

**TOWN OF NORTON, MASSACHUSETTS**

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

**FISCAL YEAR ENDED JUNE 30, 2013**

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## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Norton, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norton, Massachusetts, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norton, Massachusetts, as of June 30, 2013, 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 on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


### *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 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 January 2, 2014, 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 & Associates, LLC  
South Deerfield, Massachusetts

January 2, 2014

## **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, 2013. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

### Financial Highlights

- The Town's assets exceeded its liabilities by \$61,892,831 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$52,191,254 or an increase of \$9,701,577 (19%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$13,423,742, a decrease of \$6,869,013 (34%)
- The General Fund's total fund balance decreased \$4,148 to \$6,547,782. The ending General fund balance is 12% of revenues and transfers in and 12% of expenditures and transfers out.
- The total liabilities of the Town increased by \$8,430,476 (20%) during the fiscal year. This was mainly attributed to an increase in the OPEB liability of \$2,156,773 and a net increase in debt (long and short term) of \$4,430,101.
- The Town had free cash certified by the Department of Revenue in the amount of \$2,101,235. The key factors that attributed to the free cash amount for fiscal year 2013 was as follows:
  - Unexpended/unencumbered appropriations \$706,900.
  - Amount over/(under) budget – state and local receipts \$855,000.
  - Prior year free cash not appropriated \$523,600.
- The Town's enterprise funds certified free cash are as follows:
  - Sewer fund \$ 136,750.
  - Water fund \$1,808,228.

### 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 and liabilities, with the difference between the two 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**

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Change</b>
<b>Assets:</b>			
Current assets	\$ 26,722,639	\$ 26,230,450	\$ 492,189
Noncurrent assets (excluding capital assets)	1,101,382	1,269,320	(167,938)
Capital assets	57,335,926	43,623,898	13,712,028
<b>Total assets</b>	<b>85,159,947</b>	<b>71,123,668</b>	<b>14,036,279</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and leases)	5,321,986	3,459,029	1,862,957
Current debt including leases	8,191,316	1,879,691	6,311,625
Noncurrent liabilities (excluding debt and leases)	13,049,597	11,281,050	1,768,547
Noncurrent debt including leases	11,873,728	13,007,139	(1,133,411)
<b>Total liabilities</b>	<b>38,436,627</b>	<b>29,626,909</b>	<b>8,809,718</b>
<b>Net Position:</b>			
Net investment in Capital assets	38,700,762	30,228,028	8,472,734
Restricted	12,205,845	13,155,746	(949,901)
Unrestricted	(4,183,287)	(1,887,015)	(2,296,272)
<b>Total net position</b>	<b>\$ 46,723,320</b>	<b>\$ 41,496,759</b>	<b>\$ 5,226,561</b>

	<b>Business-Type Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Change</b>
<b>Assets:</b>			
Current assets	\$ 5,388,089	\$ 6,262,191	\$ (874,102)
Capital assets	21,545,065	16,575,189	4,969,876
<b>Total assets</b>	<b>26,933,154</b>	<b>22,837,380</b>	<b>4,095,774</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	362,478	283,496	78,982
Current debt	768,170	765,000	3,170
Noncurrent liabilities (excluding debt)	359,278	69,389	289,889
Noncurrent debt	10,273,717	11,025,000	(751,283)
<b>Total liabilities</b>	<b>11,763,643</b>	<b>12,142,885</b>	<b>(379,242)</b>
<b>Net Position:</b>			
Net investment in Capital assets	10,503,178	4,785,189	5,717,989
Restricted	1,365,639	3,024,820	(1,659,181)
Unrestricted	3,300,694	2,884,486	416,208
<b>Total net position</b>	<b>\$ 15,169,511</b>	<b>\$ 10,694,495</b>	<b>\$ 4,475,016</b>

**Financial Highlights**  
**Statement of Activities Highlights**

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 3,012,875	\$ 4,357,302	\$ (1,344,427)
Operating grants and contributions	21,804,174	21,478,681	325,493
Capital grants and contributions	11,320,145	3,613,873	7,706,272
<b>General Revenues:</b>			
Property taxes	28,900,667	27,032,820	1,867,847
Motor vehicle excise and other taxes	2,006,353	2,276,564	(270,211)
Hotel room occupancy and meals taxes	270,522	276,558	(6,036)
Penalties and interest on taxes	281,615	344,463	(62,848)
Nonrestricted grants	1,992,150	2,389,157	(397,007)
Unrestricted investment income	617,073	722,919	(105,846)
Miscellaneous	7,692	11,825	(4,133)
<b>Total revenues</b>	<b>70,213,266</b>	<b>62,504,162</b>	<b>7,709,104</b>
<b>Expenses:</b>			
General government	2,156,959	1,915,576	241,383
Public safety	7,430,853	6,907,308	523,545
Public works	1,487,997	2,236,145	(748,148)
Education	29,312,518	29,805,202	(492,684)
Health and human services	527,176	546,581	(19,405)
Culture and recreation	468,378	453,475	14,903
Employee benefits and insurance	17,045,955	16,461,430	584,525
State assessments	2,517,431	2,466,606	50,825
Interest	554,787	313,861	240,926
<b>Total expenses</b>	<b>61,502,054</b>	<b>61,106,184</b>	<b>395,870</b>
<b>Contributions to permanent funds</b>	<b>4,300</b>	<b>2,700</b>	<b>1,600</b>
<b>Transfers</b>	<b>(3,488,951)</b>	<b>228,000</b>	<b>(3,716,951)</b>
<b>Change in net position</b>	<b>5,226,561</b>	<b>1,628,678</b>	<b>3,597,883</b>
<b>Net position - beginning of year</b>	<b>41,496,759</b>	<b>39,868,081</b>	<b>1,628,678</b>
<b>Net position - end of year</b>	<b>\$ 46,723,320</b>	<b>\$ 41,496,759</b>	<b>\$ 5,226,561</b>

	<b>Business-Type Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 4,655,695	\$ 3,332,593	\$ 1,323,102
Operating grants and contributions	8,258	-	8,258
<b>Total revenues</b>	<b>4,663,953</b>	<b>3,332,593</b>	<b>1,331,360</b>
<b>Expenses:</b>			
Sewer	1,257,615	-	1,257,615
Water	2,420,273	2,391,162	29,111
<b>Total expenses</b>	<b>3,677,888</b>	<b>2,391,162</b>	<b>1,286,726</b>
<b>Transfers</b>	<b>3,488,951</b>	<b>(228,000)</b>	<b>3,716,951</b>
<b>Change in net position</b>	<b>4,475,016</b>	<b>713,431</b>	<b>3,761,585</b>
<b>Net position - beginning of year</b>	<b>10,694,495</b>	<b>9,981,064</b>	<b>713,431</b>
<b>Net position - end of year</b>	<b>\$ 15,169,511</b>	<b>\$ 10,694,495</b>	<b>\$ 4,475,016</b>

### ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$61,892,831 at the close of fiscal year 2013.

Net position of \$49,203,940 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position \$13,571,484 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$882,593) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted net position in the governmental activities. The unrestricted governmental activities resulted in a negative balance of (\$4,183,287) as a result of the required accrual under GASB No. 45 of the OPEB liability obligation in the amount of \$12,088,911.

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 increased by \$5,226,561 (13%) during the current fiscal year, which reflects the general fund's results of operations. This was mainly attributed to revenues exceeding expenditures by \$8,711,212, transfers to the sewer and water of \$3,488,951 and contributions to permanent funds of \$4,300.

There was an increase of \$4,475,016 in net position reported in connection with the sewer and water business-type activities. Of this, there was an increase of \$4,276,206; representing a net transfer in of \$4,058,943 in capital assets from the general fund and net transfers out of \$82,231, attributed to the sewer department and an increase of \$198,810 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 \$13,423,742 a decrease of \$6,869,013 (34%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance - \$247,500 (2%).
- Restricted fund balance - \$9,153,140 (68%).
- Committed fund balance - \$995,101 (7%).
- Assigned fund balance - \$2,238,180 (17%).
- Unassigned fund balance - \$789,821 (6%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$6,547,782 decreasing \$4,148 from the prior year. Of the \$6,547,782, the unassigned amount is \$4,309,602 (66%) and the assigned amount is \$2,238,180 (34%). General fund revenues were \$941,788 (2%) more than the prior fiscal year while expenditures also increased by \$1,475,544 (3%). Other activity in the General Fund consisted of net transfers from other funds of \$969,738.

The main components of the increases in general fund revenues as compared to the prior year related to property taxes in the amount of \$1,802,042 (7%) and intergovernmental receipts of \$217,118 (4%), and decreases in excise and other taxes of \$240,225 (9%) and licenses, permits and fees of \$924,425 (45%) (which was mainly attributed to the transition of sewer to a business-type activity lowering receipts from user charges by \$325,320 and a drop in permit inspections of \$206,635).

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

- Decrease in Public works of \$744,204 (40%) – Major component was the transition of sewer expenses to business-type activities.
- Increase in Principal on debt service expenditures of \$674,719 (84%).
- Increase in Interest on debt service expenditures of \$286,303 (102%) – Major component was the new High School project long-term debt.

The *Cyrus Hicks fund* is the accumulation of resources over many years. The fund has a balance of \$6,362,969 at the end of the fiscal year.

- The fund balance increased by \$372,120. This amount was attributed to the receipt of interest of \$235,612, unrealized gain of \$311,805, expenditures of \$59,797, and transfers to the general fund of \$100,000 and nonmajor governmental funds of \$15,500.

The *high school construction fund* is used to account for financial resources to construct a new high school. The fund has a balance of (\$3,179,934) at the end of the fiscal year.

- This amount was attributed to the receipt of Massachusetts School Building Authority funds of \$10,558,296 and expenditures of \$18,388,066. The Town has a temporary note of \$6,000,000; which is not reflected in the fund balance.

**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* is the financing and operations of the Town's sewer system. The sewer fund shows an increase of \$4,276,206 in total operations. This change was mainly attributed to operating revenues sufficient to cover current operating costs by \$298,761, interest income of \$733 and transfers in from the general fund of \$3,976,712; representing a net transfer in of \$4,058,943 in capital assets from the general fund and net transfers out to the general fund of \$82,231.

The *Water Fund* is the financing and operations of the Town's water system. The water fund shows an increase of \$198,810 (2%) in total operations. This change resulted from operating revenues exceeding current operating costs by \$1,127,698, interest income of \$7,525, interest expense of \$448,652 and transfers out to the general fund of \$487,761. Operating revenues decreased by \$233,274 (7%) while operating expenses increased by \$58,561 (3%) from the prior year.

### **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2013 was \$50,442,790. This was an increase of \$572,375 (1%) over the previous year's budget.

There was an increase of \$837,847 between the original budget and the total final amended budget. The change is attributed to monies voted from available funds at the special town meetings in October 2012 and May 2013 for various budget operating line items.

General fund expenditures were less than budgeted by \$1,927,967. Of the \$1,927,967 in under budget expenditures, \$1,221,095 has been carried over to fiscal year 2014.

There were negative variances in excise and other taxes of \$11,561 and interest on investments of \$27,717. The negative variances are due to economic conditions. Overall the revenues had a surplus of \$962,712.

### ***Capital Asset and Debt Administration***

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities amounts to \$57,335,926 and \$21,545,065, 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:

- Property foreclosures for \$28,877.
- Police vehicles and motorcycle for \$78,180.
- Fire vehicles and equipment for \$58,513.
- Cemetery vehicle for \$43,800.
- Road improvements/infrastructure for \$724,396.
- School playground and field improvements for \$111,270.
- Solomonese Elementary School roof replacement for \$357,131.
- High school renovations for \$18,388,066.
- Recreation Complex building improvements for \$25,240.

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

#### ***Sewer Fund:***

- Sewer infrastructure improvements for \$46,000.

#### ***Water Fund:***

- Water vehicle for \$25,213.
- Water infrastructure improvements for \$1,650,851.

**Debt Administration.** The Town's outstanding governmental long-term debt, as of June 30, 2013, totaled \$13,011,547, of which \$8,330,000 is for various school building renovations, \$805,000 is for various land acquisitions, \$1,410,000 is for sewer projects, \$190,000 for the water resource management project, \$695,000 is for the police station, \$565,000 is for Fire Department vehicles and equipment, and \$1,016,547 is for the Title V septic loan projects.

The business-type funds have outstanding long-term debt as of June 30, 2013 totaling \$11,025,000, all of which relates to water projects.

The Town has bond anticipation notes outstanding in the amount of \$6,909,793 as of June 30, 2013 of which \$6,000,000 is for the high school renovation/construction project, \$722,293 is for the elementary school roof replacement project and \$187,500 is for the fire communications improvements.

The Town has capital governmental leases for financing the acquisition of a highway tractor, a highway loader and a highway dump truck. The Town currently owes \$154,013 on these leases including \$143,704 in principal and \$10,309 in interest.

The Town has a capital business-type lease for financing the acquisition of a sewer department truck. The Town currently owes \$18,603 on the lease including \$16,887 in principal and \$1,716 in interest.

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

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

The Town of Norton operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2013 do not reflect the fiscal year 2014 Town Meeting action. The Annual Town Meeting on May 13, 2013 authorized a fiscal year 2014 operating and capital budget as follows:

From the tax levy	\$ 44,920,769
From water user fees	3,204,447
From water retained earnings	418,000
From sewer user fees	968,958
From Other Available Funds:	
General Fund:	
Unassigned fund balance:	
Free cash	1,017,185
Capital improvement fund	529,219
Cyrus Hicks fund	100,000
Non-major Governmental Funds:	
Ambulance Fund	500,000
Dog fund	16,700
Septic repair program	60,000
	<u>\$ 51,735,278</u>

### ***Requests for Information***

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

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF NORTON, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
CURRENT:			
Cash and Cash Equivalents	\$ 15,920,847	\$ 4,184,995	\$ 20,105,842
Investments	6,552,536	-	6,552,536
Receivables, net of allowance for uncollectibles:			
Property Taxes	484,848	-	484,848
Deferred Property Taxes	38,860	-	38,860
Tax Liens	812,647	-	812,647
Taxes in Litigation	1,092	-	1,092
Excise Taxes	170,396	-	170,396
User Charges	5,390	1,203,094	1,208,484
Departmental	182,090	-	182,090
Special Assessments	105,709	-	105,709
Due from Other Governments	2,448,224	-	2,448,224
Total current assets	26,722,639	5,388,089	32,110,728
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	721,260	-	721,260
Due from Other Governments	380,122	-	380,122
Capital Assets, net of accumulated Depreciation			
Nondepreciable	31,209,047	348,926	31,557,973
Depreciable	26,126,879	21,196,139	47,323,018
Total noncurrent assets	58,437,308	21,545,065	79,982,373
<b>Total Assets</b>	<b>85,159,947</b>	<b>26,933,154</b>	<b>112,093,101</b>
<b>LIABILITIES</b>			
CURRENT:			
Warrants and Accounts Payable	2,115,892	81,403	2,197,295
Accrued Payroll	408,551	59,532	468,083
Payroll Withholdings	817,938	-	817,938
Tax Refund Payable	48,000	-	48,000
Accrued Interest	118,022	153,778	271,800
Retainage Payable	941,294	-	941,294
Other	131,426	-	131,426
Compensated Absences	740,863	67,765	808,628
Bond Anticipation Notes Payable	6,909,793	-	6,909,793
Bonds and Leases Payable	1,281,523	768,170	2,049,693
Total current liabilities	13,513,302	1,130,648	14,643,950
NONCURRENT:			
Compensated Absences	960,686	17,897	978,583
OPEB Obligation Payable	12,088,911	341,381	12,430,292
Bonds and Leases Payable	11,873,728	10,273,717	22,147,445
Total noncurrent liabilities	24,923,325	10,632,995	35,556,320
<b>Total Liabilities</b>	<b>38,436,627</b>	<b>11,763,643</b>	<b>50,200,270</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	38,700,762	10,503,178	49,203,940
Restricted for:			
Capital Projects	3,501,560	1,365,639	4,867,199
Federal & State Grants	709,769	-	709,769
Permanent Funds:			
Expendable	100,896	-	100,896
Nonexpendable	247,500	-	247,500
Other Purposes	7,646,120	-	7,646,120
Unrestricted	(4,183,287)	3,300,694	(882,593)
<b>Total Net Position</b>	<b>\$ 46,723,320</b>	<b>\$ 15,169,511</b>	<b>\$ 61,892,831</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, 2013**

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-Type	Total
		Services	Grants and	Contributions	Activities	Activities	
Expenses							
<b>Governmental Activities:</b>							
General Government	\$ 2,156,959	\$ 192,450	\$ 57,130	\$ -	\$ (1,907,379)	\$ -	\$ (1,907,379)
Public Safety	7,430,853	1,654,572	144,226	-	(5,632,055)	-	(5,632,055)
Public Works	1,487,997	299	36,951	563,336	(887,411)	-	(887,411)
Education	29,312,518	1,032,183	15,692,087	10,756,809	(1,831,439)	-	(1,831,439)
Health and Human Services	527,176	114,336	177,017	-	(235,823)	-	(235,823)
Culture and Recreation	468,378	19,035	35,711	-	(413,632)	-	(413,632)
Employee Benefits and Insurance	17,045,955	-	5,591,139	-	(11,454,816)	-	(11,454,816)
State Assessments	2,517,431	-	-	-	(2,517,431)	-	(2,517,431)
Interest	554,787	-	69,913	-	(484,874)	-	(484,874)
<b>Total Governmental Activities</b>	<b>61,502,054</b>	<b>3,012,875</b>	<b>21,804,174</b>	<b>11,320,145</b>	<b>(25,364,860)</b>	<b>-</b>	<b>(25,364,860)</b>
<b>Business-Type Activities:</b>							
Sewer	1,257,615	1,556,376	733	-	-	299,494	299,494
Water	2,420,273	3,099,319	7,525	-	-	686,571	686,571
<b>Total Primary Government</b>	<b>\$ 65,179,942</b>	<b>\$ 7,668,570</b>	<b>\$ 21,812,432</b>	<b>\$ 11,320,145</b>	<b>(25,364,860)</b>	<b>986,065</b>	<b>(24,378,795)</b>
<b>General Revenues:</b>							
Property Taxes					28,900,667	-	28,900,667
Motor vehicle and other taxes					2,006,353	-	2,006,353
Hotel room occupancy and meal taxes					270,522	-	270,522
Penalties & Interest on taxes					281,615	-	281,615
Grants & Contributions not restricted to specific programs					1,992,150	-	1,992,150
Unrestricted Investment Income					617,073	-	617,073
Miscellaneous					7,692	-	7,692
<b>Contributions to Permanent Funds</b>					4,300	-	4,300
<b>Transfers, net</b>					(3,488,951)	3,488,951	-
<b>Total General Revenues, Contributions and Transfers</b>					<b>30,591,421</b>	<b>3,488,951</b>	<b>34,080,372</b>
<b>Change in Net Position</b>							
					5,226,561	4,475,016	9,701,577
<b>Net Position:</b>							
					41,496,759	10,694,495	52,191,254
					\$ 46,723,320	\$ 15,169,511	\$ 61,892,831

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

**TOWN OF NORTON, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 7,930,385	\$ -	\$ 3,891,779	\$ 4,098,683	\$ 15,920,847
Investments	189,567	6,362,969	-	-	6,552,536
Receivables, net of allowance for uncollectibles:					
Property Taxes	484,848	-	-	-	484,848
Deferred Property Taxes	38,860	-	-	-	38,860
Tax Liens	812,647	-	-	-	812,647
Taxes in Litigation	1,092	-	-	-	1,092
Excise Taxes	170,396	-	-	-	170,396
User Charges	5,390	-	-	-	5,390
Departmental	-	-	-	-	-
Special Assessments	443,788	-	-	182,090	182,090
Due from Other Governments	235,233	-	1,283,894	383,181	826,969
<b>Total Assets</b>	<b>\$ 10,312,206</b>	<b>\$ 6,362,969</b>	<b>\$ 5,175,673</b>	<b>\$ 5,526,254</b>	<b>\$ 27,377,102</b>
<b>LIABILITIES AND FUND BALANCE:</b>					
<b>Liabilities:</b>					
Warrants and Accounts Payable	\$ 413,399	\$ -	\$ 1,414,313	\$ 288,180	\$ 2,115,892
Accrued Payroll	332,598	-	-	75,953	408,551
Retainage Payable	-	-	941,294	-	941,294
Payroll Withholdings	817,938	-	-	-	817,938
Tax Refund Payable	48,000	-	-	-	48,000
Other	131,426	-	-	-	131,426
Deferred Revenue:					
Property Taxes	392,848	-	-	-	392,848
Other	1,628,215	-	-	559,403	2,187,618
Bond Anticipation Notes Payable	-	-	6,000,000	909,793	6,909,793
<b>Total Liabilities</b>	<b>3,764,424</b>	<b>-</b>	<b>8,355,607</b>	<b>1,833,329</b>	<b>13,953,360</b>
<b>Fund Balance:</b>					
Non-Spendable	-	-	-	247,500	247,500
Restricted	-	6,362,969	-	2,790,171	9,153,140
Committed	-	-	-	995,101	995,101
Assigned	2,238,180	-	-	-	2,238,180
Unassigned	4,309,602	-	(3,179,934)	(339,847)	789,821
<b>Total Fund Balance</b>	<b>6,547,782</b>	<b>6,362,969</b>	<b>(3,179,934)</b>	<b>3,692,925</b>	<b>13,423,742</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,312,206</b>	<b>\$ 6,362,969</b>	<b>\$ 5,175,673</b>	<b>\$ 5,526,254</b>	<b>\$ 27,377,102</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, 2013**

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 28,900,972	\$ -	\$ -	\$ -	\$ 28,900,972
Intergovernmental	14,864,663	-	10,558,296	3,977,980	29,400,939
Excise and Other Taxes	2,306,439	-	-	-	2,306,439
Charges for Services	-	-	-	2,585,309	2,585,309
Licenses, Permits, Fees	1,117,592	-	-	-	1,117,592
Interest and Penalties on Taxes	281,615	-	-	-	281,615
Investment Income	69,656	547,417	-	1,025	618,098
Gifts and Donations	-	-	-	161,675	161,675
Other	-	-	-	113,162	113,162
Intergovernmental - "On-behalf" Payments	5,522,690	-	-	-	5,522,690
<b>Total Revenues</b>	<b>53,063,627</b>	<b>547,417</b>	<b>10,558,296</b>	<b>6,839,151</b>	<b>71,008,491</b>
<b>Expenditures:</b>					
Current:					
General Government	1,929,831	59,797	-	129,597	2,119,225
Public Safety	6,251,264	-	-	758,430	7,009,694
Public Works	1,118,459	-	-	731,924	1,850,383
Education	24,376,231	-	18,388,066	4,380,098	47,144,395
Health and Human Services	446,708	-	-	30,359	477,067
Culture and Recreation	373,695	-	-	65,098	438,793
Employee Benefits and Insurance	14,981,373	-	-	-	14,981,373
State Assessments	2,517,431	-	-	-	2,517,431
Debt Service:					
Principal	1,476,742	-	-	-	1,476,742
Interest	565,779	-	-	-	565,779
<b>Total Expenditures</b>	<b>54,037,513</b>	<b>59,797</b>	<b>18,388,066</b>	<b>6,095,506</b>	<b>78,580,882</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(973,886)</b>	<b>487,620</b>	<b>(7,829,770)</b>	<b>743,645</b>	<b>(7,572,391)</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	1,028,158	-	-	17,127	1,045,285
Operating Transfers Out	(58,420)	(115,500)	-	(588,542)	(762,462)
Proceeds from Bonds and Notes	-	-	-	420,555	420,555
<b>Total Other Financing Sources (Uses)</b>	<b>969,738</b>	<b>(115,500)</b>	<b>-</b>	<b>(150,860)</b>	<b>703,378</b>
<b>Net Change in Fund Balances</b>	<b>(4,148)</b>	<b>372,120</b>	<b>(7,829,770)</b>	<b>592,785</b>	<b>(6,869,013)</b>
<b>Fund Balances, Beginning of Year</b>	<b>6,551,930</b>	<b>5,990,849</b>	<b>4,649,836</b>	<b>3,100,140</b>	<b>20,292,755</b>
<b>Fund Balances, End of Year</b>	<b>\$ 6,547,782</b>	<b>\$ 6,362,969</b>	<b>\$ (3,179,934)</b>	<b>\$ 3,692,925</b>	<b>\$ 13,423,742</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, 2013**

<b>Total Governmental Fund Balances</b>			\$ 13,423,742
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.			57,335,926
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			3,027,385
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	\$ (13,155,251)		
Other Post Employment Benefits Payable	(12,088,911)		
Compensated Absences	<u>(1,701,549)</u>	(26,945,711)	
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.			<u>(118,022)</u>
<b>Net Position of Governmental Activities</b>			<u><u>\$ 46,723,320</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, 2013**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (6,869,013)**

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	\$ 19,815,473	
Transfer Capital Assets to Business-Type - Sewer	(4,058,943)	
Depreciation	<u>(2,044,502)</u>	13,712,028

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue and WPAT subsidy. (819,802)

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

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

Repayment of Debt Principal and Lease Principal	1,559,535	
Transfer Lease to Business-Type - Sewer	24,544	
Proceeds from Bonds and Notes	<u>(420,555)</u>	1,163,524

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	(155,776)	
Net Change in Other Post Employment Benefits	(1,815,392)	
Net Change in Accrued Interest on Long-Term Debt	<u>10,992</u>	(1,960,176)

**Change in Net Position of Governmental Activities** **\$ 5,226,561**

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, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Amounts Carried Forward to Next year</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Budgetary Basis</b>		
<b>Revenues:</b>					
Property Taxes	\$ 28,729,247	\$ 28,729,247	\$ 28,836,972	\$ -	\$ 107,725
Intergovernmental	14,539,605	14,539,605	14,864,663	-	325,058
Excise and Other Taxes	2,318,000	2,318,000	2,306,439	-	(11,561)
Licenses, Permits, Fees	605,000	605,000	1,117,592	-	512,592
Interest and Penalties on Taxes	225,000	225,000	281,615	-	56,615
Interest on Investments	90,000	90,000	62,283	-	(27,717)
<b>Total Revenues</b>	<b>46,506,852</b>	<b>46,506,852</b>	<b>47,469,564</b>	<b>-</b>	<b>962,712</b>
<b>Expenditures:</b>					
Current:					
General Government	2,209,382	2,438,887	1,929,831	363,905	145,151
Public Safety	6,251,595	6,392,840	6,251,264	35,314	106,262
Public Works	1,213,382	1,518,915	1,118,459	301,145	99,311
Education	24,844,423	24,876,040	24,376,231	448,844	50,965
Health and Human Services	496,795	499,340	446,708	22,923	29,709
Culture and Recreation	376,409	408,403	373,695	34,256	452
Employee Benefits and Insurance	9,716,880	9,768,103	9,566,827	14,708	186,568
State Assessments	2,604,812	2,604,812	2,517,431	-	87,381
Debt Service:					
Principal	1,448,783	1,448,783	1,448,783	-	-
Interest	442,482	486,667	485,594	-	1,073
<b>Total Expenditures</b>	<b>49,604,943</b>	<b>50,442,790</b>	<b>48,514,823</b>	<b>1,221,095</b>	<b>706,872</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,098,091)</b>	<b>(3,935,938)</b>	<b>(1,045,259)</b>	<b>(1,221,095)</b>	<b>1,669,584</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In (Out)	870,876	863,853	890,925	-	27,072
<b>Total Other Financing Sources (Uses)</b>	<b>870,876</b>	<b>863,853</b>	<b>890,925</b>	<b>-</b>	<b>27,072</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(2,227,215)</b>	<b>(3,072,085)</b>	<b>(154,334)</b>	<b>(1,221,095)</b>	<b>1,696,656</b>
<b>Budgetary Fund Balance - Beginning of Year</b>	<b>4,953,001</b>	<b>4,953,001</b>	<b>\$ 4,953,001</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance - End of Year</b>	<b>\$ 2,725,786</b>	<b>\$ 1,880,916</b>	<b>\$ 4,798,667</b>	<b>\$ (1,221,095)</b>	<b>\$ 1,696,656</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, 2013**

	<u>Revenues</u>	<u>Expenditures</u>
<b>Reported on a Budgetary Basis</b>	\$ 47,469,564	\$ 48,514,823
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	7,373	-
Net Increase in Revenue from recording Refund Taxes Payable	54,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	5,522,690	-
Recognition of Expenditures - "on behalf payments"	-	5,522,690
Net Increase in Revenue from Recording 60-Day Receipts	10,000	-
<b>Reported on a GAAP Basis</b>	<u>\$ 53,063,627</u>	<u>\$ 54,037,513</u>

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

**TOWN OF NORTON, MASSACHUSETTS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>ASSETS</b>			
CURRENT:			
Cash and Cash Equivalents	\$ 195,954	\$ 3,989,041	\$ 4,184,995
User Charges, net of allowance for uncollectibles	281,962	921,132	1,203,094
Total current assets	477,916	4,910,173	5,388,089
NONCURRENT:			
Capital Assets, net of accumulated depreciation:			
Nondepreciable	-	348,926	348,926
Depreciable	3,902,682	17,293,457	21,196,139
Total noncurrent assets	3,902,682	17,642,383	21,545,065
<b>Total Assets</b>	<b>4,380,598</b>	<b>22,552,556</b>	<b>26,933,154</b>
<b>LIABILITIES</b>			
CURRENT:			
Accounts Payable	19,322	62,081	81,403
Accrued Payroll	16,877	42,655	59,532
Accrued Interest	-	153,778	153,778
Compensated Absences	9,528	58,237	67,765
Bonds and Leases Payable	8,170	760,000	768,170
Total current liabilities	53,897	1,076,751	1,130,648
NONCURRENT:			
Compensated Absences	2,415	15,482	17,897
OPEB Obligation Payable	39,363	302,018	341,381
Bonds and Leases Payable	8,717	10,265,000	10,273,717
Total noncurrent liabilities	50,495	10,582,500	10,632,995
<b>Total Liabilities</b>	<b>104,392</b>	<b>11,659,251</b>	<b>11,763,643</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,885,795	6,617,383	10,503,178
Restricted for Capital	-	1,365,639	1,365,639
Unrestricted	390,411	2,910,283	3,300,694
<b>Total Net Position</b>	<b>\$ 4,276,206</b>	<b>\$ 10,893,305</b>	<b>\$ 15,169,511</b>

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



**TOWN OF NORTON, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,554,254	\$ 2,824,895	\$ 4,379,149
Other	2,122	274,424	276,546
<b>Total Operating Revenues</b>	<b>1,556,376</b>	<b>3,099,319</b>	<b>4,655,695</b>
<b>Operating Expenses:</b>			
Salaries & Wages	145,717	580,980	726,697
Operating Expenses	909,637	781,771	1,691,408
Depreciation	202,261	608,870	811,131
<b>Total Operating Expenses</b>	<b>1,257,615</b>	<b>1,971,621</b>	<b>3,229,236</b>
<b>Operating Income (Loss)</b>	<b>298,761</b>	<b>1,127,698</b>	<b>1,426,459</b>
<b>Non-Operating Revenues (Expenses):</b>			
Investment Income	733	7,525	8,258
Interest Expense	-	(448,652)	(448,652)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>733</b>	<b>(441,127)</b>	<b>(440,394)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>299,494</b>	<b>686,571</b>	<b>986,065</b>
<b>Operating Transfers:</b>			
Transfers In/(Out)	3,976,712	(487,761)	3,488,951
<b>Total Operating Transfers</b>	<b>3,976,712</b>	<b>(487,761)</b>	<b>3,488,951</b>
<b>Change in Net Position</b>	<b>4,276,206</b>	<b>198,810</b>	<b>4,475,016</b>
<b>Net Position at Beginning of Year</b>	<b>-</b>	<b>10,694,495</b>	<b>10,694,495</b>
<b>Net Position at End of Year</b>	<b>\$ 4,276,206</b>	<b>\$ 10,893,305</b>	<b>\$ 15,169,511</b>

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

**TOWN OF NORTON, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<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	\$ 1,272,292	\$ 2,844,620	\$ 4,116,912
Receipts from Other Revenues	2,122	274,424	276,546
Payments to Vendors	(877,152)	(689,970)	(1,567,122)
Payments to Employees	(130,332)	(605,332)	(735,664)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>266,930</b>	<b>1,823,742</b>	<b>2,090,672</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) Other Funds	(18,052)	(264,771)	(282,823)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(18,052)</b>	<b>(264,771)</b>	<b>(282,823)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Capital Assets	(46,000)	(1,676,064)	(1,722,064)
Principal Payments on Bonds and Leases	(7,657)	(765,000)	(772,657)
Interest Expense	-	(457,725)	(457,725)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(53,657)</b>	<b>(2,898,789)</b>	<b>(2,952,446)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment Income	733	7,525	8,258
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>733</b>	<b>7,525</b>	<b>8,258</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>195,954</b>	<b>(1,332,293)</b>	<b>(1,136,339)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>-</b>	<b>5,321,334</b>	<b>5,321,334</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 195,954</b>	<b>\$ 3,989,041</b>	<b>\$ 4,184,995</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</b>			
<b>Operating Income (Loss)</b>	<b>\$ 298,761</b>	<b>\$ 1,127,698</b>	<b>\$ 1,426,459</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	202,261	608,870	811,131
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	19,322	12,773	32,095
Increase (Decrease) in Accrued Payroll	16,877	29,555	46,432
Increase (Decrease) in Compensated Absences	(1,492)	(53,907)	(55,399)
Increase (Decrease) in OPEB Obligation Payable	13,163	79,028	92,191
Decrease (Increase) in User Charges Receivable	(281,962)	19,725	(262,237)
<b>Total Adjustments</b>	<b>(31,831)</b>	<b>696,044</b>	<b>664,213</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 266,930</b>	<b>\$ 1,823,742</b>	<b>\$ 2,090,672</b>

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

**TOWN OF NORTON, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013**

	<div> <div>Other</div> <div>Postemployment</div> <div>Benefits</div> <div>Trust Fund</div> </div> <div> <div>Private</div> <div>Purpose</div> <div>Trust Funds</div> </div> <div> <div>Agency</div> <div>Funds</div> </div>		
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 41,052	\$ 99,516	\$ 368,411
<b>Total Assets</b>	<b>41,052</b>	<b>99,516</b>	<b>368,411</b>
<b>LIABILITIES</b>			
Warrants Payable	-	-	6,127
Due to Others	-	-	19,248
Due to Student Groups	-	-	120,418
Deposits and Escrows	-	-	222,618
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>368,411</b>
<b>NET POSITION:</b>			
Held in Trust for Other Purposes	\$ 41,052	\$ 99,516	\$ -

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

**TOWN OF NORTON, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Contributions:		
Employer	\$ 40,000	\$ -
Private Donations	-	39,594
<b>Total Contributions</b>	<b>40,000</b>	<b>39,594</b>
Investment Income:		
Interest & Dividends	52	785
<b>Total Investment Earnings</b>	<b>52</b>	<b>785</b>
<b>Total Additions</b>	<b>40,052</b>	<b>40,379</b>
<b>Deductions:</b>		
Educational Scholarships	-	36,950
<b>Total Deductions</b>	<b>-</b>	<b>36,950</b>
<b>Change in Net Position</b>	<b>40,052</b>	<b>3,429</b>
<b>Net Position at Beginning of Year</b>	<b>1,000</b>	<b>96,087</b>
<b>Net Position at End of Year</b>	<b>\$ 41,052</b>	<b>\$ 99,516</b>

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2013, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

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

A description of the related organization is as follows:

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

**B. Government-Wide and Fund Financial Statements**

**Government-wide financial statements**

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

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**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 recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund financial statements**

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

Additionally, the Town reports the following fund types:

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

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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

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

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

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

**D. Cash and Cash Equivalents**

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

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

Investment income from proprietary funds is maintained in those funds.

**E. Investments**

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

All investments are carried at fair value.

**F. Receivables**

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



**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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

Property taxes are based on assessments as of January 1, 2012 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 2013 on June 28, 2012, that were due on August 1, 2012 and November 1, 2012 and actual bills on December 27, 2012 that were due on February 1, 2013 and May 1, 2013.

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 2013 is as follows;

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2013	\$ 28,394,043
Add: Debt Exclusion	665,334
	<u>\$ 29,059,377</u>

The total amount raised by taxation was \$29,053,758.

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

***Excise Taxes***

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

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

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

***User Charges***

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

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

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

***Departmental***

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

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

***Special Assessments***

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

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

***Due from Other Governments***

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

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

**G. Capital Assets**

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

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

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

<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 Revenue**

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

**J. Net position and Fund Balances**

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

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

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

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

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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

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

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

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

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

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

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

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

**K. Long-term Debt**

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

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

**L. Compensated Absences**

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

**M. 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

**TOWN OF NORTON, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2013**

insurance is recognized by recording the employer's 75% share of insurance premiums in the general fund in the fiscal year paid.

**N. Use of Estimates**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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

The budgets for all departments are prepared by the department heads and submitted to the Town Manager who presents the budget to the Town's finance committee for review.

The finance committee, in turn, presents the omnibus budget for voter approval at the Annual Town Meeting of each fiscal year.

The Town Manager can also present an alternative budget at the Town Meeting if there is not a finance committee consensus.

The budget is legally enacted by vote of Town meeting members at the annual Town meeting.

Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.

Throughout the year appropriations may be transferred between departments with Town meeting approval.

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 2013, the Town incurred a final budget deficit of \$3,072,085 for the General Fund.

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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

Unreserved fund balance:	
Overlay surplus	\$ 75,000
Free cash	1,644,869
Prior years reserved for encumbrance	1,352,216
	<u>\$ 3,072,085</u>

**B. Deficit Fund Balances**

The following funds had deficits at June 30, 2013 as measured by the balances of unreserved fund balance.

- The Norton High School construction fund has a deficit of \$3,179,934. The Town has a temporary note of \$6,000,000. The deficit will be eliminated upon additional Massachusetts School Building Administration (MSBA) receipts and the issuance of permanent debt.
- The J.C. Solomonese Elementary School roof replacement fund, a capital project, has a deficit of \$158,618. The Town has a temporary note of \$722,293. The deficit will be eliminated upon additional MSBA receipts and the issuance of permanent debt.
- Public safety project fund, a capital project, has a deficit of \$181,229. The Town has a temporary note of \$187,500. The deficit will be eliminated upon the receipt of additional funds or issuance of permanent debt.

**3. DETAILED NOTES**

**A. Deposits and Investments**

**Custodial Credit Risks – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2013 were \$21,142,370. Of these, none were exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies**

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

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed

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income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2013, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
U. S. treasury obligations	\$ 567,439	\$ 50,767	\$ 371,766	\$ 144,906	\$ -
U. S. government agencies	332,021	-	215,964	116,057	-
Corporate bond	830,321	181,186	308,983	-	340,152
Money market mutual fund	607,166	607,166	-	-	-
	<u>2,336,947</u>	<u>\$ 839,119</u>	<u>\$ 896,713</u>	<u>\$ 260,963</u>	<u>\$ 340,152</u>
Other Investments:					
Equity securities - domestic (stocks)	4,026,022				
MMDT	189,567				
	<u>\$ 6,552,536</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 \$6,552,536 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.

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**Credit Risk**

The Town's exposure to credit risk as of June 30, 2013 is as follows:

Related Debt Instruments	Moody's Quality Ratings				
	Fair Value	Aaa	A1	A2	Not Rated
Debt Securities:					
U. S. treasury obligations	\$ 567,439	\$ 567,439	\$ -	\$ -	\$ -
U. S. government agencies	332,021	332,021	-	-	-
Corporate bonds	830,321	80,599	409,570	340,152	-
Money market mutual fund	607,166	-	-	-	607,166
	<u>\$ 2,336,947</u>	<u>\$ 980,059</u>	<u>\$ 409,570</u>	<u>\$ 340,152</u>	<u>\$ 607,166</u>

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are in Corporate bonds amounting to 5.19%.

**B. Receivables**

At June 30, 2013, 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	\$ 509,864	\$ (25,016)	\$ 484,848
Deferred property taxes	38,860	-	38,860
Tax liens	812,647	-	812,647
Taxes in litigation	1,092	-	1,092
Excise taxes	247,396	(77,000)	170,396
User charges	5,390	-	5,390
Departmental	419,463	(237,373)	182,090
Special assessments	826,969	-	826,969
Due from other governments	2,381,427	-	2,381,427
	<u>\$ 5,243,108</u>	<u>\$ (339,389)</u>	<u>\$ 4,903,719</u>



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At June 30, 2013, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Sewer Fund:</b>			
User charges	\$ 281,962	\$ -	\$ 281,962
<b>Water Fund:</b>			
User charges	921,132	-	921,132
	<u>\$ 1,203,094</u>	<u>\$ -</u>	<u>\$ 1,203,094</u>

The composition of amounts due from other governments as of June 30, 2013 for governmental funds is as follows:

<b>General Fund:</b>			
<b><i>Commonwealth of Massachusetts:</i></b>			
Department of Revenue:			
Veterans, blind and surviving spouses	\$ 39,754		
Department of Veterans Services:			
Veterans benefits	<u>195,479</u>	\$	235,233
<b>High School Construction Fund:</b>			
<b><i>Commonwealth of Massachusetts:</i></b>			
Massachusetts School Building Assistance:			
Norton high school project			1,283,894
<b>Nonmajor Governmental Funds:</b>			
<b><i>U. S. Department of Agriculture:</i></b>			
School lunch	48,387		
<b><i>Commonwealth of Massachusetts:</i></b>			
Department of Elementary and Secondary Education:			
School Lunch	1,661		
Special education reimbursement fund	317,676		
Executive Office of Public Safety & Homeland Security:			
State 911 support & incentive grant	36,081		
Byrne justice assistance grant	17,116		
Traffic enforcement	950		
Massachusetts Highway Department:			
Chapter 90 funded projects	289,124		
Massachusetts School Building Assistance:			
J.C. Solomonese elementary school roof project	<u>151,305</u>		862,300
		<u>\$</u>	<u>2,381,427</u>

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

The balance of the general fund deferred revenues account is equal to all of June 30, 2013 receivable balances, except real estate and personal property taxes that are accrued for subsequent 60 day collections.

At the end of the current fiscal year, the deferred revenue for property taxes is \$392,848.

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

**General Fund:**

Deferred property taxes	\$	38,860	
Tax liens		812,647	
Taxes in litigation		1,092	
Excise taxes		170,396	
User charges		5,390	
Special assessments		443,788	
Due from other governments		156,042	\$ 1,628,215

**Nonmajor Governmental Funds:**

Departmental		127,663	
Special assessments		383,181	
Due from other governments		48,559	559,403
			<u>\$ 2,187,618</u>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2013, are as follows

**Governmental Activities**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 7,229,655	\$ 28,877	\$ -	\$ 7,258,532
Construction in Progress	5,205,318	18,745,197	-	23,950,515
Total capital assets not being depreciated	12,434,973	18,774,074	-	31,209,047
Capital assets being depreciated:				
Buildings and Renovations	41,585,417	136,510	-	41,721,927
Machinery, equipment and other	6,589,922	180,493	(151,098)	6,619,317
Infrastructure	17,093,611	724,396	(7,493,939)	10,324,068
Total capital assets being depreciated	65,268,950	1,041,399	(7,645,037)	58,665,312
Less accumulated depreciation for:				
Buildings and Renovations	23,732,843	1,160,480	-	24,893,323
Machinery, equipment and other	4,633,420	466,200	(122,383)	4,977,237
Infrastructure	5,713,762	417,821	(3,463,710)	2,667,873
Total accumulated depreciation	34,080,025	2,044,501	(3,586,093)	32,538,433
Total capital assets being depreciated, net	31,188,925	(1,003,102)	(4,058,944)	26,126,879
Total governmental activities capital assets, net	\$ 43,623,898	\$ 17,770,972	\$ (4,058,944)	\$ 57,335,926

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**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 348,926	\$ -	\$ -	\$ 348,926
Construction in progress	173,881	69,881	(243,762)	-
Total capital assets not being depreciated	522,807	69,881	(243,762)	348,926
Capital assets being depreciated:				
Buildings and improvements	429,819	-	-	429,819
Machinery, equipment and other	1,050,125	120,235	-	1,170,360
Infrastructure	19,820,287	9,364,671	-	29,184,958
Total capital assets being depreciated	21,300,231	9,484,906	-	30,785,137
Less accumulated depreciation for:				
Buildings and improvements	28,807	18,922	-	47,729
Machinery, equipment and other	839,323	159,637	-	998,960
Infrastructure	4,379,719	4,162,590	-	8,542,309
Total accumulated depreciation	5,247,849	4,341,149	-	9,588,998
Total capital assets being depreciated, net	16,052,382	5,143,757	-	21,196,139
Total business-type activities capital assets, net	\$ 16,575,189	\$ 5,213,638	\$ (243,762)	\$ 21,545,065

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

**Governmental Activities:**

General government	\$ 41,461
Public safety	404,129
Public works	473,059
Education	1,024,968
Health and human services	46,060
Culture and recreation	54,824
Total depreciation expense - governmental activities	<u>\$ 2,044,501</u>

**Business-Type Activities:**

Sewer fund	\$ 3,732,279
Water fund	608,870
Total depreciation expense - business-type activities	<u>\$ 4,341,149</u>

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

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

Transfers Out:	Transfers In:			
	General fund	Nonmajor governmental funds	Business-type funds	Total
General fund	\$ -	\$ 1,627	\$ 56,793	\$ 58,420
Cyrus Hicks fund	100,000	15,500	-	115,500
Nonmajor governmental funds	588,542	-	-	588,542
Business-type activities	339,616	-	-	339,616
Total transfers out	\$ 1,028,158	\$ 17,127	\$ 56,793	\$ 1,102,078

**E. Leases**

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

The assets, including any expiring in 2013, acquired through the capital leases are as follows:

	<b>Governmental Activities</b>
<b>Assets:</b>	
Machinery, equipment and other	\$ 424,280
Less: Accumulated Depreciation	(226,009)
Total	<u>\$ 198,271</u>
	<b>Business-type Activities</b>
<b>Assets:</b>	
Machinery, equipment and other	\$ 42,022
Less: Accumulated Depreciation	(20,511)
Total	<u>\$ 21,511</u>

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, are as follows:

Year Ending June 30,	Governmental Activities
2014	\$ 60,683
2015	60,683
2016	32,647
Total minimum lease payments	\$ 154,013
Less: amount representing interest	(10,309)
Present value of minimum lease payments	<u>\$ 143,704</u>

Year Ending June 30,	Business-type Activities
2014	\$ 9,302
2015	9,301
Total minimum lease payments	\$ 18,603
Less: amount representing interest	(1,716)
Present value of minimum lease payments	<u>\$ 16,887</u>

**F. Short-Term Financing**

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

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

Purpose	Rate	Date	June 30, 2012	Issued	Redeemed	June 30, 2013
<b>Governmental Activities:</b>						
School repairs/feasibility study and						
fire communication improvements	1.00%	7/25/2012	\$ 443,055	\$ -	\$ 443,055	\$ -
Fire communication improvements	0.55%	7/25/2013	-	187,500	-	187,500
Norton high school construction	1.00%	12/13/2013		6,000,000	-	6,000,000
J.C. Solmonese elementary school roof	0.55%	5/21/2014	-	722,293	-	722,293
<b>Massachusetts Water</b>						
<b>Pollution Abatement Trust:</b>						
Community Septic Program	N/A	8/15/2013	125,000	40,000	165,000	-
			<u>\$ 568,055</u>	<u>\$ 6,949,793</u>	<u>\$ 608,055</u>	<u>\$ 6,909,793</u>

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**G. Long Term Debt**

**General Obligation Bonds**

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

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2013</b>
<b>Inside Debt:</b>					
Land acquisition-Slattery property	3.66%	11/1/2004	11/1/2022	\$ 400,000	\$ 200,000
School building renovations	3.75%	11/1/2004	11/1/2023	\$ 2,100,000	1,210,000
Land acquisition	3.96%	10/1/2007	10/1/2022	\$ 500,000	325,000
School sewer pump	4.04%	10/1/2007	10/1/2017	\$ 350,000	175,000
Police station	2.38%	2/15/2011	10/1/2018	\$ 945,000	695,000
Land acquisition - school	2.38%	2/15/2011	10/1/2016	\$ 420,000	280,000
Sewer bond	2.38%	2/15/2011	10/1/2020	\$ 80,000	60,000
School feasibility study	1.96%	11/15/2011	11/15/2014	\$ 193,376	125,000
Fire equipment	1.88%	11/15/2011	11/15/2015	\$ 250,000	185,000
Fire truck	1.86%	11/15/2011	11/15/2016	\$ 475,000	380,000
<b>Massachusetts Water Pollution Abatement Trust:</b>					
Lake Winnecunnet sewer project	N/A	11/26/2002	8/1/2022	\$ 2,375,687	1,350,000
Water resource management	N/A	11/26/2002	8/1/2022	\$ 334,237	190,000
<b>Total Inside Debt</b>					<u>5,175,000</u>
<b>Outside Debt:</b>					
High school track/bleachers	2.38%	11/15/2011	2/15/2025	\$ 650,000	600,000
High school renovation	2.82%	11/15/2011	2/15/2031	\$ 6,550,000	6,220,000
<b>Massachusetts Water Pollution Abatement Trust:</b>					
Title V Septic Loans - Round 1	N/A	4/29/1999	2/1/2017	\$ 199,807	44,402
Title V Septic Loans - Round 2	N/A	7/24/2003	2/1/2021	\$ 195,089	86,851
Title V Septic Loans - Round 3	N/A	8/1/2004	8/1/2023	\$ 236,799	136,028
Title V Septic Loans - Round 4	N/A	12/14/2006	7/15/2026	\$ 146,244	102,372
Title V Septic Loans - Round 5	N/A	11/15/2006	8/1/2024	\$ 184,207	122,654
Title V Septic Loans - Round 6	N/A	11/22/2010	7/15/2029	\$ 200,000	178,948
Title V Septic Loans - Round 7	N/A	11/22/2010	7/15/2029	\$ 201,502	180,292
Title V Septic Loans - Round 8	N/A	5/22/2013	1/15/2033	\$ 165,000	165,000
<b>Total Outside Debt</b>					<u>7,836,547</u>
<b>Total Governmental Type Debt</b>					<u>\$ 13,011,547</u>

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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, 2013</b>
<b>Outside Debt:</b>					
<b>Water fund:</b>					
Water mains	3.99%	10/1/2007	10/1/2027	\$ 3,300,000	\$ 2,475,000
New water tank	3.99%	10/1/2007	10/1/2027	\$ 1,700,000	1,275,000
Water mains	4.02%	8/1/2008	8/1/2028	\$ 3,000,000	2,400,000
Water mains	4.02%	8/1/2008	8/1/2028	\$ 5,000,000	4,000,000
Water storage facility	2.38%	2/15/2011	10/1/2020	\$ 1,100,000	875,000
<b>Total Business-type Debt</b>					<b>\$ 11,025,000</b>

**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, 2013, are as follows:

**Governmental Type Activities**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 1,226,444	\$ 390,691	\$ 1,617,135
2015	1,211,626	351,162	1,562,788
2016	1,161,663	310,752	1,472,415
2017	1,101,663	274,287	1,375,950
2018	920,563	244,226	1,164,789
2019-2023	3,943,189	825,783	4,768,972
2024-2028	2,062,883	357,716	2,420,599
2029-2033	1,383,516	91,000	1,474,516
	<u>\$ 13,011,547</u>	<u>\$ 2,845,617</u>	<u>\$ 15,857,164</u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2013, are as follows:

**Business-Type Activities**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 760,000.00	\$ 431,526.00	\$ 1,191,526
2015	760,000.00	403,098.00	1,163,098
2016	760,000.00	371,590.00	1,131,590
2017	760,000.00	341,208.00	1,101,208
2018	760,000.00	310,604.00	1,070,604
2019-2023	3,575,000.00	1,106,005.00	4,681,005
2024-2028	3,250,000.00	425,612.00	3,675,612
2029	400,000.00	8,500.00	408,500
	<u>\$ 11,025,000</u>	<u>\$ 3,398,143</u>	<u>\$ 14,423,143</u>

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

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 11,473,376	\$ -	\$ 1,018,376	\$ 10,455,000	\$ 1,010,000
Massachusetts Water Pollution Abatement Trust	2,594,358	165,000	202,811	2,556,547	216,444
<b>Leases Payable</b>	226,497	-	82,793	143,704	55,079
<b>Compensated Absences</b>	1,545,773	155,776	-	1,701,549	740,863
<b>OPEB Obligation Payable</b>	10,024,329	2,064,582	-	12,088,911	-
Governmental activity					
Long-term liabilities	\$ 25,864,333	\$ 2,385,358	\$ 1,303,980	\$ 26,945,711	\$ 2,022,386
<b>Business type activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 11,790,000	\$ -	\$ 765,000	11,025,000	\$ 760,000
<b>Leases Payable</b>	24,544	-	7,657	16,887	8,170
<b>Compensated absences</b>	127,626	-	41,964	85,662	67,765
<b>OPEB Obligation Payable</b>	249,190	92,191	-	341,381	-
Business-type activity long term					
Long-term liabilities	\$ 12,191,360	\$ 92,191	\$ 814,621	\$ 11,468,930	\$ 835,935

**Advance Refunding – February 15, 2011**

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

**Massachusetts Water Pollution Abatement Trust (MWPAT)**

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$4,238,563 and interest costs of \$1,795,889 for ten loans which the Town has borrowed from MWPAT. The gross amount outstanding at June 30, 2013 for principal and interest combined for the loans is \$3,003,840. The net repayments, including interest, are scheduled to be \$2,243,625. 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 2013 principal and interest subsidies totaled \$108,144.



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**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, 2013 totaled \$5,175,000.

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, 2013:

Equalized Valuation-Real Estate and Personal Property (2012)		\$ 2,204,808,900
Debt Limit: 5 % of Equalized value		\$ 110,240,445
Total Debt Outstanding	\$ 24,036,547	
Less: Debt Outside Debt Limit	(18,861,547)	5,175,000
Inside Debt Excess Borrowing Capacity at June 30, 2013		\$ 105,065,445

**Loans Authorized and Unissued - Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. Loan authorizations that have not been issued as of June 30, 2013 and are not reflected in the Town's financial statements are as follows:

<b>Date of Town Meeting Authorized</b>	<b>Purpose</b>	<b>Amount</b>
10/8/2003	Repair, Replacement and Upgrading of Septic Systems or Household Connections to Sanitary Sewer System pursuant to Agreements between Board of Health and Property Owners	\$ 433,498
6/6/2011	Renovating, Constructing, and Improvements and Expansion of Norton High School	21,440,231
5/14/2012	Elementary School repairs and roof replacement	202,707
10/29/2012	Acquisition of Erikson property	225,000
10/29/2012	Elementary School repairs and roof replacement	575,000
5/13/2013	Land acquisition and building improvements	338,000
		<u>\$ 23,214,436</u>

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June 30, 2013**

**Overlapping Debt**

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

	<b>Current Year's Long Term Debt</b>	<b>Town's Estimated Share</b>	<b>Town's Estimated Indirect Debt</b>
Southeastern Regional Vocational School District:	<u>\$ 7,090,000</u>	8.40%	<u>\$ 595,560</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

**H. Fund Balances**

The following is a summary of the Governmental Fund fund balances at the year ended June 30, 2013:

	General Fund	Cyrus Hicks Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent funds	\$ -	\$ -	\$ -	\$ 247,500	\$ 247,500
Restricted:					
Federal, state and local grants	-	-	-	661,210	661,210
School revolving funds	-	-	-	496,658	496,658
Revolving funds	-	-	-	203,031	203,031
Septic loans	-	-	-	871,254	871,254
Donations and gifts	-	-	-	279,660	279,660
Permanent funds	-	-	-	100,896	100,896
Cyrus Hicks fund	-	6,362,969	-	-	6,362,969
Capital project funds	-	-	-	111,548	111,548
Other	-	-	-	65,914	65,914
	-	6,362,969	-	2,790,171	9,153,140
Committed:					
Ambulance	-	-	-	909,393	909,393
Dog fund	-	-	-	85,708	85,708
	-	-	-	995,101	995,101
Assigned:					
General government	363,905	-	-	-	363,905
Public safety	35,314	-	-	-	35,314
Public works	301,145	-	-	-	301,145
Education	448,844	-	-	-	448,844
Health and human services	22,923	-	-	-	22,923
Culture and recreation	34,256	-	-	-	34,256
Insurance and employee benefits	14,708	-	-	-	14,708
Subsequent year's budget	1,017,085	-	-	-	1,017,085
	2,238,180	-	-	-	2,238,180
Unassigned:					
General fund	4,309,602	-	-	-	4,309,602
High school construction fund	-	-	(3,179,934)	-	(3,179,934)
Capital projects:					
J.C. Solmoneses elementary school roof replacement	-	-	-	(158,618)	(158,618)
Public safety projects	-	-	-	(181,229)	(181,229)
	4,309,602	-	(3,179,934)	(339,847)	789,821
Total Governmental fund balances	\$ 6,547,782	\$ 6,362,969	\$ (3,179,934)	\$ 3,692,925	\$ 13,423,742

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**I. Special Trust Funds**

**Stabilization Fund**

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

At June 30, 2013 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 931,654
Capital improvement stabilization fund	<u>773,461</u>
	<u><u>\$ 1,705,115</u></u>

**4. OTHER INFORMATION**

**A. Risk Management**

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

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

**B. Contingent Liabilities**

**Litigation**

Various cases are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2013.

**Federal Financial Assistance**

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

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**C. Other Post Employment Benefits Payable**

**GASB Statement No. 45**

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

**Plan Description**

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

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

-Employees will pay 25% of premiums in retirement.

The number of participants as of July 1, 2011 follows:

Active members	433
Retirees	326
Total	<u>759</u>

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2013 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,955,361.

**Annual OPEB Cost and Net OPEB Obligation**

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

**TOWN OF NORTON, MASSACHUSETTS**  
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**June 30, 2013**

Annual required contribution	\$ 3,962,317
Interest on net OPEB obligation	410,941
Amortization of Actuarial gains/(losses)	627,349
Adjustment to annual required contribution	<u>(888,473)</u>
Annual OPEB cost (expense)	4,112,134
Contributions made during the fiscal year	<u>(1,955,361)</u>
Increase in net OPEB obligation	2,156,773
Net OPEB Obligation - beginning of year	10,273,519
Net OPEB Obligation - end of year	<u><u>\$ 12,430,292</u></u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2011	\$ 3,540,312	49.7%	\$ 8,273,565
6/30/2012	\$ 3,850,962	48.1%	\$ 10,273,519
6/30/2013	\$ 4,112,134	47.6%	\$ 12,430,292

**Funded Status and Funding Process**

As of July 1, 2011, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$51,354,647 and the actuarial value of assets was \$1,000, resulting in a total unfunded actuarial accrued liability (UAAL) of \$51,353,647. The covered payroll (annual payroll of active employees covered by the plan) was \$22,909,558 and the ratio of the UAAL to the covered payroll was 224.2%.

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

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

The schedule of funding progress is as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Aid (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
12/31/2007	\$ -	\$ 36,364,614	\$ 36,364,614	0%	N/A	N/A
12/31/2008	\$ -	\$ 50,629,934	\$ 50,629,934	0%	N/A	N/A
12/31/2009	\$ -	\$ 52,437,664	\$ 52,437,664	0%	N/A	N/A
12/31/2010	\$ 1,000	\$ 51,354,647	\$ 51,353,647	0%	\$ 22,909,558	224.2%

**Actuarial Methods and Assumptions**

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

The Town OPEB actuarial valuation used the projected unit credit actuarial cost method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.00% rate of return on invested assets. The actuarial assumptions also include an expected payroll growth of 3.00% per annum, a general inflation of 2.50% per annum and healthcare trend rates as follows:

<b>Year</b>	<b>Medical</b>	<b>Dental</b>
FY 2008	11.0%	8.5%
FY 2009	10.0%	8.0%
FY 2010	9.0%	7.5%
FY 2011	8.0%	7.0%
FY 2012	7.0%	6.5%
FY 2013	6.0%	6.0%
FY 2014	5.0%	5.5%
FY 2015	5.0%	5.0%

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at July 1, 2013 is 25 years.

**D. Pension Plan**

**Plan Description**

The Town, as a member of the Bristol County Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Bristol County Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the Town does not contribute. Pension benefits and administrative expenses are paid by the Teachers' Retirement Board and are the legal responsibility of the Commonwealth. The amount of these

**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

on-behalf payments totaled approximately \$5,414,546 for the fiscal year ending June 30, 2013, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

The Town has approximately 229 employees in the retirement system.

The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1987 must be approved by the Bristol County Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 645 County Street, Taunton, Massachusetts.

**Funding Policy**

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32B of the Massachusetts general laws governs the contributions of plan members and the Town.

The Town's contribution to the System for the fiscal years ended June 30, 2013, 2012, and 2011 is shown below, which equaled its required contribution for each fiscal year.

<b>Fiscal Year Ended June 30</b>	<b>Town's Contribution</b>
2013	\$ 2,087,826
2012	\$ 2,051,982
2011	\$ 1,950,377

The last actuarial valuation was prepared by Sherman Actuarial Services, LLC as of January 1, 2012. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.25% compounded annually, (b) projected salary, including longevity, increases of 4.5% per year per member.

The total unfunded actuarial liability applicable to the entire System's employees at January 1, 2012 is as follows:

Actuarial Accrued Liability	\$ 776,734,414
Less: Assets	460,572,977
Unfunded Actuarial Liability	<u>\$ 316,161,437</u>

The Town's portion of such liability is approximately 7.52% or \$23,775,340.

Chapter 697 of the Acts of 1987, which was enacted on January 12, 1988, provides for the funding of the Commonwealth's current unfunded pension liability over a period not greater than forty years. In addition,



**TOWN OF NORTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

Chapter 697 contained significant financial incentives for local governmental units to establish its own state-approved funding schedule to eliminate its unfunded actuarial liability by June 30, 2028. The Town has accepted the provisions of Chapter 32, Section 22 (6A) (b) to become a funding unit. In addition, the Town can provide supplemental funding under Section 5D of Chapter 40 of the Massachusetts General Laws. Currently the Town of Norton has not provided for any supplemental funding.

**Reporting Policies**

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

Investments are reported in accordance with PERAC requirements.

**5. Restatement**

The beginning Governmental activities net position balance has been restated as follows:

Net position: June 30, 2012	\$ 41,011,609
Adjustments:	
To recognize the Massachusetts Water Pollution	
Abatement accounts receivable subsidy	<u>485,150</u>
Restated net position balance: June 30, 2012	<u><u>\$ 41,496,759</u></u>

## **SUPPLEMENTARY SCHEDULES**

**TOWN OF NORTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
School Grants	\$ 103,734	\$ 1,431,997	\$ 1,482,261	\$ (94)	\$ 53,376
Arts Lottery Council Grant	4,620	4,777	5,314	-	4,083
Council on Aging Grants	1,154	20,974	9,954	-	12,174
Extended Polling Hours	-	2,076	2,076	-	-
Highway Grants	26,170	724,419	724,396	-	26,193
Library Grants	-	12,708	12,708	-	-
Other Grants	2,372	2,368	4,740	-	-
Public Safety Grants	11,651	98,668	81,473	(7)	28,839
<b>Schools:</b>					
School Lunch Program	37,803	591,237	572,959	-	56,081
School Lunch Commodities	-	49,116	49,116	-	-
School Private Grants	8,591	88,922	96,347	(2)	1,164
Revolving Accounts	591,622	682,575	833,621	-	440,576
State Special Education Reimbursement	280,537	1,101,843	849,032	-	533,348
<b>Other:</b>					
Ambulance Fund	697,846	681,670	-	(470,123)	909,393
Board of Health Mini-Grant	2,381	-	-	(2,381)	-
Bristol County Homeland Security Grants	565	-	-	-	565
Clean Energy Choice Grant	1,470	-	-	-	1,470
Compost Bin Recycling Bin Revolving	896	100	-	-	996
Conservation Outside Consultant Fees	8,368	20,216	16,040	-	12,544
Dog Fund	80,589	21,720	-	(16,601)	85,708
Forestry Revolving	1,622	-	210	-	1,412
Gifts and Donations	337,903	161,964	225,707	5,500	279,660
Hazardous Materials Revolving	2,492	-	267	-	2,225
Insurance Reimbursement	-	53,182	8,837	-	44,345
Jackson Property Fees	21,100	6,927	218	-	27,809
Law Enforcement Fund	52,322	13,591	12,505	-	53,408
Parks and Recreation Revolving	8,826	19,048	22,691	-	5,183
Planning Board Review Fund	38,607	4,113	3,500	-	39,220
Police Restitution	820	425	717	-	528
<b>Sub-total Special Revenue Funds - Page 53</b>	<b>\$ 2,324,061</b>	<b>\$ 5,794,636</b>	<b>\$ 5,014,689</b>	<b>\$ (483,708)</b>	<b>\$ 2,620,300</b>

**TOWN OF NORTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
<b>Continued from Page 53</b>	\$ 2,324,061	\$ 5,794,636	\$ 5,014,689	\$ (483,708)	\$ 2,620,300
<b>Other (continued):</b>					
Premium on Sale of Bonds	-	42,300	17,713	(24,587)	-
Public Safety Outside Detail Funds	-	630,290	630,290	-	-
Recycling Revolving	22,879	2,915	6,895	-	18,899
Septic Program	673,165	126,614	20,405	91,880	871,254
Wetlands Protection Fund	22,597	7,255	1,464	-	28,388
Zoning Board of Appeals Outside Consultant Fees	8,017	31,978	27,049	-	12,946
Conservation Fund	2,824	2	750	-	2,076
Sale of Pines Fund	18,484	16	-	-	18,500
War Memorial Fund	464	-	-	-	464
<b>Total Special Revenue Funds</b>	<b>3,072,491</b>	<b>6,636,006</b>	<b>5,719,255</b>	<b>(416,415)</b>	<b>3,572,827</b>
<b>Capital Projects:</b>					
Fire Truck Replacement	13,503	-	13,503	-	-
Henri Yelle School Repairs	(37,500)	-	-	37,500	-
High School Feasibility Study	9,636	-	-	-	9,636
High School Track Bleachers	44,926	-	-	-	44,926
J.C. Solmonese Elementary School Roof Replacement	-	198,513	357,131	-	(158,618)
Land Purchase	9,945	-	-	-	9,945
Middle School Repairs	(155,555)	-	-	155,555	-
New Middle School	3,793	-	-	-	3,793
Other Projects	29,945	-	-	-	29,945
Public Safety Projects	(238,859)	-	4,870	62,500	(181,229)
School Sewer Main	13,304	-	-	-	13,304
<b>Total Capital Projects Fund</b>	<b>\$ (306,862)</b>	<b>\$ 198,513</b>	<b>\$ 375,504</b>	<b>\$ 255,555</b>	<b>\$ (228,298)</b>

**TOWN OF NORTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
<b>Perpetual Permanent Funds:</b>					
Cemetery Funds	\$ 231,200	\$ 4,300	\$ -	\$ -	\$ 235,500
Library Fund	2,000	27	114	87	2,000
Wetherell Athletic Fund	10,000	-	-	-	10,000
<b>Total Perpetual Permanent Funds</b>	<b>243,200</b>	<b>4,327</b>	<b>114</b>	<b>87</b>	<b>247,500</b>
<b>Permanent Funds:</b>					
Cemetery Funds	91,012	296	633	10,000	100,675
Library Fund	87	-	-	(87)	-
Wetherell Athletic Fund	212	9	-	-	221
<b>Total Permanent Funds</b>	<b>91,311</b>	<b>305</b>	<b>633</b>	<b>9,913</b>	<b>100,896</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 3,100,140</b>	<b>\$ 6,839,151</b>	<b>\$ 6,095,506</b>	<b>\$ (150,860)</b>	<b>\$ 3,692,925</b>

**TOWN OF NORTON, MASSACHUSETTS**  
**SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES**  
**AND DEFERRED PROPERTY TAXES**  
**JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
<b>Real Estate Taxes:</b>						
Levy of 2013	\$ -	\$ 28,212,244	\$ 373,718	\$ 27,455,110	\$ 383,416	\$ 383,416
Levy of 2012	390,181	-	75,637	312,785	1,759	1,759
Levy of 2011	4,435	-	4,304	131	-	-
Prior Years	53,436	-	1	(1)	53,436	53,436
	<u>448,052</u>	<u>28,212,244</u>	<u>453,660</u>	<u>27,768,025</u>	<u>438,611</u>	<u>438,611</u>
<b>Personal Property Taxes:</b>						
Levy of 2013	-	841,514	1,516	820,010	19,988	19,988
Levy of 2012	16,883	-	-	2,096	14,787	14,787
Levy of 2011	14,428	-	-	744	13,684	13,684
Levy of 2010	13,477	-	-	273	13,204	13,204
Levy of 2009	18,638	-	70,232	(61,184)	9,590	9,590
Prior Years	38,804	-	38,337	467	-	-
	<u>102,230</u>	<u>841,514</u>	<u>110,085</u>	<u>762,406</u>	<u>71,253</u>	<u>71,253</u>
<b>Total Real Estate and Personal Property Taxes</b>	<u>\$ 550,282</u>	<u>\$ 29,053,758</u>	<u>\$ 563,745</u>	<u>\$ 28,530,431</u>	<u>\$ 509,864</u>	<u>\$ 509,864</u>
<b>Deferred Property Taxes</b>	<u>\$ 32,543</u>	<u>\$ 8,331</u>	<u>\$ -</u>	<u>\$ 2,014</u>	<u>\$ 38,860</u>	<u>\$ 38,860</u>

**TOWN OF NORTON, MASSACHUSETTS**  
**SCHEDULE OF MOTOR VEHICLE EXCISE TAXES**  
**JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
<b>Motor Vehicle Excise Taxes:</b>						
Lewy of 2013	\$ -	\$ 1,945,364	\$ 172,752	\$ 1,671,055	\$ 101,557	\$ 101,557
Lewy of 2012	125,454	195,647	17,918	268,772	34,411	34,411
Lewy of 2011	33,476	377	389	20,423	13,041	13,041
Lewy of 2010	14,913	-	447	5,150	9,316	9,316
Lewy of 2009	11,222	-	-	1,699	9,523	9,523
Prior Years	87,895	-	4,145	4,202	79,548	79,548
<b>Total Motor Vehicle Excise Taxes</b>	<b>\$ 272,960</b>	<b>\$ 2,141,388</b>	<b>\$ 195,651</b>	<b>\$ 1,971,301</b>	<b>\$ 247,396</b>	<b>\$ 247,396</b>

**TOWN OF NORTON, MASSACHUSETTS**  
**SCHEDULE OF TAX LIENS AND TAXES IN LITIGATION**  
**JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Accounts July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2013	Uncollected Accounts Per Detail June 30, 2013
Tax Liens	\$ 836,828	\$ 316,330	\$ 29,754	\$ 310,757	\$ 812,647	\$ 787,018
Taxes in Litigation	\$ 1,092	\$ -	\$ -	\$ -	\$ 1,092	\$ 1,092