176	\$ (2,201,176)	\$ -	\$ 11,589,091	18.99%
12/31/2014	\$ 2,084,055	\$ (2,084,055)	\$ -	\$ 10,091,715	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**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Changes in the Net OPEB Liability:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 2,779,823	\$ 2,696,277	\$ 2,527,204	\$ 2,387,415
Interest on net OPEB liability	2,940,616	2,585,726	2,656,499	2,263,117
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	7,389,578	10,049,801	5,643,141	-
Difference between actual and expected experience	-	(1,946,716)	-	3,558,805
Employer contributions to Trust	-	-	-	-
Benefit payments, including refunds of member contributions	(2,619,273)	(2,479,749)	(2,071,229)	(1,759,835)
Net change in total OPEB liability	10,490,744	10,905,339	8,755,615	6,449,502
Prior period adjustments	-	-	(256,050)	611,648
Total OPEB liability-beginning	88,999,820	78,094,481	69,594,916	62,533,766
<b>Total OPEB liability-ending (a)</b>	<u>\$ 99,490,564</u>	<u>\$ 88,999,820</u>	<u>\$ 78,094,481</u>	<u>\$ 69,594,916</u>
<b>Plan fiduciary net position</b>				
Net investment income	\$ 172,193	\$ 13,881	\$ 30,801	\$ 20,627
Employer contributions to Trust	2,719,273	2,574,749	2,161,229	1,839,835
Benefit payments, including refunds of member contributions	(2,619,273)	(2,479,749)	(2,071,229)	(1,759,835)
Net change in plan fiduciary net position	272,193	108,881	120,801	100,627
Prior period adjustments	-	-	101,815	-
Total fiduciary net position-beginning	623,109	514,228	291,612	190,985
<b>Total fiduciary net position-ending (b)</b>	<u>\$ 895,302</u>	<u>\$ 623,109</u>	<u>\$ 514,228</u>	<u>\$ 291,612</u>
<b>Town's net OPEB liability (a-b)</b>	<u>\$ 98,595,262</u>	<u>\$ 88,376,711</u>	<u>\$ 77,580,253</u>	<u>\$ 69,303,304</u>

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**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Net OPEB Liability:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	99,490,564	\$ 88,999,820	\$ 78,094,481	\$ 69,594,916
Less: Plan fiduciary net position	(895,302)	(623,109)	(514,228)	(291,612)
Town's Net OPEB liability	<u>\$ 98,595,262</u>	<u>\$ 88,376,711</u>	<u>\$ 77,580,253</u>	<u>\$ 69,303,304</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.90%	0.70%	0.66%	0.42%
Town's share of covered employee payroll	\$ 33,323,631	\$ 32,353,040	\$ 31,198,445	\$ 30,289,752
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	295.87%	273.16%	248.67%	228.80%

**Schedule of Contributions:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 5,951,840	\$ 7,205,562	\$ 6,485,617	\$ 5,615,319
Less: Contributions in relation to the actuarially determined contribution	(2,719,273)	(2,574,749)	(2,161,229)	(2,140,896)
Contribution deficiency (excess)	<u>\$ 3,232,567</u>	<u>\$ 4,630,813</u>	<u>\$ 4,324,388</u>	<u>\$ 3,474,423</u>
Town's share of covered employee payroll	\$ 33,323,631	\$ 32,353,040	\$ 31,198,445	\$ 30,289,752
Contributions percentage of covered-employee payroll	8.16%	7.96%	6.93%	7.07%
Annual money-weighted rate of return net of investment expense	26.01%	2.47%	6.92%	4.74%

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**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>						
<b>Measurement Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>
6/30/2021	\$ 895,302	\$ 99,490,564	\$ 98,595,262	0.90%	\$ 33,323,631	295.87%
6/30/2020	\$ 623,109	\$ 88,999,820	\$ 88,376,711	0.70%	\$ 32,353,040	273.16%
6/30/2019	\$ 514,228	\$ 78,094,481	\$ 77,580,253	0.66%	\$ 31,198,445	248.67%
6/30/2018	\$ 291,612	\$ 69,594,916	\$ 69,303,304	0.42%	\$ 30,289,752	228.80%

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.

## **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, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
School Grants	\$ 22,398	\$ 1,901,761	\$ 1,793,899	\$ (1)	\$ 130,259
Arts Lottery Council Grant	11,470	10,633	1,825	-	20,278
Council on Aging Grants	462	43,348	42,992	-	818
Emergency Management Grants	278,529	907,598	1,661,294	-	(475,167)
Extended Polling Hours	3,506	21,948	18,893	-	6,561
Highway Grants	26,285	617,972	617,963	-	26,294
Other Grants and Programs	1,558	52,666	50,470	-	3,754
Planning Grants	33,270	-	31,232	-	2,038
Public Safety Grants	48,795	180,779	197,506	(259)	31,809
<b>Schools:</b>					
School Lunch Program	118,445	721,167	697,863	-	141,749
School Lunch Commodities	-	54,408	54,408	-	-
School Choice	653,125	967,381	348,274	-	1,272,232
School Revolving Accounts	577,839	519,652	708,462	-	389,029
School Student Activity Funds	140,100	69,713	77,743	-	132,070
State Special Education Reimbursement	729,181	876,450	924,020	-	681,611
<b>Other:</b>					
Ambulance Fund	2,568,533	1,248,975	-	(733,921)	3,083,587
Bristol County Homeland Security Grants	565	-	565	-	-
Camp Edith	77	3,845	3,240	-	682
Clean Energy Choice Grant	1,470	-	-	-	1,470
Compost Bin Recycling Bin Revolving	1,451	45	-	-	1,496
Conservation funds	6,295	28,232	23,860	-	10,667
Council on Aging Revolving	10,487	1,623	2,511	-	9,599
Deputy Collector Fees	-	41,808	40,950	-	858
Dog Funds	97,217	19,216	-	(10,000)	106,433
Forestry Revolving	1,412	-	-	-	1,412
Gifts and Donations	353,847	101,087	54,709	-	400,225
Hazardous Materials Revolving	58	-	58	-	-
Insurance Reimbursement	46,443	48,004	14,450	(46,443)	33,554
<b>Special Revenue Funds Page 73</b>	<b>\$ 5,732,818</b>	<b>\$ 8,438,311</b>	<b>\$ 7,367,187</b>	<b>\$ (790,624)</b>	<b>\$ 6,013,318</b>

**TOWN OF NORTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Fund Balances July 1, 2020</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Fund Balances June 30, 2021</b>
<b>Continued from Page 73</b>	\$ 5,732,818	\$ 8,438,311	\$ 7,367,187	\$ (790,624)	\$ 6,013,318
<b>Other (continued):</b>					
Jackson Property Fees	37,709	3,600	-	-	41,309
Law Enforcement Fund	36,520	3,998	2,187	-	38,331
Parks and Recreation Revolving	25,226	20,018	15,099	-	30,145
Planning Board Review Fund	84,679	7,465	14,293	-	77,851
Police Restitution	-	275	200	-	75
Premium on Sale of Bonds	187,365	-	-	(15,320)	172,045
Public Safety Outside Detail Funds	-	1,346,129	1,346,129	-	-
Recycling Revolving	2,808	8,495	7,667	-	3,636
Septic Program Funds	771,369	75,499	73,545	(35,000)	738,323
Transportation Network Surcharge	5,394	1,485	-	-	6,879
Wetlands Protection Fund	20,937	5,265	7,751	(3,000)	15,451
Zoning Board of Appeals Outside Consultant Fees	9,049	12,055	12,658	-	8,446
Conservation Fund	2,018	-	-	-	2,018
Sale of Pines Fund	18,565	7	-	-	18,572
War Memorial Fund	466	-	-	-	466
<b>Total Special Revenue Funds</b>	<b>6,934,923</b>	<b>9,922,602</b>	<b>8,846,716</b>	<b>(843,944)</b>	<b>7,166,865</b>
<b>Capital Projects:</b>					
Camp Edith Read Property Acquisition	(163,308)	-	-	54,436	(108,872)
Dam Improvements	54,710	-	-	-	54,710
Departmental Equipment and Vehicles	-	-	760,651	760,651	-
LED Street Lights	(102,157)	38,885	238,366	74,426	(227,212)
Norton Crossing Improvements	332	-	326	(6)	-
Norton Rail Trail	214,586	-	124,239	-	90,347
Other Projects	25,030	-	-	-	25,030
Other Schools' Projects	36,591	-	3,024	(20,263)	13,304
Schools' Windows and Doors Project	137,800	43,620	508,205	-	(326,785)
Town Hall Improvements	126,306	-	500	-	125,806
Water Shed plan	242,131	-	233,371	-	8,760
<b>Total Capital Projects Fund</b>	<b>\$ 572,021</b>	<b>\$ 82,505</b>	<b>\$ 1,868,682</b>	<b>\$ 869,244</b>	<b>\$ (344,912)</b>

**TOWN OF NORTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Fund Balances July 1, 2020</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Fund Balances June 30, 2021</b>
<b>Perpetual Permanent Funds:</b>					
Cemetery Funds	\$ 285,850	\$ 13,250	\$ -	\$ -	\$ 299,100
Library Fund	2,000	-	-	-	2,000
Wetherell Athletic Fund	10,000	-	-	-	10,000
<b>Total Perpetual Permanent Funds</b>	<b>297,850</b>	<b>13,250</b>	<b>-</b>	<b>-</b>	<b>311,100</b>
<b>Permanent Funds:</b>					
Cemetery Funds	127,761	101	6,425	-	121,437
Library Fund	-	4	-	-	4
Wetherell Athletic Fund	257	4	-	-	261
<b>Total Permanent Funds</b>	<b>128,018</b>	<b>109</b>	<b>6,425</b>	<b>-</b>	<b>121,702</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 7,932,812</b>	<b>\$ 10,018,466</b>	<b>\$ 10,721,823</b>	<b>\$ 25,300</b>	<b>\$ 7,254,755</b>

**TOWN OF NORTON, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES  
AND DEFERRED PROPERTY TAXES  
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
<b>Real Estate Taxes:</b>						
Levy of 2021	\$ -	\$ 40,137,665	\$ 250,939	\$ 39,374,296	\$ 512,430	\$ 512,430
Levy of 2020	1,443,255	-	160,559	1,240,926	41,770	41,770
Levy of 2019	36,908	-	48,383	(45,578)	34,103	34,103
Levy of 2018	34,334	-	3,032	(3,032)	34,334	34,334
Levy of 2017	34,317	-	-	-	34,317	34,317
Prior Years	19,184	-	-	-	19,184	19,184
	<u>1,567,998</u>	<u>40,137,665</u>	<u>462,913</u>	<u>40,566,612</u>	<u>676,138</u>	<u>676,138</u>
<b>Personal Property Taxes:</b>						
Levy of 2021	-	1,099,562	2,040	1,087,527	9,995	9,995
Levy of 2020	12,756	-	-	5,552	7,204	7,204
Levy of 2019	6,999	-	-	3,318	3,681	3,681
Levy of 2018	5,876	-	842	1,134	3,900	3,900
Levy of 2017	5,201	-	1,336	439	3,426	3,426
Prior Years	3,721	-	962	-	2,759	2,759
	<u>34,553</u>	<u>1,099,562</u>	<u>5,180</u>	<u>1,097,970</u>	<u>30,965</u>	<u>30,965</u>
<b>Total Real Estate and Personal Property Taxes</b>	<u>\$ 1,602,551</u>	<u>\$ 41,237,227</u>	<u>\$ 468,093</u>	<u>\$ 41,664,582</u>	<u>\$ 707,103</u>	<u>\$ 707,103</u>
<b>Deferred Property Taxes</b>	<u>\$ 101,535</u>	<u>\$ 28,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,816</u>	<u>\$ 129,816</u>

**TOWN OF NORTON, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES  
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2021	\$ -	\$ 2,801,879	\$ 27,826	\$ 2,321,902	\$ 452,151	\$ 452,151
Levy of 2020	206,817	273,751	26,971	395,505	58,092	58,092
Levy of 2019	60,568	-	1,789	33,876	24,903	24,903
Levy of 2018	26,397	-	545	8,378	17,474	17,474
Levy of 2017	16,147	-	-	2,457	13,690	13,690
Prior Years	19,603	-	-	1,758	17,845	17,845
<b>Total Motor Vehicle Excise Taxes</b>	<b>\$ 329,532</b>	<b>\$ 3,075,630</b>	<b>\$ 57,131</b>	<b>\$ 2,763,876</b>	<b>\$ 584,155</b>	<b>\$ 584,155</b>

**TOWN OF NORTON, MASSACHUSETTS  
SCHEDULE OF TAX LIENS AND TAXES IN LITIGATION  
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Accounts July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2021	Uncollected Accounts Per Detail June 30, 2021
Tax Liens	\$ 505,298	\$ 185,694	\$ 36,591	\$ 106,028	\$ 548,373	\$ 548,373
Taxes in Litigation	\$ 1,092	\$ -	\$ -	\$ -	\$ 1,092	\$ 1,092