

TOWN OF CANTON, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the fiscal year ended
June 30, 2009**

On the cover:
September 11th memorial dedicated to all those who served their community.



The Town recently purchased two new ambulances for the Fire Department.

Town of Canton, Massachusetts



Comprehensive Annual Financial Report

**For the Fiscal Year
July 1, 2008 through June 30, 2009**

Prepared by the Finance Department

TOWN OF CANTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Introductory Section.....	1
Letter of Transmittal	1
Organizational Chart	6
Principal Officials.....	7
Certificate of Achievement for Excellence in Financial Reporting	8
Financial Section	9
Independent Auditors' Report	9
Management's Discussion and Analysis	11
Basic Financial Statements.....	21
Statement of Net Assets.....	23
Statement of Activities.....	24
Governmental Funds – Balance Sheet	26
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the	
Statement of Net Assets.....	27
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of	
Governmental Funds to the Statement of Activities	29
Proprietary Funds – Statement of Net Assets.....	30
Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets.....	31
Proprietary Funds – Statement of Cash Flows	32
Fiduciary Funds – Statement of Fiduciary Net Assets	33
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets.....	34
Notes to Basic Financial Statements	35
Required Supplementary Information	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual	66
Retirement System Schedules.....	68
Retirement system schedule of funding progress	69
Retirement system schedule of employer contributions.....	70
<i>Other Post-Employment Benefits Plan Schedules.....</i>	<i>71</i>
Other post-employment benefit plan funding progress.....	72
Other post-employment benefit plan actuarial methods and assumptions	73

Notes to Required Supplementary Information.....	74
Combining Statements.....	77
<i>Nonmajor Governmental Funds</i>	78
Nonmajor Governmental Funds - Combining Balance Sheet	80
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	84
<i>Internal Service Funds</i>	88
Internal Service Funds – Combining Statement of Net Assets	89
Internal Service Funds – Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	90
Internal Service Funds – Combining Statement of Cash Flows	91
<i>Fiduciary Funds</i>	92
Agency Fund – Statement of Changes in Assets and Liabilities	93
Statistical Section.....	95
Net Assets by Component – Last Seven Fiscal Years	96
Changes in Net Assets – Last Seven Fiscal Years	97
Fund Balances, Governmental Funds – Last Ten Fiscal Years	98
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	99
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates – Last Ten Fiscal Years.....	100
Principal Taxpayers – Current Year and Nine Years Ago	101
Property Tax Levies and Collections – Last Ten Fiscal Years	102
Ratios of Outstanding Debt and General Bonded Debt – Last Ten Fiscal Years.....	103
Direct and Overlapping Governmental Activities Debt.....	104
Computation of Legal Debt Margin – Last Ten Fiscal Years	105
Demographic and Economic Statistics – Last Ten Fiscal Years	106
Principal Employers (Excluding Town) – Current Year and Nine Years Ago	107
Full-time Equivalent Town Employees by Function - Last Ten Fiscal Years.....	108
Operating Indicators by Function/Program – Last Ten Fiscal Years	109
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	110

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Introductory Section



The Canton Viaduct, built in 1835, was the final link on the 41 mile railroad between Boston, Massachusetts and Providence, Rhode Island. It is one of the two oldest surviving multiple arch stone railroad bridges still in active mainline use in the United States.

Town of Canton, Massachusetts

OFFICE OF THE SELECTMEN

BOARD OF SELECTMEN

UPPER MEMORIAL HALL
801 WASHINGTON STREET
CANTON, MA 02021

POLICE COMMISSIONERS
BOARD OF PUBLIC WORKS
LICENSING BOARD

TEL: (781) 821-5000
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TOWN ADMINISTRATOR
WILLIAM T. FRIEL

Letter of Transmittal

October 16, 2009

To the Honorable Selectmen and Citizens of the Town of Canton:

At the close of each fiscal year, state law requires the Town of Canton to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Canton, Massachusetts, for the fiscal year ending June 30, 2009 for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and rating agencies as well as the residents and taxpayers of Canton.

This report consists of management's representations concerning the finances of the Town of Canton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the Town of Canton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Town of Canton's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Canton for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Canton's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Canton was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal

requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Canton's separately issued Reports on Federal Award Programs.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Town of Canton's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

Canton was incorporated as a Town in 1797. The Town is located in eastern Massachusetts, approximately 18 miles southwest of Boston, has a population of approximately 21,000 and a land area of approximately 19 square miles. It is situated at the junction of Interstates 95 and 93, with access to Route 24, providing an excellent location for residents, businesses and commuters.

The Town has a rich and varied industrial heritage, serving as the location of Paul Revere's copper rolling mills in post-Colonial times, and as the site of rubber, chemical and woolen manufacturing in more recent times. Present commercial enterprises play a key role in the Town's fiscal stability and are considered a major asset to the community. The prime commercial areas are well located so as to allow direct highway access without affecting the community's small town charm.

Many of the Town's lakes, ponds and wetlands have been protected and preserved for present enjoyment and future generations. Among the protected areas are the Eleanor Cabot Bradley Reservation, an 82 acre estate that blends open fields, woodlands and gardens in the shadow of Great Blue Hill and Pequitside Farm, a Town-owned 38 acre conservation and recreation area which offers playing fields, picnicking, hiking and cross country skiing.

The Town offers a full range of traditional municipal services including police and fire protection, ambulance and rescue services, education, maintenance of streets and infrastructure, solid waste collection and disposal, health and human services, cultural and recreational, administrative and financial services. The Town is a member community of the Massachusetts Water Resources Authority (MWRA) for its water and sewer services.

Canton prides itself on its quality school system. Canton students consistently perform well on national and state tests and over 97% of students graduating from the high school go on to higher education. The Town is the location of the Blue Hills Regional Technical School which provides expanded vocational education opportunities for high school students of Canton and eight other area communities. Canton is also home to one of the two campuses of Massasoit Community College. The campus is a multi-level facility with specialized labs and art studios that support the technical and visual arts programs of the College. The campus also includes the Milton Art Museum, Akillian Gallery and the College's Professional Development Center.

The Town has reached its 10% affordable housing requirement mandated by the Commonwealth of Massachusetts (Commonwealth), which is an important milestone as communities under the 10% threshold are subject to an appeals process that can overturn local zoning board decisions. This will allow the Town to maintain its commitment to developing much needed affordable housing units in areas of the Town that can accommodate the growth.

The Town operates under the Selectmen, Town Administrator and Open Town Meeting form of government. The five elected Selectmen make policy decisions, and the Town Administrator is responsible for carrying out the policies of the Selectmen and for managing the day-to-day operations of the Town. The policies and procedures

of the Board of Selectmen are detailed in the Administrative Code that will continue to evolve and be created over time to best serve the community.

An elected, five-member School Committee appoints a School Superintendent who administers the public school system of the Town. School Committee members, like the Selectmen, are elected at-large to three-year staggered terms.

An annual operating budget is approved by Town Meeting two months prior to the start of the fiscal year. This annual budget serves as the foundation for the Town's financial planning and control. The budget is prepared by fund, function (e.g. general government) and department (e.g. finance) allowing the department heads to allocate resources within the department as they see fit. Transfers between departments, however, need special approval by Town Meeting unless specifically exempted by state statute.

Factors Affecting Economic Condition

The Town maintains a strong commercial tax base which represented 22.5% of the total assessed property value in 2009. Market value per capita is approximately \$200,000 and the Town's per capita income is significantly higher than the state average, which adds to the fiscal strength of the community. Through proactive measures by Town management the Town has been able to attract and retain several large international companies such as Reebok International, LTD and Dunkin' Brands, Inc. Recently, Organogenesis, Inc. announced that it was remaining in Canton by expanding its global headquarters, research and development labs and manufacturing facilities in a campus that will occupy over 250,000 square feet. Organogenesis, Inc., the world leader in regenerative medicine, was enticed to remain in Canton with \$12.9 million in incentives as part of the Commonwealth's \$1.0 billion Life Sciences Initiative. The Board of Selectmen and the local Economic Development Committee (EDC) are committed to negotiating Tax Incremental Financing (TIF) agreements that enhance the Town's tax base. A formal TIF policy has been published to provide consistent and rational evaluation criteria to better support the investment in terms of reduced taxes to the Town in exchange for promoting commercial development. Both the Selectmen and the EDC were also instrumental in developing a series of internet based presentations to encourage Canton as an attractive business destination and also a comprehensive guide to assist business with local permitting processes. The Commonwealth has pledged approximately \$3.0 million in roadway and sidewalk improvements along Route 138 and Dan Road for efficiency and safety reasons, in an area of importance for economic development. The majority of funds from a \$3.4 million grant from NSTAR have also been earmarked for further roadway and infrastructure improvements along Route 138.

The Town was recently ranked 5th out of 351 municipalities by the Massachusetts High Technology Council's MassTrack program. MassTrack was created to measure the support of state and local officials for the priorities of the technology economy, including supporting technology development and growth. One of the main factors in attaining this ranking was the Town's adoption of the Massachusetts General Law (MGL) chapter 43D expedited permitting law that allows Town Meeting to designate targeted developments for a streamlined permit review process. As part of adopting this legislation, a Permit Advisory Committee was also formed to bring together the key permit granting departments to assist the proponent of the commercial development through the permitting process. The Town also utilized a \$150,000 state grant to purchase permitting software and to contract with a permit specialist to assist with implementing streamlined permitting procedures.

During fiscal year 2009, the Town was lauded as a prime destination for the biotechnology industry by the Massachusetts Biotechnology Council (MBC). Through its BioReady Communities Campaign, the MBC rates a community's readiness to host and attract biotechnology research and manufacturing facilities. The Town was one of only 19 Massachusetts communities to receive a Platinum ranking from the MBC, which is the highest attainable. To achieve this ranking a community must have a building that is already permitted for biotechnology

uses and has at least 20,000 square feet available for biotechnology uses or has a shovel ready, pre-permitted land site that has already completed a state environmental review.

The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden by a majority vote at a Town election. While revenue increases have been limited in recent years fixed costs, including health insurance and pension costs, have increased substantially. During fiscal year 2008, the Town's management made the difficult choice to cut services and raise fees in order to balance the budget. With more cuts looming in future years, the Town's voters approved a \$4.5 million Proposition 2 ½ tax override that allowed for the restoration of most of the budget cuts from the prior years. The tax override was planned to be phased in over a three year period with an annual cost to the average residential homeowner of \$450. As a result of the Proposition 2 ½ tax override, Standard and Poor's upgraded the Town's bond rating from 'AA+' to 'AAA', their highest rating given. The override and the resulting revenue flexibility to restore lost services and stabilize budgets through fiscal year 2012 were cited as prominent factors in the upgrade. Standard and Poor's also cited the Town's strong wealth and income levels in addition to strong reserve levels and financial management policies.

Unfortunately for the Town, due to the national recession, the Commonwealth reduced the Town's fiscal year 2009 state aid by \$260,000 in mid-year. The state aid cut combined with the unexpected costs of snow and ice removal from the winter months caused the Town to use approximately \$700,000 of its cash reserves. This leaves a balance in the Town's reserves of approximately \$6.4 million, which is 9.5% of fiscal year 2010 general fund operating budget. The Town is committed to building up its reserves once the fiscal crisis is over and the fiscal year 2010 budget set by Town Meeting includes a \$100,000 transfer to the Town's stabilization fund.

Fiscal year 2010 stands to be an even tougher year to manage as the Commonwealth further cut state aid to local cities and towns. The fiscal year 2010 state aid figure of \$6.025 million represents a 14.4% reduction from the original fiscal year 2009 aid amount, with the likely prospect of further mid-year cuts as the Commonwealth deals with lagging tax revenues. The Town was also forced to reduce its local revenue estimates as the recession has impacted motor vehicle excise, building permit and investment interest revenue. However, due to the passage of the Proposition 2 ½ tax override the Town has the option of utilizing its excess property tax revenue capacity to avoid the severe service cuts that other municipalities are facing, although expense budgets may have to be trimmed during the year in response to declining revenues.

Capital Financing

As part of the annual budget process, the Capital Planning Committee (CPC) recommends the capital budget for the upcoming year and prepares a five-year plan to address the long-term capital needs of the Town. The capital spending plan for the five year period from fiscal year 2010 through fiscal year 2014 has an estimated cost of \$56,121,000, with \$4,300,000 to be funded from estimated revenues and reserves and the remainder to be funded from grants and the issuance of bonds. The CPC's capital plan has allocated \$3,814,000 for municipal departments, \$4,476,000 for the school department, \$11,181,000 for the water enterprise fund, \$36,475,000 for the sewer enterprise fund, and \$175,000 for the rink enterprise fund.

The Town funds a portion of its annual capital plan on a pay-as-you-go basis through recurring revenues. The target set aside is 6% of recurring revenues; however, largely due to recent decreases in state aid, the Town has lowered the set aside for the past six fiscal years.

Major Initiatives

Town Meeting has approved the construction of two water treatment facilities at a cost of approximately \$13,500,000 to improve water quality and utilize more local sources of water. The first of these facilities is expected to begin operation during fiscal year 2010. Also, \$7,000,000 in sewer improvements were approved to

reduce MWRA assessments for sewer treatment and to reduce outflows. The cost of these projects is being funded entirely from utility rates and fees.

The Town has received \$1,034,000 through the Commonwealth's Massachusetts Opportunity Relocation and Expansion (MORE) Jobs Program, which provides local municipalities with infrastructure funds that promote private business expansion and job creation. The grant will allow the Town to upgrade the roadway base, curbing, surface and landscaping on Dan Road, which is home to Organogenesis, Inc. To qualify for the grant, Organogenesis, Inc. committed to creating 149 permanent full-time jobs over the next five years and will generate over \$62,000,000 in sales from outside the Commonwealth in 2009.

Work has completed on a comprehensive reconstruction of its Town center. The project was funded from approximately \$2,700,000 in Public Works Economic Development (PWED) grant funds and \$1,900,000 in Chapter 90 and other highway appropriations from the Commonwealth. State funds will be used to make infrastructure improvements including relocating overhead wiring underground, adding new concrete and brick sidewalks, trees, historic lighting and signage. This project will aid in the economic revitalization of Canton center as well as provide for more open space and the general beautification of the area.

Town management is continuing its efforts to assist in the redevelopment of the 42-acre Plymouth Rubber Company property. This is an important property to the Town as it occupies a location near Canton center and is adjacent to approximately 300 acres of land that includes three local ponds. The Board of Selectmen has made site cleanup and managing the water rights surrounding the property top priorities.

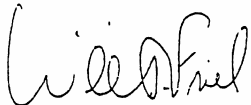
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Canton for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the third year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The publication of this CAFR represents an important achievement in the ability of the Town of Canton to provide enhanced financial information and accountability to its citizens, elected and appointed officials and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, and in particular, Town Accountant Paul Gargano. Special thanks also go to the public accounting firm of Powers & Sullivan for their advice and assistance in the preparation of this report.

Respectfully submitted,



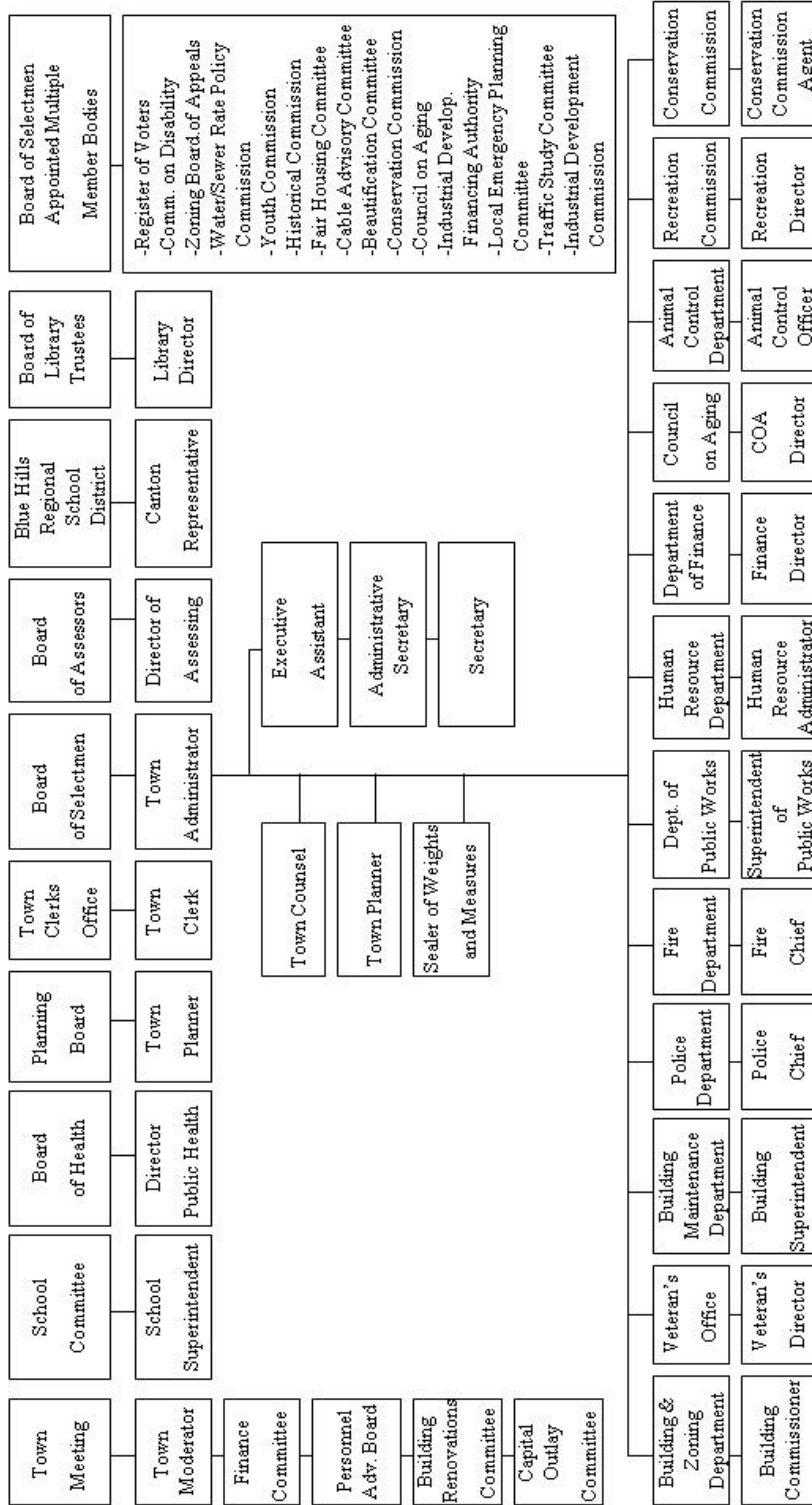
William T. Friel
Town Administrator



James R. Murgia
Finance Director

Organizational Chart

TOWN OF CANTON, MASSACHUSETTS ORGANIZATIONAL CHART



Town of Canton, Massachusetts

Principal Officials

Board of Selectmen

Gerald A. Salvatori Jr., Chair
Victor D. Del Vecchio, Vice Chair
John J. Connolly, Clerk
Avril T. Elkort
Robert E. Burr Jr.

Town Administrator – William T. Friel
Finance Director – James R. Murgia
Town Accountant – Paul W. Gargano
School Superintendent – Dr. John D’Auria
School Business Administrator – Kenneth Leon
Police Chief – Kenneth N. Berkowitz
Fire Chief – Thomas J. Ronayne III
DPW Superintendent – Michael T. Trotta

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Canton
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section



The first of two water treatment plants to be constructed by the Town is expected to be operational during fiscal year 2010.



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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Canton, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Canton, Massachusetts, as of and for the fiscal year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Canton, Massachusetts' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Canton, Massachusetts, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2009, on our consideration of the Town of Canton, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining fund statements, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Canton, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, the retirement system's schedule of funding progress and schedule of employer contributions, other post employment benefit plan schedule of funding progress and other post employment benefit plan actuarial methods and assumptions, located after the notes to the financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Bowers + Sullivan".

October 16, 2009

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Canton, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. This is the sixth year our financial statements have been prepared under the Governmental Accounting Standards Board Statement Number 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principals (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Overview of the Financial Statements

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

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

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

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

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

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 financing 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 funds* with similar 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 decisions. 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 Canton adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two types of propriety funds.

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health claims, workers' compensation, unemployment claims and building insurance activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

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 statement 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.

Government-wide Financial Analysis

Governmental Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For governmental activities, assets exceeded liabilities by \$80.9 million at the close of fiscal year 2009. The overall financial condition of the Town's governmental activities remained the same during fiscal year 2009.

Governmental net assets of \$54.9 million (68%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net assets \$8.8 million (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$17.2 million, (21%) may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental net assets decreased by \$36,000 during the current fiscal year which is primarily due to a combination of factors. Net assets increased due to \$3.3 million in capital grants mainly received from the Massachusetts School Building Authority (MSBA) for its share of the new high school. Net assets decreased due to the implementation of GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Town currently funds the postemployment benefits on a pay-as-you-go basis which is lower than the annual required contribution. A liability and additional expense of \$3.0 million has been recorded during fiscal year 2009. The governmental expenses totaled \$80.4 million of which \$22.4 million (28%) was directly supported by program revenues. General revenues and transfers totaled \$57.9 million, primarily coming from property taxes, motor vehicle excise, non-restricted state aid and other miscellaneous charges.

Condensed financial data for fiscal years 2009 and 2008 is presented below.

	Balance at June 30, 2009	Balance at June 30, 2008
Assets:		
Current assets.....	\$ 39,573,940	\$ 35,034,017
Noncurrent assets (excluding capital).....	4,676,268	9,610,280
Capital assets.....	102,295,481	98,668,035
Total assets.....	146,545,689	143,312,332
Liabilities:		
Current liabilities (excluding debt).....	8,480,938	8,035,765
Noncurrent liabilities (excluding debt).....	4,165,321	1,228,354
Current debt.....	8,898,750	8,605,020
Noncurrent debt.....	44,058,295	44,465,045
Total liabilities.....	65,603,304	62,334,184
Net Assets:		
Capital assets net of related debt.....	54,948,512	51,291,396
Restricted.....	8,844,047	4,432,975
Unrestricted.....	17,149,826	25,253,777
Total net assets.....	\$ 80,942,385	\$ 80,978,148

	Year Ended June 30, 2009	Year Ended June 30, 2008
Program revenues:		
Charges for services.....	\$ 4,732,432	\$ 5,322,763
Operating grants and contributions.....	14,389,625	13,251,876
Capital grants and contributions.....	3,291,089	2,251,419
Total program revenues.....	22,413,146	20,826,058
General Revenues:		
Real estate and personal property taxes.....	49,643,467	46,074,751
Tax liens.....	186,291	204,174
Motor vehicle excise taxes.....	3,170,275	3,622,335
Penalties and interest on taxes.....	246,950	188,163
Payments in lieu of taxes.....	194,559	191,827
Nonrestricted grants and contributions.....	2,727,082	2,974,443
Unrestricted investment income.....	488,112	909,900
Miscellaneous revenues.....	245,317	189,784
Total general revenues.....	56,902,053	54,355,377
Total revenues.....	79,315,199	75,181,435
Expenses:		
General government.....	6,292,728	5,142,280
Public safety.....	13,435,861	12,501,298
Education.....	50,203,533	45,669,483
Public works.....	4,868,008	5,002,096
Human services.....	941,217	810,319
Culture and recreation.....	2,623,016	2,498,364
Interest.....	1,996,528	2,105,670
Total expenses.....	80,360,891	73,729,510
Excess before transfers.....	(1,045,692)	1,451,925
Transfers.....	1,009,929	969,101
Change in net assets.....	\$ (35,763)	\$ 2,421,026

Business-type Activities

The Town's business-type activities include water, sewer and skating rink services. They are self-supporting and each fund maintained their financial condition in fiscal year 2009.

Business-type water net assets of \$7.9 million (85%) represent the investment in capital assets while \$1.4 million (15%) is unrestricted. Net assets decreased by \$407 thousand which is the result of a \$74 thousand postemployment liability being recorded along with an increase in MWRA assessments not fully offset by higher rates.

Business-type sewer net assets of \$6.4 million (71%) represent the investment in capital assets while \$2.6 million (29%) is unrestricted. Net assets decreased by \$24 thousand which is the result of a \$31 thousand postemployment liability being recorded.

Business-type rink net assets of \$191 thousand (79%) represent the investment in capital assets while \$50 thousand (21%) is unrestricted. Net assets decreased by \$52 thousand on revenues of \$391 thousand. The decrease is substantially equal to the indirect costs charged to by the general fund.

At the end of the current fiscal year, the business-type activities were able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

Condensed financial data for fiscal years 2009 and 2008 is presented below.

	Balance at June 30, 2009	Balance at June 30, 2008
	<u>2009</u>	<u>2008</u>
Assets:		
Current assets.....	\$ 5,710,567	\$ 8,595,910
Noncurrent assets (excluding capital).....	45,414	38,895
Capital assets.....	<u>28,693,221</u>	<u>24,553,886</u>
Total assets.....	<u>34,449,202</u>	<u>33,188,691</u>
Liabilities:		
Current liabilities (excluding debt).....	410,734	411,260
Noncurrent liabilities (excluding debt).....	205,000	80,000
Current debt.....	4,782,223	4,890,420
Noncurrent debt.....	<u>10,491,745</u>	<u>8,765,035</u>
Total liabilities.....	<u>15,889,702</u>	<u>14,146,715</u>
Net Assets:		
Capital assets net of related debt.....	14,483,253	13,948,369
Unrestricted.....	<u>4,076,247</u>	<u>5,093,607</u>
Total net assets.....	<u>\$ 18,559,500</u>	<u>\$ 19,041,976</u>

	Year Ended June 30, 2009	Year Ended June 30, 2008
Program revenues:		
Charges for services - Water.....	\$ 4,727,025	\$ 5,148,323
Charges for services - Sewer.....	4,747,421	5,159,490
Charges for services - Rink.....	391,991	356,953
Capital grants and contributions.....	2,362	39,941
Total revenues.....	9,868,799	10,704,707
Expenses:		
Water.....	4,521,904	3,769,301
Sewer.....	4,442,173	4,643,878
Rink.....	377,269	357,203
Total expenses.....	9,341,346	8,770,382
Excess before transfers.....	527,453	1,934,325
Transfers.....	(1,009,929)	(969,101)
Change in net assets.....	\$ (482,476)	\$ 965,224

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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3.3 million, while total fund balance was \$11.2 million. Reservation of Fund Balance for Encumbrances and Continuing Appropriations totaled \$800 thousand, reserved for MSBA grant funds of \$7.2 million and \$600 thousand was designated for amounts voted to be used in fiscal year 2010. Unreserved fund balance represents 5% of total general fund expenditures, while total fund balance represents 17% of that same amount. The General Fund's fund balance increased by \$5.7 million which was the result of balancing the budget by using (\$2.5) million of prior year reserves, an appropriation budget to actual surplus of \$769 thousand along with receiving \$7.2 million in a MSBA capital grant for the new high school. The MSBA grant is required to be reserved and amortized over the life of the new high school's debt service payments.

The Roadway Improvement Fund accounts for the Town's activity related to State funded roadway construction projects. Temporary notes are used for cash flow purposes to fund the expenditures until the State grants are received.

General Fund Budgetary Highlights

The Town has adopted a budget for the General Fund. Actual revenues exceeded the budget by \$7.0 million due to the receipt of the unbudgeted MSBA grant of \$7.2 million. Unexpended appropriations totaled \$1.6 million of which \$800 thousand was carried forward to fiscal year 2010. The Town received \$395 thousand of grant funds from the State Fiscal Stabilization Fund which is a component of the Federal American Reinvestment and Recovery Act (ARRA). This grant is presented as a special revenue fund which had the effect of reducing general fund intergovernmental revenues and education expenditures by the same amount. Therefore the budget to actual results present a revenue deficit and an equal and offsetting appropriation surplus of \$395 thousand. There were no significant changes between the original and final budget.

Capital Asset and Debt Administration

In prior fiscal years, the Town had refunded general obligation bonds by placing the proceeds in an irrevocable trust to provide for future debt service payments. Accordingly, neither the asset nor the liability for the defeased bonds is included in the Town's financial statements. At June 30, 2009 a total of \$5,340,000 of outstanding bonds are considered defeased.

During fiscal year 2009, the Town issued \$6,399,333 of general obligation bonds to retire maturing bond anticipation notes and to provide permanent financing for several capital projects.

Outstanding long-term debt of governmental activities, as of June 30, 2009, totaled \$48,006,045. Total debt service expenditures on long-term governmental debt for the next five years average \$5.6 million annually. The Town had \$1,751,000 in governmental bond anticipation notes (BANs) and \$3,200,000 of grant anticipation notes (GANS) outstanding at fiscal year-end.

The Water Enterprise Fund had \$6,616,543 of long-term debt and \$3,435,600 of BANs outstanding at year end. The Sewer Enterprise Fund had \$4,921,825 of long-term debt and \$215,000 of BANs outstanding at year end. The Ice Rink Enterprise Fund had \$85,000 of long-term debt outstanding at year end.

Major capital additions and projects include the following:

- The governmental activities acquired over \$7.3 million of various capital assets in FY2009.
- Business type activities include water additions of \$4.5 million, sewer additions of \$452 thousand and rink additions of \$85 thousand.
- Depreciation expense was \$3.7 million for governmental activities and \$950 for business-type activities.

Please refer to the Notes 4, 6 and 8 for further discussion of the capital asset and debt activity.

Economic Factors and Next Year's Budget and Rates

The fiscal year 2010 general fund operating budget of \$68.3 million represents a \$900,000, or 1.3%, increase from the fiscal year 2009 budget. This is primarily due to a \$1.0 million increase 3.4% in education expenditures. The fiscal year 2010 operating budget includes \$800,000 of appropriations carried forward from fiscal year 2009.

Property taxes in Massachusetts municipalities are limited to a levy growth of 2 ½% plus a factor for new construction, unless voters at an election approve an increase for operating expenses or debt service for a specific project (Proposition 2 ½). Due to the recent passage of a \$4.5 million Proposition 2 ½ tax levy override, the Town calculated that the tax levy growth from fiscal year 2009 to fiscal year 2010, exclusive of debt service excluded from Proposition 2 ½, will be approximately \$3.7 million or 7.8%. The Town is scheduled to receive \$6.0 million in state aid in fiscal year 2010, net of school construction grants. This amount is \$350,000, or 5.5%, less than received in fiscal year 2009.

The Water Enterprise Fund's rates were increased by 10% for fiscal year 2010, while the Sewer and Rink Enterprise Fund's rates were unchanged.

Requests for Information

This financial report is designed to provide a general overview of the Town of Canton'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 Finance Director, 801 Washington Street, Canton, Massachusetts 02021.

Basic Financial Statements

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STATEMENT OF NET ASSETS

JUNE 30, 2009

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 30,109,174	\$ 3,351,789	\$ 33,460,963
Investments.....	2,115,869	-	2,115,869
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	588,153	-	588,153
Tax liens.....	774,417	31,653	806,070
Motor vehicle excise taxes.....	171,484	-	171,484
User fees.....	-	2,322,339	2,322,339
Departmental and other.....	214,255	-	214,255
Special assessments.....	-	12,193	12,193
Intergovernmental.....	3,852,742	-	3,852,742
Tax foreclosures.....	187,709	-	187,709
Internal balances.....	36,200	(36,200)	-
Working capital deposit.....	1,465,400	-	1,465,400
Other assets.....	15,231	-	15,231
Deferred loss on refunding.....	43,306	28,793	72,099
Total current assets.....	<u>39,573,940</u>	<u>5,710,567</u>	<u>45,284,507</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	4,396,135	-	4,396,135
Special assessments.....	-	5,986	5,986
Internal balances.....	108,600	(108,600)	-
Deferred loss on refunding.....	171,533	148,028	319,561
Capital assets:			
Nondepreciable.....	12,959,129	8,209,849	21,168,978
Depreciable.....	89,336,352	20,483,372	109,819,724
Total noncurrent assets.....	<u>106,971,749</u>	<u>28,738,635</u>	<u>135,710,384</u>
TOTAL ASSETS	<u>146,545,689</u>	<u>34,449,202</u>	<u>180,994,891</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	2,058,961	178,532	2,237,493
Accrued payroll.....	2,574,410	35,557	2,609,967
Health claims payable.....	1,220,000	-	1,220,000
Tax refunds payable.....	823,000	-	823,000
Accrued interest.....	491,685	94,645	586,330
Other liabilities.....	285,134	-	285,134
Capital lease obligations.....	18,667	-	18,667
Landfill closure.....	78,000	-	78,000
Compensated absences.....	786,000	102,000	888,000
Workers' compensation.....	95,000	-	95,000
Unamortized premium on bonds payable.....	50,081	-	50,081
Bonds and notes payable.....	8,898,750	4,782,223	13,680,973
Total current liabilities.....	<u>17,379,688</u>	<u>5,192,957</u>	<u>22,572,645</u>
NONCURRENT:			
Capital lease obligations.....	41,097	-	41,097
Landfill closure.....	283,000	-	283,000
Compensated absences.....	443,000	84,000	527,000
Workers' compensation.....	20,000	-	20,000
Unamortized premium on bonds payable.....	361,224	-	361,224
Other post employment benefits.....	3,017,000	121,000	3,138,000
Bonds and notes payable.....	44,058,295	10,491,745	54,550,040
Total noncurrent liabilities.....	<u>48,223,616</u>	<u>10,696,745</u>	<u>58,920,361</u>
TOTAL LIABILITIES	<u>65,603,304</u>	<u>15,889,702</u>	<u>81,493,006</u>
NET ASSETS			
Invested in capital assets, net of related debt.....	54,948,512	14,483,253	69,431,765
Restricted for:			
Permanent funds:			
Expendable.....	458,558	-	458,558
Nonexpendable.....	338,785	-	338,785
Grants and gifts.....	879,375	-	879,375
MSBA Grant.....	7,167,329	-	7,167,329
Unrestricted.....	17,149,826	4,076,247	21,226,073
TOTAL NET ASSETS	<u>\$ 80,942,385</u>	<u>\$ 18,559,500</u>	<u>\$ 99,501,885</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 6,292,728	\$ 400,721	\$ 74,165	\$ -	\$ (5,817,842)
Public safety.....	13,435,861	1,867,319	363,060	-	(11,205,482)
Education.....	50,203,533	1,975,650	13,727,753	2,716,632	(31,783,498)
Public works.....	4,868,008	69,082	17,600	574,457	(4,206,869)
Human services.....	941,217	42,354	90,315	-	(808,548)
Culture and recreation.....	2,623,016	377,306	27,923	-	(2,217,787)
Interest.....	1,996,528	-	88,809	-	(1,907,719)
Total Governmental Activities.....	<u>80,360,891</u>	<u>4,732,432</u>	<u>14,389,625</u>	<u>3,291,089</u>	(57,947,745)
<i>Business-Type Activities:</i>					
Water.....	4,521,904	4,727,025	-	-	205,121
Sewer.....	4,442,173	4,747,421	-	2,362	307,610
Rink.....	<u>377,269</u>	<u>391,991</u>	<u>-</u>	<u>-</u>	<u>14,722</u>
Total Business-Type Activities.....	<u>9,341,346</u>	<u>9,866,437</u>	<u>-</u>	<u>2,362</u>	527,453
Total Primary Government.....	<u>\$ 89,702,237</u>	<u>\$ 14,598,869</u>	<u>\$ 14,389,625</u>	<u>\$ 3,293,451</u>	<u>\$ (57,420,292)</u>

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (57,947,745)	\$ 527,453	\$ (57,420,292)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	49,643,467	-	49,643,467
Tax liens.....	186,291	-	186,291
Motor vehicle excise taxes.....	3,170,275	-	3,170,275
Penalties and interest on taxes.....	246,950	-	246,950
Payments in lieu of taxes.....	194,559	-	194,559
Grants and contributions not restricted to specific programs.....	2,727,082	-	2,727,082
Unrestricted investment income.....	488,112	-	488,112
Miscellaneous.....	245,317	-	245,317
<i>Transfers, net</i>	1,009,929	(1,009,929)	-
Total general revenues and transfers.....	57,911,982	(1,009,929)	56,902,053
Change in net assets.....	(35,763)	(482,476)	(518,239)
<i>Net Assets:</i>			
Beginning of year.....	80,978,148	19,041,976	100,020,124
End of year.....	\$ <u>80,942,385</u>	\$ <u>18,559,500</u>	\$ <u>99,501,885</u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2009

ASSETS	General	Roadway Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 15,241,402	\$ 153,122	\$ 10,374,605	\$ 25,769,129
Investments.....	-	-	1,768,002	1,768,002
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	588,153	-	-	588,153
Tax liens.....	774,417	-	-	774,417
Motor vehicle excise taxes.....	171,484	-	-	171,484
Departmental and other.....	-	-	214,255	214,255
Intergovernmental.....	4,791,241	3,457,636	-	8,248,877
Tax foreclosures.....	187,709	-	-	187,709
Due from other funds.....	-	-	144,800	144,800
Other assets.....	15,231	-	-	15,231
TOTAL ASSETS.....	\$ 21,769,637	\$ 3,610,758	\$ 12,501,662	\$ 37,882,057
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 817,488	\$ 70,617	\$ 345,031	\$ 1,233,136
Accrued payroll.....	2,386,644	143	187,623	2,574,410
Tax refunds payable.....	823,000	-	-	823,000
Other liabilities.....	273,387	-	11,747	285,134
Deferred revenues.....	6,219,633	339,998	214,255	6,773,886
Notes payable.....	-	3,200,000	1,751,000	4,951,000
TOTAL LIABILITIES.....	10,520,152	3,610,758	2,509,656	16,640,566
FUND BALANCES:				
Reserved for:				
Encumbrances and continuing appropriations.....	800,001	-	-	800,001
Perpetual permanent funds.....	-	-	338,785	338,785
MSBA Grant.....	7,167,329	-	-	7,167,329
Unreserved:				
Designated for subsequent year's expenditures...	600,000	-	-	600,000
Undesignated, reported in:				
General fund.....	2,682,155	-	-	2,682,155
Special revenue funds.....	-	-	9,870,598	9,870,598
Capital projects funds.....	-	-	(675,935)	(675,935)
Permanent funds.....	-	-	458,558	458,558
TOTAL FUND BALANCES.....	11,249,485	-	9,992,006	21,241,491
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 21,769,637	\$ 3,610,758	\$ 12,501,662	\$ 37,882,057

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2009

Total governmental fund balances.....		\$ 21,241,491
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		102,295,481
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		6,773,886
Internal service funds are used by management to account for health insurance, municipal insurance, workers' compensation, and unemployment activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		4,067,487
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(491,685)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable.....	(48,006,045)	
Landfill closure.....	(361,000)	
Capital leases.....	(59,764)	
Unamortized premium on bonds payable.....	(411,305)	
Workers compensation.....	(75,000)	
Other post employment benefits.....	(3,017,000)	
Compensated absences.....	(1,229,000)	
Net effect of reporting long-term liabilities.....		(53,159,114)
In the statement of net assets, deferred losses are reported for refundings of debt, which are amortized over the shorter of the remaining life of the refunding bonds or refunded bonds. In governmental funds, defeasances of debt are expensed when the refunding bonds are issued.....		<u>214,839</u>
Net assets of governmental activities.....		<u>\$ 80,942,385</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2009

	General	Roadway Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 49,516,225	\$ -	\$ -	\$ 49,516,225
Tax liens.....	187,083	-	-	187,083
Motor vehicle excise taxes.....	3,515,812	-	-	3,515,812
Charges for services.....	-	-	1,552,111	1,552,111
Penalties and interest on taxes.....	246,950	-	-	246,950
Payments in lieu of taxes.....	194,559	-	-	194,559
Licenses and permits.....	452,758	-	-	452,758
Fines and forfeitures.....	149,867	-	16,124	165,991
Intergovernmental.....	14,428,342	3,302,779	2,854,884	20,586,005
MSBA Capital Grant.....	7,167,329	-	-	7,167,329
Departmental and other.....	490,945	-	2,336,525	2,827,470
Contributions.....	-	1,000	255,730	256,730
Investment income.....	322,535	-	106,914	429,449
TOTAL REVENUES.....	76,672,405	3,303,779	7,122,288	87,098,472
EXPENDITURES:				
Current:				
General government.....	3,408,657	-	1,362,460	4,771,117
Public safety.....	8,447,207	-	1,324,576	9,771,783
Education.....	29,148,044	-	6,170,774	35,318,818
Public works.....	4,272,695	3,303,779	592,182	8,168,656
Human services.....	631,066	-	66,155	697,221
Culture and recreation.....	1,402,038	-	504,076	1,906,114
Pension benefits.....	9,901,744	-	-	9,901,744
Employee benefits.....	8,482,345	-	-	8,482,345
State and county charges.....	924,550	-	-	924,550
Debt service:				
Principal.....	3,929,020	-	-	3,929,020
Interest.....	2,010,966	-	-	2,010,966
TOTAL EXPENDITURES.....	72,558,332	3,303,779	10,020,223	85,882,334
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	4,114,073	-	(2,897,935)	1,216,138
OTHER FINANCING SOURCES (USES):				
Issuance of bonds and notes.....	-	-	3,541,000	3,541,000
Premium from issuance of debt.....	27,067	-	58,795	85,862
Capital lease financing.....	-	-	82,362	82,362
Transfers in.....	2,111,433	-	617,000	2,728,433
Transfers out.....	(542,000)	-	(1,176,504)	(1,718,504)
TOTAL OTHER FINANCING SOURCES (USES).....	1,596,500	-	3,122,653	4,719,153
NET CHANGE IN FUND BALANCES.....	5,710,573	-	224,718	5,935,291
FUND BALANCES AT BEGINNING OF YEAR.....	5,538,912	-	9,767,288	15,306,200
FUND BALANCES AT END OF YEAR.....	\$ 11,249,485	\$ -	\$ 9,992,006	\$ 21,241,491

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds..... \$ 5,935,291

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 reported as depreciation expense.

Capital outlay.....	7,296,078	
Depreciation expense.....	<u>(3,668,632)</u>	
Net effect of reporting capital assets.....		3,627,446

Revenues 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..... (7,927,798)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Issuance of bonds and notes.....	(3,541,000)	
Debt service principal payments.....	3,929,020	
Amortization of bond premiums.....	52,095	
Amortization of deferred charge on refunding.....	<u>(43,849)</u>	
Net effect of reporting long-term debt.....		336,502

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 the governmental funds.

Net change in compensated absences accrual.....	(68,000)	
Net change in accrued interest on long-term debt.....	6,192	
Net change in worker's compensation accrual.....	100,000	
Other post employment benefits.....	(3,017,000)	
Net change in landfill accrual.....	<u>32,000</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(2,946,808)

Internal service funds are used by management to account for health insurance and workers' compensation activities.

The net activity of internal service funds is reported with Governmental Activities.....		<u>939,604</u>
--	--	----------------

Change in net assets of governmental activities..... \$ (35,763)

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Rink Fund	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 1,553,730	\$ 1,714,769	\$ 83,290	\$ 3,351,789	\$ 4,340,045
Investments.....	-	-	-	-	347,867
Receivables, net of allowance for uncollectibles:					
Tax liens.....	15,057	16,596	-	31,653	-
User fees.....	1,190,145	1,131,454	740	2,322,339	-
Special assessments.....	-	12,193	-	12,193	-
Working capital deposit.....	-	-	-	-	1,465,400
Deferred loss on refunding.....	3,581	25,212	-	28,793	-
Total current assets.....	2,762,513	2,900,224	84,030	5,746,767	6,153,312
NONCURRENT:					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	-	5,986	-	5,986	-
Deferred loss on refunding.....	18,028	130,000	-	148,028	-
Capital assets:					
Nondepreciable.....	7,257,936	951,913	-	8,209,849	-
Depreciable.....	9,927,680	10,279,241	276,451	20,483,372	-
Total noncurrent assets.....	17,203,644	11,367,140	276,451	28,847,235	-
TOTAL ASSETS.....	19,966,157	14,267,364	360,481	34,594,002	6,153,312
LIABILITIES					
CURRENT:					
Warrants payable.....	161,514	10,353	6,665	178,532	825,825
Accrued payroll.....	24,411	8,809	2,337	35,557	-
Due to other funds.....	36,200	-	-	36,200	-
Health claims payable.....	-	-	-	-	1,220,000
Accrued interest.....	67,640	26,721	284	94,645	-
Compensated absences.....	73,000	21,000	8,000	102,000	-
Workers' compensation.....	-	-	-	-	20,000
Bonds and notes payable.....	4,078,428	690,795	13,000	4,782,223	-
Total current liabilities.....	4,441,193	757,678	30,286	5,229,157	2,065,825
NONCURRENT:					
Due to other funds.....	108,600	-	-	108,600	-
Compensated absences.....	67,000	16,000	1,000	84,000	-
Workers' compensation.....	-	-	-	-	20,000
Other post employment benefits.....	74,000	31,000	16,000	121,000	-
Bonds and notes payable.....	5,973,715	4,446,030	72,000	10,491,745	-
Total noncurrent liabilities.....	6,223,315	4,493,030	89,000	10,805,345	20,000
TOTAL LIABILITIES.....	10,664,508	5,250,708	119,286	16,034,502	2,085,825
NET ASSETS					
Invested in capital assets, net of related debt.....	7,869,473	6,422,329	191,451	14,483,253	-
Unrestricted.....	1,432,176	2,594,327	49,744	4,076,247	4,067,487
TOTAL NET ASSETS.....	\$ 9,301,649	\$ 9,016,656	\$ 241,195	\$ 18,559,500	\$ 4,067,487

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Rink Fund	Total	
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ 2,664,332
Contributions.....	-	-	-	-	7,996,943
Charges for services	4,640,729	4,699,138	391,202	9,731,069	-
Other.....	-	-	-	-	305,335
TOTAL OPERATING REVENUES	4,640,729	4,699,138	391,202	9,731,069	10,966,610
OPERATING EXPENSES:					
Cost of services and administration	1,518,125	498,607	357,097	2,373,829	-
MWRA Assessment.....	2,274,995	3,242,180	-	5,517,175	-
Depreciation.....	453,428	475,908	19,888	949,224	-
Employee benefits	-	-	-	-	10,082,048
TOTAL OPERATING EXPENSES	4,246,548	4,216,695	376,985	8,840,228	10,085,669
OPERATING INCOME (LOSS).....	394,181	482,443	14,217	890,841	880,941
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	41,249	31,841	308	73,398	58,663
Interest expense.....	(275,356)	(225,478)	(284)	(501,118)	-
Premium from issuance of bonds and notes.....	-	2,362	481	2,843	-
Other revenues.....	45,047	16,442	-	61,489	-
TOTAL NONOPERATING REVENUES, (EXPENSES), NET.....	(189,060)	(174,833)	505	(363,388)	58,663
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS.....	205,121	307,610	14,722	527,453	939,604
TRANSFERS:					
Transfers out.....	(611,648)	(331,825)	(66,456)	(1,009,929)	-
CHANGE IN NET ASSETS.....	(406,527)	(24,215)	(51,734)	(482,476)	939,604
NET ASSETS AT BEGINNING OF YEAR.....	9,708,176	9,040,871	292,929	19,041,976	3,127,883
NET ASSETS AT END OF YEAR.....	\$ 9,301,649	\$ 9,016,656	\$ 241,195	\$ 18,559,500	\$ 4,067,487

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Rink Fund	Total	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers and users.....	\$ 4,764,829	\$ 4,737,070	\$ 391,202	\$ 9,893,101	\$ -
Receipts from interfund services provided.....	-	-	-	-	10,966,610
Receipts from other revenues.....	45,047	16,442	-	61,489	-
Payments to vendors.....	(2,837,235)	(3,413,955)	(161,471)	(6,412,661)	(3,621)
Payments to employees.....	(830,138)	(350,034)	(178,199)	(1,358,371)	-
Payments for interfund services used.....	-	-	-	-	(10,031,964)
NET CASH FROM OPERATING ACTIVITIES.....	1,142,503	989,523	51,532	2,183,558	931,025
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers out.....	(611,648)	(331,825)	(66,456)	(1,009,929)	-
Advances to other funds.....	(36,200)	-	-	(36,200)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(647,848)	(331,825)	(66,456)	(1,046,129)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Proceeds from the issuance of bonds and notes.....	5,943,933	480,000	85,000	6,508,933	-
Premium from the issuance of bonds and notes.....	-	2,362	481	2,843	-
Acquisition and construction of capital assets.....	(4,552,760)	(451,003)	(84,796)	(5,088,559)	-
Principal payments on bonds and notes.....	(4,138,605)	(751,815)	-	(4,890,420)	-
Interest expense.....	(266,546)	(200,921)	-	(467,467)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(3,013,978)	(921,377)	685	(3,934,670)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Sale (purchase) of investments.....	-	-	-	-	(15,471)
Investment income.....	41,249	31,841	308	73,398	58,663
NET CASH FROM INVESTING ACTIVITIES.....	41,249	31,841	308	73,398	43,192
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(2,478,074)	(231,838)	(13,931)	(2,723,843)	974,217
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR.....	4,031,804	1,946,607	97,221	6,075,632	3,365,828
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR.....	\$ 1,553,730	\$ 1,714,769	\$ 83,290	\$ 3,351,789	\$ 4,340,045
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ 394,181	\$ 482,443	\$ 14,217	\$ 890,841	\$ 880,941
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	453,428	475,908	19,888	949,224	-
Other revenues.....	45,047	16,442	-	61,489	-
Changes in assets and liabilities:					
Water and sewer liens.....	6,496	8,505	-	15,001	-
User fees.....	117,604	19,022	-	136,626	-
Special assessments.....	-	10,405	-	10,405	-
Working capital deposit.....	-	-	-	-	(3,800)
Warrants payable.....	34,725	(59,673)	(285)	(25,233)	55,886
Accrued payroll.....	6,022	471	(288)	6,205	(1,002)
Health claims payable.....	-	-	-	-	(1,000)
Other post employment benefits.....	74,000	31,000	16,000	121,000	-
Accrued compensated absences.....	11,000	5,000	2,000	18,000	-
Total adjustments.....	748,322	507,080	37,315	1,292,717	50,084
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,142,503	\$ 989,523	\$ 51,532	\$ 2,183,558	\$ 931,025

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2009

	Private Purpose Trust Funds	Agency Fund
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 47,159	\$ 789,590
Investments.....	46,581	-
TOTAL ASSETS.....	<u>93,740</u>	<u>789,590</u>
LIABILITIES		
Warrants payable.....	-	16,942
Liabilities due depositors.....	-	772,648
TOTAL LIABILITIES.....	<u>-</u>	<u>789,590</u>
NET ASSETS		
Held in trust.....	<u>\$ 93,740</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2009

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Net investment income:	
Investment income.....	\$ <u>3,121</u>
TOTAL ADDITIONS.....	<u>3,121</u>
<u>DEDUCTIONS:</u>	
Educational scholarships.....	<u>7,800</u>
CHANGE IN NET ASSETS.....	(4,679)
NET ASSETS AT BEGINNING OF YEAR.....	<u>98,419</u>
NET ASSETS AT END OF YEAR.....	<u>\$ <u>93,740</u></u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Canton, 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 accounting policies are described herein.

A. Reporting Entity

The Town is located in Norfolk County in southeastern Massachusetts approximately 15 miles south of Boston. The Town was incorporated in 1797 and is governed by an elected five member Board of Selectmen, an appointed Town Administrator, and the open town meeting form of government.

For financial reporting purposes, the Town has included all funds, organizations, 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. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that the Town has no component units that require inclusion in these basic financial statements.

The Town is a member of the Blue Hills Regional Technical School that provides educational services to nine area communities. This joint venture assesses each community its share of operating and debt service costs based on student population and other factors. In fiscal year 2009, Canton's share of the operating and debt expenses was \$1,253,270. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District's administrative office located at 800 Randolph Street, Canton, MA 02021.

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

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. *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.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds 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. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

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

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal 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.

The statement of activities demonstrates the degree to which the direct expenses of a particular 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 the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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 following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *roadway improvements fund* is used to account for roadway improvements for which expenditures are reimbursed 100% by the Commonwealth.

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

The *special revenue funds* are 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 funds* are 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.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

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

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

The *rink enterprise fund* is used to account for the skating rink activities.

Additionally, the following proprietary fund type is reported:

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health claims, workers' compensation, unemployment claims and building insurance activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

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 governmental programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town's private-purpose trust fund is primarily comprised of educational scholarships.

The *agency fund* is used to account for assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The Town's agency funds consist of off-duty work details, performance bonds, student activity accounts and fees collected on behalf of other governments.

Government-Wide and Fund Financial Statements

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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.

Investments are carried at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes, Tax Deferrals and Tax Liens

Property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Tax liens are processed within the first quarter following the close of the fiscal year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles to the Town. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

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

User Fees

Water and Sewer fees are billed quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in June of every year and are included as a lien on the property owner's tax bill in the following fiscal year. Water and sewer user fees, related liens, and an unbilled estimate are recorded as receivables in the fiscal year of the levy.

Water and sewer user fees are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Departmental and Other

Departmental and other receivables consist primarily of ambulance fees.

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

Intergovernmental

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.

F. Inventories***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

G. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, land improvements, buildings, building improvements, machinery and equipment, vehicles, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction period interest is capitalized on constructed capital assets except for the capital assets of the governmental activities column in the government-wide financial statements.

All purchases and construction costs in excess of \$25,000 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-process) are depreciated on a straight-line basis. The estimated useful lives of capital assets being depreciated are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20-50
Buildings.....	20-50
Building improvements.....	20-50
Machinery and equipment.....	3-20
Vehicles.....	5
Infrastructure.....	40-50

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.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as “internal balances”.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

I. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds and fiduciary 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”.

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

J. Deferred Revenue

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

K. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

Net assets reported as “invested in capital assets, net of related debt” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been “restricted for” the following:

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Grants and gifts” represents restrictions placed on assets from outside parties and consists primarily of gifts and federal and state grants.

“MSBA Grant” represents a capital grant to fund debt service on the High School debt that will be amortized over 15 years starting in FY2010 in accordance with state governmental regulations.

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Perpetual permanent funds” represents amounts held in trust for which only investment earnings may be expended.

“MSBA Grant” represents a capital grant to fund debt service on the High School debt that will be amortized over 15 years starting in FY2010 in accordance with state governmental regulations.

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the subsequent fiscal year’s operating budget.

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

M. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL). Investment income from the proprietary funds is retained in the respective funds.

N. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources upon maturity of the liability, are reported as expenditures and fund liabilities.

O. Fund Deficits

Two Capital Projects Funds, classified as non-major governmental funds, had a combined deficit balance of \$1,077,000 at June 30, 2009. This deficit will primarily be funded when \$1,566,000 in bond anticipation notes are converted into long-term debt.

The Workers' Compensation Fund, classified as an internal service fund, had a deficit balance of \$19,927 at June 30, 2009. This deficit will be funded from contributions or other available funds in fiscal year 2010.

P. Use of Estimates

Government-Wide and Fund Financial Statements

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 the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

Q. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$23,748,915 and the bank balance totaled \$25,013,052. Of the bank balance, \$3,190,698 was covered by Federal Depository Insurance, \$6,308,141 was covered by the Depositors Insurance Fund, \$7,418,758 was covered by the Share Insurance Fund, \$4,688,768 was collateralized and \$3,406,687 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2009, the Town of Canton had the following investments:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities:</u>					
Federal Home Loan Banks.....	\$ 339,550	\$ 169,775	\$ 99,021	\$ 29,989	\$ 40,765
Federal Home Loan Mortgage Corp.....	273,084	136,542	-	136,542	-
Federal Home Loan Mortgage Corp. Gold...	6,626	3,313	-	3,313	-
Federal National Mortgage Association.....	514,050	257,025	-	222,859	34,166
Federal Farm Credit Bank.....	211,330	105,665	-	-	105,665
United States Treasury Notes.....	817,810	408,905	106,089	199,496	103,320
Total Debt Securities.....	2,162,450	\$ 1,081,225	\$ 205,110	\$ 592,199	\$ 283,916
<u>Other Investments:</u>					
Repurchase Agreement.....	2,180,000				
MMDT.....	8,368,797				
Total Investments.....	\$ 12,711,247				

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town has a custodial credit risk exposure of \$2,162,450 because the related debt securities are uninsured, unregistered and held by the counterparty. The investments in MMDT are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Town does not have an investment policy related to custodial credit risk.

The Town's \$2,180,000 investment in a Repurchase Agreement (REPO) is held by a counterparty. The REPO is not in the Town's name; however, it is fully collateralized. The collateralization consists of Fannie Mae, Freddie Mac, Ginnie Mae and Federal Home Loan Bank (FHLB) investments.

Interest Rate Risk

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

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. Moody's Investors Service rated all debt securities as AAA and MMDT is unrated.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. The Town has 34% of investments in US government backed securities and 66% in MMDT.

NOTE 3 – RECEIVABLES

At June 30, 2009, receivables for the individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 746,781	\$ (158,628)	\$ 588,153
Tax liens.....	774,417	-	774,417
Motor vehicle and other excise taxes.....	491,420	(319,936)	171,484
Departmental and other.....	761,137	(546,882)	214,255
Intergovernmental.....	<u>8,248,877</u>	<u>-</u>	<u>8,248,877</u>
 Total.....	 <u>\$ 11,022,632</u>	 <u>\$ (1,025,446)</u>	 <u>\$ 9,997,186</u>

At June 30, 2009, receivables for the proprietary funds consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Water fees.....	\$ 1,205,202	\$ -	\$ 1,205,202
Sewer fees.....	1,148,050	-	1,148,050
Special assessments.....	18,179	-	18,179
Rink Fees.....	<u>740</u>	<u>-</u>	<u>740</u>
 Total.....	 <u>\$ 2,372,171</u>	 <u>\$ -</u>	 <u>\$ 2,372,171</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 294,782	\$ -	\$ 294,782
Tax Liens.....	774,417	-	774,417
Motor vehicle excise taxes.....	171,484	-	171,484
Departmental and other.....	-	214,255	214,255
Intergovernmental.....	4,791,241	339,998	5,131,239
Tax foreclosures.....	187,709	-	187,709
 Total.....	 \$ 6,219,633	 \$ 554,253	 \$ 6,773,886

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 10,765,068	\$ 393,800	\$ -	\$ 11,158,868
Construction in progress.....	4,771,714	4,703,880	(7,675,333)	1,800,261
 Total capital assets not being depreciated.....	 15,536,782	 5,097,680	 (7,675,333)	 12,959,129
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,555,735	-	-	2,555,735
Buildings.....	74,994,473	1,565,566	-	76,560,039
Building improvements.....	15,544,365	1,356,947	(1,025,000)	15,876,312
Machinery and equipment.....	3,948,459	782,958	(403,000)	4,328,417
Vehicles.....	3,789,156	433,791	(199,917)	4,023,030
Infrastructure.....	9,169,410	5,734,469	-	14,903,879
 Total capital assets being depreciated.....	 110,001,598	 9,873,731	 (1,627,917)	 118,247,412
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(393,925)	(127,787)	-	(521,712)
Buildings.....	(12,364,085)	(1,806,451)	-	(14,170,536)
Building improvements.....	(7,143,819)	(755,642)	1,025,000	(6,874,461)
Machinery and equipment.....	(1,514,830)	(362,669)	403,000	(1,474,499)
Vehicles.....	(3,236,267)	(315,167)	199,917	(3,351,517)
Infrastructure.....	(2,217,419)	(300,916)	-	(2,518,335)
 Total accumulated depreciation.....	 (26,870,345)	 (3,668,632)	 1,627,917	 (28,911,060)
 Total capital assets being depreciated, net.....	 83,131,253	 6,205,099	 -	 89,336,352
 Total governmental activities capital assets, net.....	 \$ 98,668,035	 \$ 11,302,779	 \$ (7,675,333)	 \$ 102,295,481

	Beginning Balance	Increases	Decreases	Ending Balance
Water Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 624,852	\$ -	\$ -	\$ 624,852
Construction in progress.....	2,233,313	4,399,771	-	6,633,084
Total capital assets not being depreciated.....	2,858,165	4,399,771	-	7,257,936
<u>Capital assets being depreciated:</u>				
Buildings.....	4,139,989	-	-	4,139,989
Machinery and equipment.....	593,185	64,979	-	658,164
Vehicles.....	363,782	59,042	-	422,824
Infrastructure.....	14,790,106	28,968	-	14,819,074
Total capital assets being depreciated.....	19,887,062	152,989	-	20,040,051
<u>Less accumulated depreciation for:</u>				
Buildings.....	(1,702,043)	(77,764)	-	(1,779,807)
Machinery and equipment.....	(29,659)	(62,567)	-	(92,226)
Vehicles.....	(331,782)	(18,705)	-	(350,487)
Infrastructure.....	(7,595,459)	(294,392)	-	(7,889,851)
Total accumulated depreciation.....	(9,658,943)	(453,428)	-	(10,112,371)
Total capital assets being depreciated, net.....	10,228,119	(300,439)	-	9,927,680
Total business-type activities capital assets, net.....	\$ 13,086,284	\$ 4,099,332	\$ -	\$ 17,185,616
	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 855,182	\$ 126,589	\$ (29,858)	\$ 951,913
Total capital assets not being depreciated.....	855,182	126,589	(29,858)	951,913
<u>Capital assets being depreciated:</u>				
Buildings.....	1,263,604	-	-	1,263,604
Machinery and equipment.....	-	264,697	-	264,697
Vehicles.....	306,745	59,717	(101,000)	265,462
Infrastructure.....	22,014,163	29,858	-	22,044,021
Total capital assets being depreciated.....	23,584,512	354,272	(101,000)	23,837,784
<u>Less accumulated depreciation for:</u>				
Buildings.....	(162,437)	(31,590)	-	(194,027)
Machinery and equipment.....	-	(13,235)	-	(13,235)
Vehicles.....	(283,746)	(15,172)	101,000	(197,918)
Infrastructure.....	(12,737,452)	(415,911)	-	(13,153,363)
Total accumulated depreciation.....	(13,183,635)	(475,908)	101,000	(13,558,543)
Total capital assets being depreciated, net.....	10,400,877	(121,636)	-	10,279,241
Total business-type activities capital assets, net.....	\$ 11,256,059	\$ 4,953	\$ (29,858)	\$ 11,231,154

	Beginning Balance	Increases	Decreases	Ending Balance
Rink Activities:				
<u>Capital assets being depreciated:</u>				
Building improvements.....	\$ 139,960	\$ -	\$ -	\$ 139,960
Machinery and equipment.....	241,501	84,796	(68,500)	257,797
Vehicles.....	29,160	-	-	29,160
	<u>410,621</u>	<u>84,796</u>	<u>(68,500)</u>	<u>426,917</u>
<u>Less accumulated depreciation for:</u>				
Building improvements.....	(24,493)	(6,998)	-	(31,491)
Machinery and equipment.....	(145,425)	(12,890)	68,500	(89,815)
Vehicles.....	(29,160)	-	-	(29,160)
	<u>(199,078)</u>	<u>(19,888)</u>	<u>68,500</u>	<u>(150,466)</u>
Total business-type activities capital assets, net.....	<u>\$ 211,543</u>	<u>\$ 64,908</u>	<u>\$ -</u>	<u>\$ 276,451</u>

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

Governmental Activities:

General government.....	\$ 57,437
Public safety.....	597,821
Education.....	2,237,748
Public works.....	433,121
Human services.....	12,936
Culture and recreation.....	<u>329,569</u>
Total depreciation expense - governmental activities.....	<u>\$ 3,668,632</u>

Business-Type Activities:

Water.....	\$ 453,428
Sewer.....	475,908
Rink.....	<u>19,888</u>
Total depreciation expense - business-type activities.....	<u>\$ 949,224</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables for the fiscal year ended June 30, 2009 relate to a 10 year non-interest bearing loan between the Stoughton Mitigation Fund and the Water Fund with annual payments of \$36,200 through FY2013.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Stoughton Mitigation Fund	Water Fund	\$ <u><u>144,800</u></u>

Interfund transfers for the fiscal year ended June 30, 2009, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund.....	\$ -	\$ 542,000	\$ 542,000
Nonmajor Governmental Funds...	1,101,504	75,000	1,176,504
Water Enterprise Fund.....	611,648	-	611,648
Sewer Enterprise Fund.....	331,825	-	331,825
Rink Enterprise Fund.....	<u>66,456</u>	<u>-</u>	<u>66,456</u>
Total.....	<u>\$ 2,111,433</u>	<u>\$ 617,000</u>	<u>\$ 2,728,433</u>

The enterprise transfers to the general fund are for their share of indirect charges. The general fund transfers out are \$400,000 to fund the stabilization fund, \$62,000 to fund capital projects funds and \$80,000 for retirement buy back reserves. The nonmajor funds transferred \$75,000 between other nonmajor funds; and \$1,101,504 to the general fund to fund budgeted expenditures.

NOTE 6 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund and Enterprise Funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2009, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2008	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2009
BAN	Capital improvements.....	2.5%	05/29/09	\$ 2,676,000	\$ -	\$ 2,676,000	\$ -
GAN	Highway.....	2.6%	07/21/08	1,000,000	-	1,000,000	-
GAN	Highway.....	2.6%	07/21/08	1,000,000	-	1,000,000	-
BAN	Capital improvements.....	1.3%	05/28/10	-	1,751,000	-	1,751,000
GAN	Highway.....	1.6%	07/21/09	-	2,000,000	-	2,000,000
GAN	Highway.....	1.6%	07/21/09	-	1,200,000	-	1,200,000
Sub-total governmental notes.....				<u>4,676,000</u>	<u>4,951,000</u>	<u>4,676,000</u>	<u>4,951,000</u>
BAN	Sewer System Improvements.....	2.5%	05/29/09	305,000	-	305,000	-
BAN	Water System Improvements.....	2.5%	05/29/09	3,796,400	-	3,796,400	-
BAN	Sewer System Improvements.....	1.3%	05/28/10	-	215,000	-	215,000
BAN	Water System Improvements.....	1.3%	05/28/10	-	3,435,600	-	3,435,600
Sub-total business-type notes.....				<u>4,101,400</u>	<u>3,650,600</u>	<u>4,101,400</u>	<u>3,650,600</u>
Total notes payable.....				<u>\$ 8,777,400</u>	<u>\$ 8,601,600</u>	<u>\$ 8,777,400</u>	<u>\$ 8,601,600</u>

The GAN's were paid down on July 21, 2009, with available funds.

NOTE 7 – CAPITAL LEASE OBLIGATIONS

In Fiscal 2009 the Town entered into non-cancelable long-term leases for the purchase of two vehicles utilized the Town. These 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. Assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Vehicles.....	\$ 90,392
Less: accumulated depreciation.....	<u>(9,039)</u>
Total.....	<u>\$ 81,353</u>

The following is a schedule of the future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments, as of June 30, 2009:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2010.....	\$ 22,598
2011.....	22,598
2012.....	<u>22,598</u>
 Total minimum lease payments.....	 67,794
 Less: amounts representing interest.....	 <u>(8,030)</u>
 Present value of minimum lease payments.....	 \$ <u><u>59,764</u></u>

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

In prior fiscal years, certain general obligation bonds were defeased by placing the proceeds of bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, neither the assets in escrow nor the liability for the defeased bonds are included in the Town’s financial statements. At June 30, 2009, \$5,340,000 of bonds outstanding is considered defeased.

In May 2009, the Town issued \$6,399,333 of new general obligation bonds. The proceeds of these bonds, as well as \$569,467 of current revenues were used to retire \$6,777,400 of maturing bond anticipation notes and to provide permanent financing for several capital projects primarily including \$2,508,333 for the Water System Expansion project, \$265,000 for Sewer System upgrades, \$85,000 for Ice Rink equipment, and \$3,541,000 for other governmental projects. All water, sewer and ice rink debt is expected to be self-supporting through user fees.

Details related to the outstanding indebtedness at June 30, 2009, and the debt service requirements are as follows:

Bonds and Notes Payable - Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Land acquisition.....	4.75-5.75%	\$ 344,000	\$ -	\$ 172,000	\$ 172,000
Building remodeling.....	4.75-5.75%	406,000	-	203,000	203,000
Data processing equipment.....	4.75-5.75%	235,000	-	235,000	-
Building remodeling.....	3.50-5.00%	955,000	-	100,000	855,000
School project.....	3.50-5.00%	6,345,000	-	490,000	5,855,000
Drainage.....	2.00-4.75%	180,000	-	15,000	165,000
Land acquisition.....	2.00-4.75%	1,283,465	-	28,260	1,255,205
School construction.....	2.00-4.75%	16,000,000	-	1,000,000	15,000,000
Building remodeling.....	2.00-4.75%	10,005,000	-	705,000	9,300,000
Energy conservation - school.....	2.00-4.75%	355,000	-	30,000	325,000
Departmental equipment.....	2.00-4.75%	215,000	-	40,000	175,000
Refunding.....	2.00-4.75%	2,162,600	-	27,760	2,134,840
ADA renovations.....	4.10%	1,515,000	-	92,000	1,423,000
Fire station.....	4.10%	1,500,000	-	98,000	1,402,000
Revere fire station.....	4.10%	668,000	-	40,000	628,000
Fire engine.....	3.90%	96,000	-	18,000	78,000
School remodeling.....	4.00%	246,000	-	17,000	229,000
Hansen school plumbing.....	4.00%	123,000	-	9,000	114,000
Kennedy school boiler.....	4.10%	254,000	-	16,000	238,000
School remodeling.....	4.00-4.10%	1,334,000	-	100,000	1,234,000
Highway truck.....	4.00%	116,000	-	17,000	99,000
Ladder truck.....	4.00%	480,000	-	60,000	420,000
Fire tanker truck.....	4.00%	235,000	-	30,000	205,000
Streetlights.....	4.00%	262,000	-	33,000	229,000
Surface drain.....	4.10%	88,000	-	6,000	82,000
Land acquisition.....	3.50-4.00%	405,500	-	53,500	352,000
Building remodeling.....	3.50-4.00%	455,500	-	54,500	401,000
School remodeling.....	3.50-4.00%	223,000	-	57,000	166,000
Outdoor recreational facility.....	3.50-3.85%	70,000	-	5,000	65,000
Departmental equipment.....	3.50%	785,000	-	91,000	694,000
Building remodeling--School.....	3.50-4.00%	552,000	-	35,000	517,000
Dam construction.....	3.50%	350,000	-	41,000	309,000
Surface Drain.....	3.50-4.00%	150,000	-	10,000	140,000
Remodeling & Renovations.....	2.00-4.25%	-	3,541,000	-	3,541,000
Total governmental bonds payable.....		<u>48,394,065</u>	<u>3,541,000</u>	<u>3,929,020</u>	<u>48,006,045</u>
Add unamortized premium.....		463,400	-	52,095	411,305
Less unamortized loss on bond refunding, net....		<u>(258,688)</u>	<u>-</u>	<u>(43,849)</u>	<u>(214,839)</u>
Total governmental bonds payable, net.....		<u>\$ 48,598,777</u>	<u>\$ 3,541,000</u>	<u>\$ 3,937,266</u>	<u>\$ 48,202,511</u>

Debt service requirements for principal and interest for Governmental bonds payable in future fiscal years are as follows:

	Principal	Interest	Total
2010.....	\$ 3,947,750	\$ 1,995,359	\$ 5,943,109
2011.....	3,923,880	1,827,180	5,751,060
2012.....	3,903,220	1,688,204	5,591,424
2013.....	3,816,270	1,548,546	5,364,816
2014.....	3,786,245	1,404,752	5,190,997
2015.....	3,677,190	1,256,822	4,934,012
2016.....	3,622,140	1,090,207	4,712,347
2017.....	3,418,100	928,064	4,346,164
2018.....	3,104,475	778,396	3,882,871
2019.....	2,893,000	641,699	3,534,699
2020.....	2,743,775	523,893	3,267,668
2021.....	2,713,000	408,030	3,121,030
2022.....	2,183,000	292,879	2,475,879
2023.....	1,963,000	192,733	2,155,733
2024.....	1,504,000	102,433	1,606,433
2025.....	344,000	36,367	380,367
2026.....	171,000	19,250	190,250
2027.....	135,000	12,240	147,240
2028.....	101,000	6,672	107,672
2029.....	56,000	2,380	58,380
Totals.....	<u>\$ 48,006,045</u>	<u>\$ 14,756,105</u>	<u>\$ 62,762,150</u>

Bonds and Notes Payable Schedule – Water Enterprise Fund

<i>Water Fund</i>	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Project					
Water.....	4.75-5.75%	\$ 8,000	\$ -	\$ 4,000	\$ 4,000
Well.....	4.75-5.75%	19,000	-	10,000	9,000
Pumping Station.....	4.75-5.75%	36,000	-	18,000	18,000
Well.....	2.00-4.75%	1,110,000	-	50,000	1,060,000
Refunding.....	2.00-4.75%	324,415	-	24,205	300,210
Water Pipe.....	4.10%	292,000	-	18,000	274,000
Water Main Replacement.....	4.10%	610,000	-	36,000	574,000
Water.....	3.50-4.00%	228,000	-	27,000	201,000
Well Field Development.....	3.50-4.00%	227,000	-	27,000	200,000
Water Departmental Equipment.....	3.50%	396,000	-	46,000	350,000
Water Departmental Equipment.....	3.50%	200,000	-	25,000	175,000
Water Mains.....	3.50-4.00%	1,000,000	-	57,000	943,000
Water Treatment Improvements.....	2.00-4.25%	-	2,508,333	-	2,508,333
Total water bonds payable.....		<u>4,450,415</u>	<u>2,508,333</u>	<u>342,205</u>	<u>6,616,543</u>
Less unamortized loss on bond refunding, net....		<u>(25,235)</u>	<u>-</u>	<u>(3,626)</u>	<u>(21,609)</u>
Total water bonds payable, net.....		<u>\$ 4,425,180</u>	<u>\$ 2,508,333</u>	<u>\$ 338,579</u>	<u>\$ 6,594,934</u>

Debt service requirements for principal and interest for the water enterprise fund bonds and notes payable in future fiscal years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010.....	\$ 642,828	\$ 258,150	\$ 900,978
2011.....	633,600	234,592	868,192
2012.....	562,135	211,569	773,704
2013.....	493,675	192,813	686,488
2014.....	426,440	175,138	601,578
2015.....	423,960	157,787	581,747
2016.....	423,465	154,518	577,983
2017.....	392,735	121,209	513,944
2018.....	304,315	103,767	408,082
2019.....	302,000	92,315	394,315
2020.....	301,390	81,361	382,751
2021.....	272,000	70,381	342,381
2022.....	272,000	59,959	331,959
2023.....	267,000	48,767	315,767
2024.....	266,000	37,466	303,466
2025.....	201,000	26,184	227,184
2026.....	149,000	17,988	166,988
2027.....	95,000	11,910	106,910
2028.....	94,000	7,990	101,990
2029.....	94,000	3,996	97,996
Totals.....	<u>\$ 6,616,543</u>	<u>\$ 2,067,857</u>	<u>\$ 8,684,400</u>

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

<u>Sewer Fund</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2008</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2009</u>
Sewer.....	4.75-5.75%	\$ 437,000	\$ -	\$ 218,000	\$ 219,000
Sewer.....	3.50-5.00%	975,000	-	75,000	900,000
Sewer.....	2.00-4.75%	295,000	-	20,000	275,000
Refunding.....	3.25-4.00%	2,294,520	-	29,775	2,264,745
Sewer I&I.....	4.10%	504,000	-	30,000	474,000
Estey Way Sewer.....	4.10%	190,000	-	12,000	178,000
Wardwell Sewer.....	4.10%	192,000	-	13,000	179,000
MWRA.....	0%	120,120	-	40,040	80,080
Sewer.....	3.50-4.00%	96,000	-	9,000	87,000
SCADA System.....	2.0-3.0%	-	265,000	-	265,000
Total sewer bonds payable.....		<u>5,103,640</u>	<u>265,000</u>	<u>446,815</u>	<u>4,921,825</u>
Less unamortized loss on bond refunding, net....		<u>(180,735)</u>	<u>-</u>	<u>(25,523)</u>	<u>(155,212)</u>
Total sewer bonds payable, net.....		<u>\$ 4,922,905</u>	<u>\$ 265,000</u>	<u>\$ 421,292</u>	<u>\$ 4,766,613</u>

Debt service requirements for principal and interest for the sewer enterprise fund bonds and notes payable in future fiscal years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010.....	\$ 475,795	\$ 182,528	\$ 658,323
2011.....	470,560	165,767	636,327
2012.....	419,645	151,111	570,756
2013.....	412,055	136,656	548,711
2014.....	409,315	121,976	531,291
2015.....	405,850	106,564	512,414
2016.....	401,395	91,253	492,648
2017.....	393,165	75,898	469,063
2018.....	390,210	60,473	450,683
2019.....	384,000	44,616	428,616
2020.....	344,835	28,870	373,705
2021.....	145,000	18,274	163,274
2022.....	70,000	11,653	81,653
2023.....	70,000	8,649	78,649
2024.....	70,000	5,612	75,612
2025.....	55,000	2,550	57,550
2026.....	5,000	200	5,200
Totals.....	<u>\$ 4,921,825</u>	<u>\$ 1,212,646</u>	<u>\$ 6,134,471</u>

Bonds and Notes Payable Schedule – Ice Rink Enterprise Fund

<i>Ice Rink Fund</i>	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
<u>Project</u>					
Zamboni.....	2.0-3.0%	\$ -	\$ 85,000	\$ -	\$ 85,000

Debt service requirements for principal and interest for the sewer enterprise fund bonds and notes payable in future fiscal years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010.....	\$ 13,000	\$ 2,270	\$ 15,270
2011.....	12,000	1,880	13,880
2012.....	10,000	1,520	11,520
2013.....	8,000	1,320	9,320
2014.....	8,000	1,160	9,160
2015.....	8,000	980	8,980
2016.....	8,000	780	8,780
2017.....	6,000	540	6,540
2018.....	6,000	360	6,360
2019.....	6,000	180	6,180
Totals.....	<u>\$ 85,000</u>	<u>\$ 10,990</u>	<u>\$ 95,990</u>

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2009, \$483,915 of such assistance was received. The Town will receive \$5,875,525 in future fiscal years. Of this amount, \$1,084,284 represents reimbursement of long-term interest costs, and \$4,791,241 represents reimbursement of approved construction costs. Accordingly, a \$4,791,241 intergovernmental receivable and corresponding deferred revenue have been reported in the general fund. The net change in deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

The MSBA offers a construction grant program that pays the Town its share of the school construction and therefore eliminates the need for the Town to fund the State's share through long-term debt. The Canton High School project is being funded by this grant program. The Town received the final MSBA grant payment of \$7,167,329 in fiscal 2009.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2009, the Town had the following authorized and unissued debt:

Purpose	Amount
Ambulance Mangement System.....	\$ 20,000
Ambulance Replacement.....	225,000
Building A Elevator.....	50,000
Dedham Street Drainage.....	50,000
DPW Dump Truck.....	42,000
DPW Garage.....	150,000
Fiber Cables.....	50,000
Greenlodge Street Interceptor.....	7,004,000
Middle School Roof Replacement.....	30,000
Police Station Flooring.....	100,000
Ponkapoag Fire Station Roof Repairs.....	10,000
Rodman Building Asbestos Removal.....	20,000
Scada Upgrade & Trucks.....	295,000
School HVAC.....	164,000
School Plumbing.....	118,000
Senior Center	450,000
Senior Center Study.....	168,000
Septic Title V.....	200,000
Sewer Infiltration & Inflow.....	1,586,290
Shepards Pond Dam.....	175,000
Washington Street Culvert Design.....	60,000
Water Mains.....	150,000
Water Resource Management Plan.....	225,000
Water System Improvements.....	5,084,000
Water Treatment Facility	9,000,000
Water Treatment Facility Design.....	66,667
Water Trucks.....	314,400
Well # 9 Supplement.....	40,000
Fire Department Equipment.....	80,000
Luce School Roof Replacement.....	310,000
School Dept Radio System.....	36,000
GMS Acoustic Panels.....	41,000
Town Hall Repairs.....	120,000
Total.....	<u>\$ 26,434,357</u>

Changes in long-term liabilities

During the fiscal year ended June 30, 2009, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Governmental Activities:					
Long-term bonds and notes.....	\$ 48,394,065	\$ 3,541,000	\$ (3,929,020)	\$ 48,006,045	\$ 3,947,750
Other postemployment benefits.....	-	3,017,000	-	3,017,000	-
Unamortized deferred loss on refunding.....	(258,688)	-	43,849	(214,839)	(43,306)
Landfill closure.....	393,000	51,000	(83,000)	361,000	78,000
Workers' compensation.....	215,000	45,000	(145,000)	115,000	95,000
Unamortized premium on bonds payable.....	463,400	-	(52,095)	411,305	50,081
Compensated absences.....	1,161,000	792,000	(724,000)	1,229,000	786,000
Total governmental activities.....	\$ 50,367,777	\$ 7,446,000	\$ (4,889,266)	\$ 52,924,511	\$ 4,913,525
Business-Type Activities:					
Long-term bonds and notes.....	\$ 9,554,055	\$ 2,858,333	\$ (789,020)	\$ 11,623,368	\$ 1,131,623
Other postemployment benefits.....	-	121,000	-	121,000	-
Unamortized deferred loss on refunding.....	(205,970)	-	29,149	(176,821)	(28,793)
Compensated absences.....	168,000	106,000	(88,000)	186,000	102,000
Total business-type activities.....	\$ 9,516,085	\$ 3,085,333	\$ (847,871)	\$ 11,753,547	\$ 1,204,830

The governmental activities liabilities will be liquidated by the general fund with the exception of the workers' compensation liability which will be liquidated by the internal service fund. The business-type liabilities will be liquidated by the enterprise fund reporting the liability.

NOTE 9 – RISK FINANCING

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 for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for its health insurance and workers' compensation activities. These activities are accounted for in the Town's internal service funds where revenues are recorded when earned and expenses are recorded when the liability is incurred.

(a) *Health Insurance*

The estimate of Incurred But Not Reported (IBNR) claims based on a one and a half-month claims paid average for twelve months prior to fiscal year-end. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$100,000. At June 30, 2009, the amount of the liability for health insurance claims totaled \$1,220,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2007, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Current Portion
Fiscal Year 2008.....	\$ 1,151,000	\$ 9,605,797	\$ (9,535,797)	\$ 1,221,000	\$ 1,221,000
Fiscal Year 2009.....	1,221,000	9,958,225	(9,959,225)	1,220,000	1,220,000

(b) *Workers' Compensation*

Workers' compensation claims submitted prior to July 1, 2007 are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The Town is premium based for all claims after July 1, 2007. The Town purchases individual stop loss insurance in excess of the coverage provided in the amount of \$300,000. The estimated future workers' compensation liability is based on history and injury type.

At June 30, 2009, the amount of the liability for workers' compensation claims totaled \$115,000. This liability is the Town's best estimate based on available information. Changes in the reported liability since July 1, 2007, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Current Portion
Fiscal Year 2008.....	\$ 282,000	\$ 31,443	\$ (98,443)	\$ 215,000	\$ 145,000
Fiscal Year 2009.....	215,000	(83,839)	(16,161)	115,000	95,000

NOTE 10 – PENSION PLAN

Plan Description - The Town contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Norfolk County Retirement Board (Board). Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$7,222,000 for the fiscal year ended June 30, 2009, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Norfolk 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 480 Neponset Street, Building #15, P.O. Box 188, Canton, Massachusetts 02021-0188.

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 32 of the MGL governs the contributions of plan members and the Town.

Annual Pension Cost - The Town's contributions to the System for the fiscal years ended June 30, 2009, 2008, and 2007, were \$2,672,418, \$2,297,249 and \$2,201,571, respectively, which equaled its required contribution for each fiscal year.

Noncontributory Retirement Allowance – The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for fiscal year 2009 totaled approximately \$43,508.

NOTE 11 – LANDFILL POSTCLOSURE CARE COSTS

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the site after closure. The Town has closed the landfill and has recorded its estimated postclosure care costs to be \$361,000 which has been recorded as a governmental activity liability at June 30, 2009. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Fiscal year 2009 is the initial year that the Town has implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). As allowed by GASB 45, the Town has established the net Other Post Employment Benefits (OPEB) obligation at zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

Plan Description – The Town of Canton administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 75 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25 percent of their premium costs. For fiscal year 2009, the Town contributed \$2.4 million to the plan, and member contributions totaled \$962 thousand.

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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation are summarized in the following table:

Normal cost.....	\$	2,525,000
Amortization of unfunded actuarial accrued liability.....		<u>2,965,000</u>
Annual OPEB cost (expense).....		5,490,000
Contributions made.....		<u>(2,352,000)</u>
Increase in net OPEB obligation.....		3,138,000
Net OPEB obligation--beginning of year.....		<u>-</u>
Net OPEB obligation--end of year.....	\$	<u>3,138,000</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 was as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2009	\$ 5,490,000	43%	\$ 3,138,000

Funded Status and Funding Progress – As of January 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$80.3 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$32.2 million, and the ratio of the UAAL to the covered payroll was 249 percent.

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 contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the 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.

In the January 1, 2009 actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4.25% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 10% initially, graded to 5% over ten years and included a 3.5% inflation assumption. The UAAL is being amortized over a 30 year period, with amortization payments increasing at 3.5% per year on a closed basis. The remaining amortization period at June 30, 2009 is 29 years.

NOTE 13 – COMMITMENTS

The Town has been authorized to borrow approximately \$9.1 million to cover costs associated with the design and construction of a Water Treatment Facility. As of June 30, 2009 this authorized debt has still yet to be issued. The Town expects that construction will begin on this project during the course of fiscal 2010.

NOTE 14 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2009, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2009, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2009.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2009, the following GASB pronouncements were implemented:

The GASB issued Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement did significantly impact the basic financial statements.

The GASB issued Statement #56, *Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards*. This pronouncement did not impact the basic financial statements.

Other Future GASB Pronouncements:

The GASB issued Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented in fiscal year 2011. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

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Required Supplementary Information

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 49,754,017	\$ 49,754,017	\$ 49,884,691	\$ -	\$ 130,674
Tax liens.....	-	-	187,083	-	187,083
Motor vehicle and other excise taxes.....	3,300,000	3,300,000	3,515,812	-	215,812
Penalties and interest on taxes.....	175,000	175,000	246,950	-	71,950
Payments in lieu of taxes.....	189,423	189,423	194,559	-	5,136
Licenses and permits.....	615,000	615,000	452,758	-	(162,242)
Fines and forfeitures.....	150,000	150,000	149,867	-	(133)
Intergovernmental.....	7,760,100	7,760,100	7,206,088	-	(554,012)
MSBA Capital Grant.....	-	-	7,167,329	-	7,167,329
Departmental and other.....	400,000	400,000	490,945	-	90,945
Investment income.....	500,000	500,000	322,535	-	(177,465)
TOTAL REVENUES.....	62,843,540	62,843,540	69,818,617	-	6,975,077
EXPENDITURES:					
Current:					
General Government					
Executive Branch.....	847,730	1,197,730	1,179,689	18,000	41
Executive Branch articles.....	66,385	66,385	2,742	63,643	-
Finance Committee.....	12,703	12,703	7,817	-	4,886
Reserve Fund.....	50,000	-	-	-	-
Finance Department.....	914,125	914,125	829,295	82,988	1,842
Finance Department articles.....	51,170	51,170	27,518	23,652	-
Assessors.....	237,625	237,625	232,168	5,000	457
Assessors articles.....	300,000	300,000	-	300,000	-
Water/Sewer Rate Committee.....	1,000	1,000	407	-	593
Town Clerk & Elections.....	190,791	190,791	188,285	-	2,506
Town Clerk & Elections articles.....	51,593	51,593	-	51,593	-
Conservation Commission.....	65,738	65,738	65,591	-	147
Planning Board.....	53,717	53,717	49,237	2,750	1,730
Building Renovation Committee.....	3,381	3,381	289	-	3,092
Capital Outlay Committee.....	2,556	2,556	86	-	2,470
Municipal Buildings.....	394,723	394,723	392,427	2,076	220
Municipal Buildings articles.....	73,003	73,003	29,187	43,549	267
Town Insurance.....	765,000	765,000	740,606	-	24,394
Total.....	4,081,240	4,381,240	3,745,344	593,251	42,645
Public Safety					
Fire Department.....	4,268,029	4,268,029	4,268,020	-	9
Fire Department articles.....	37,071	37,071	37,042	-	29
Police.....	3,595,611	3,595,611	3,588,540	7,068	3
Police articles.....	168,585	168,585	109,986	58,599	-
Building & Zoning.....	307,972	307,972	293,867	6,550	7,555
Building & Zoning articles.....	-	-	-	-	-
Sealer of Weights & Measures.....	7,500	7,500	6,750	-	750
Emergency Management.....	8,335	8,335	7,522	-	813
Animal Control.....	159,597	159,597	128,683	-	30,914
Town Emergency.....	8,875	8,875	-	-	8,875
Total.....	8,561,575	8,561,575	8,440,410	72,217	48,948
Education					
School.....	27,593,848	27,593,848	27,542,051	51,797	-
School articles.....	360,050	360,050	352,723	7,327	-
Blue Hills Regional.....	1,127,712	1,264,185	1,253,270	-	10,915
Total.....	29,081,610	29,218,083	29,148,044	59,124	10,915

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Public Works					
Public Works.....	1,913,174	1,913,174	1,911,472	250	1,452
Public Works articles.....	72,709	72,709	42,427	30,282	-
Street Lighting.....	209,288	209,288	170,287	24,000	15,001
Snow & Ice.....	684,721	834,721	834,645	-	76
Trash Collection.....	1,573,082	1,423,082	1,313,864	5,700	103,518
Total.....	4,452,974	4,452,974	4,272,695	60,232	120,047
Health and Human Services					
Health Department.....	302,788	302,788	288,875	-	13,913
Council on Aging.....	209,561	209,561	206,217	3,344	-
Commission on Disability.....	2,565	2,565	1,926	-	639
Veteran's Services.....	138,164	138,164	134,048	-	4,116
Total.....	653,078	653,078	631,066	3,344	18,668
Culture and Recreation					
Recreation & Playground.....	370,895	370,895	370,892	-	3
Recreation & Playground articles.....	28,054	28,054	20,716	7,338	-
Public Library.....	940,705	940,705	939,878	827	-
Public Library articles.....	26,282	26,282	25,345	926	11
Historical Commission.....	3,669	3,669	3,335	-	334
Beautification Commission.....	2,742	2,742	-	2,742	-
Total.....	1,372,347	1,372,347	1,360,166	11,833	348
Pension Benefits.....	2,679,811	2,679,811	2,679,490	-	321
Employee Benefits					
Unemployment Compensation.....	100,000	100,000	100,000	-	-
Employer Share - Health.....	8,655,001	8,518,528	8,038,327	-	480,201
Employer Share - Life.....	56,000	56,000	56,000	-	-
Total.....	8,811,001	8,674,528	8,194,327	-	480,201
Unpaid bills.....	-	-	-	-	-
State and county charges.....	933,943	933,943	924,550	-	9,393
Debt service.....	5,977,001	5,977,001	5,939,986	-	37,015
TOTAL EXPENDITURES.....	66,604,580	66,904,580	65,336,078	800,001	768,501
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,761,040)	(4,061,040)	4,482,539	(800,001)	7,743,578
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	27,067	-	27,067
Transfers in.....	2,110,537	2,110,537	2,111,433	-	896
Transfers out.....	(542,000)	(542,000)	(542,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)....	1,568,537	1,568,537	1,596,500	-	27,963
NET CHANGE IN FUND BALANCE.....	(2,192,503)	(2,492,503)	6,079,039	(800,001)	7,771,541
BUDGETARY FUND BALANCE, Beginning of year.....	5,700,074	5,700,074	5,700,074	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 3,507,571	\$ 3,207,571	\$ 11,779,113	\$ (800,001)	\$ 7,771,541

(Concluded)

See notes to required supplementary information.

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of planned assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions.

**Norfolk County Contributory Retirement System
Schedule of Funding Progress**

Fiscal Year Ending June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/08	\$ 596,157,147	\$ 907,719,124	\$ 311,561,977	65.7%	\$ 223,814,977	139.2%
01/01/07	533,077,948	855,677,413	322,599,465	62.3%	219,620,865	146.9%
01/01/05	467,186,566	762,900,650	295,714,084	61.2%	196,639,163	150.4%
01/01/03	415,150,776	675,275,257	260,124,481	61.5%	185,281,985	140.4%
01/01/00	371,646,793	533,959,970	162,313,177	69.6%	163,542,978	99.2%
01/01/97	258,771,070	392,463,080	133,692,010	65.9%	126,219,194	105.9%
01/01/93	151,546,609	291,472,940	139,926,331	52.0%	107,482,975	130.2%

The Town's share of the UAAL, as of January 1, 2008, is approximately 6.9%.

See notes to required supplementary information.

**Norfolk County Contributory Retirement System
Schedule of Employer Contributions**

Fiscal Year Ending June 30, 2009

Fiscal Year Ended June 30	System Wide			Town of Canton	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2005	\$ 28,238,996	\$ 28,238,996	100%	\$ 1,747,497	6.19%
2006	31,755,708	31,755,708	100%	2,017,098	6.35%
2007	32,877,890	32,877,890	100%	2,201,571	6.70%
2008	33,104,903	33,104,903	100%	2,297,249	6.94%
2009	38,920,499	38,920,499	100%	2,672,418	6.87%

The Town's Actual Contributions equaled 100% of its Required Contribution for each year presented.

See notes to required supplementary information.

Other Post-Employment Benefits Plan Schedules

The Schedule of Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POST-EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2009	\$ -	\$ 80,263,018	\$ 80,263,018	0%	\$ 32,236,036	249.0%

The Town implemented GASB Statement No. 45 for the fiscal year ended June 30, 2009.
Information for prior years is not available.

See notes to required supplementary information.

OTHER POST-EMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

FISCAL YEAR ENDED JUNE 30, 2009

Actuarial Methods:

Valuation date	January 1, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar amount over a 30 year period at transition
Remaining amortization period	30 years as of June 30, 2009, closed basis

Actuarial Assumptions:

Investment rate of return	4.25% for an unfunded plan
Medical/drug cost trend rate	10% graded to 5% over 10 years

Plan Membership:

Current retirees, beneficiaries, and dependents	545
Current active members	<u>604</u>
Total	<u><u>1,149</u></u>

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote at the Annual Town Meeting. Changes subsequent to the approved annual budget require majority vote at a Special Town Meeting.

The majority of the Town’s appropriations are non-continuing, which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year’s original budget.

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final claims and judgments may exceed the level of spending authorized by two-thirds majority vote at a special town meeting.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The fiscal year 2009 final budget includes approximately \$67,447,000 in current year authorized appropriations and other amounts to be raised.

The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town’s accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2009, is presented as follows:

Net change in fund balance, budgetary basis.....	\$ 6,079,039
<u>Basis of accounting differences:</u>	
Net change in recording 60-day receipts.....	28,534
Net change in recording tax refunds payable.....	(397,000)
Recognition of revenue for on-behalf payment.....	7,222,254
Recognition of expenditure for on-behalf payment.....	<u>(7,222,254)</u>
Net change in fund balance, GAAP basis.....	<u>\$ 5,710,573</u>

C. Appropriation Deficits

At June 30, 2009 there were no expenditures that exceeded budgeted appropriations.

NOTE B – PENSION PLAN

The Town contributes to the Norfolk County Contributory Retirement System ("Retirement System"), a cost-sharing, multiple-employer defined benefit pension plan ("Plan") administered by the Norfolk County Retirement Board. The Retirement System provides retirement, disability and death benefits to members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the Plan. Plan members are required to contribute to the Retirement System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Retirement System its share of the system wide actuarially determined contribution which is apportioned among the employers based on active covered payroll.

The schedule of funding progress, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

The following actuarial methods and assumptions were used in the Retirement System's most recent actuarial valuation:

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2008
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.5% per year, level dollar for ERI liability for certain units
Remaining Amortization Period.....	20 years remaining as of January 1, 2008, closed basis
Asset Valuation Method.....	The actuarial value of assets is determined by projecting the actuarial value of assets as of the beginning of the prior plan year with the assumed rate of return during that year (8.5%) and accounting for deposits and disbursements with interest at the assumed rate of return. An adjustment is then applied to recognize the difference between the actual investment return and expected return over a five year period. This preliminary actuarial value is not allowed to differ from the market value of assets by more than 20%.

Actuarial Assumptions:

Investment rate of return.....	8.50%
Projected salary increases.....	4.00%
Cost of living adjustments.....	3.0% of the lesser of the pension amount and \$12,000 per year

Plan Membership:

Retired participants and beneficiaries receiving benefits.....	2,495
Inactive participants.....	2,043
Disabled.....	299
Active participants.....	<u>5,832</u>
Total.....	<u><u>10,669</u></u>

NOTE C – OTHER POST-RETIREMENT BENEFITS

The Town of Canton administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare for eligible retirees and their spouses through the Town’s health insurance plan, which covers both active and retired members, including teachers.

The Town currently finances its other post-employment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the 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 Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specified purposes. The Town's special revenue funds are grouped into the following categories:

School Lunch – This fund is used to account for the activity of the school lunch program, which includes charges for services and state and federal reimbursements for meals served.

Private Grants – This fund is used to account for grant funds received from private organizations that are to be used to fund various governmental programs.

Town Revolving Funds – This fund is used to account for the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

School Revolving Funds – This fund is used to account for the school department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

Recreation – This fund is used to account for self-supporting recreational programs and activities.

Stabilization – This fund is used to account for the accumulation of resources to provide general and/or capital reserves.

Ambulance – This fund is used to account for the fees generated by the operations of the fire department's ambulance service that are designated to fund and supplement specific operating costs of the department.

Town Grants – This fund is used to account for grant funds received from state and federal governments which are designated for specific non-school related programs.

School Grants – This fund is used to account for grant funds received from state and federal governments which are designated for specific school related programs.

State Fiscal Stabilization Fund – Recovery Act – This fund is used to account for the federal funds passed through the state to stabilize local education expenditures.

Other Departmental Funds – This fund is used to account for the activity of donated funds, public safety details, and other receipts reserved for future appropriation.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital facilities and equipment (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The capital projects funds are grouped into the following categories:

Building Improvements – This fund is used to account for the construction and renovation of various buildings.

Public Works Improvements – This fund is used to account for roadway, drainage and landfill improvements that are not funded by the Roadway Improvements special revenue fund.

Equipment – This fund is used to account for the acquisition of capital equipment that are not funded by operating budgets.

High School Construction – This fund is used to account for the residual funds of the new high school project.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Cemetery Trust Funds – This fund accounts for contributions associated with cemetery care and maintenance.

Library Trust Funds – This fund accounts for gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to library activities.

Other Municipal Trust Funds – This fund accounts for all non cemetery and library related gifts, contributions and bequests for which only earnings may be expended to benefit the government.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2009

<i>Special Revenue Funds</i>				
ASSETS	School Lunch	Private Grants	Town Revolving	School Revolving
Cash and cash equivalents.....	\$ 415,654	\$ 2,212,768	\$ 244,218	\$ 610,712
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	-	-	-	-
Due from other funds.....	-	-	-	-
TOTAL ASSETS.....	\$ 415,654	\$ 2,212,768	\$ 244,218	\$ 610,712
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 23,027	\$ -	\$ 5,029	\$ 4,080
Accrued payroll.....	26,306	-	-	63,951
Other liabilities.....	-	-	6,291	-
Deferred revenues.....	-	-	-	-
Notes payable.....	-	-	-	-
TOTAL LIABILITIES.....	49,333	-	11,320	68,031
FUND BALANCES:				
Reserved for:				
Perpetual permanent funds.....	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds.....	366,321	2,212,768	232,898	542,681
Capital projects funds.....	-	-	-	-
Permanent funds.....	-	-	-	-
TOTAL FUND BALANCES.....	366,321	2,212,768	232,898	542,681
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 415,654	\$ 2,212,768	\$ 244,218	\$ 610,712

Recreation	Stabilization	Ambulance	Town Grants	School Grants	State Fiscal Stabilization Fund - Recovery Act	Other Departmental	Sub-total
\$ 49,461	\$ 3,079,751	\$ 870,288	\$ 134,779	\$ 224,423	\$ -	\$ 970,877	\$ 8,812,931
-	22,345	-	-	-	-	1,429,487	1,451,832
-	-	214,255	-	-	-	-	214,255
-	-	-	-	-	-	144,800	144,800
<u>\$ 49,461</u>	<u>\$ 3,102,096</u>	<u>\$ 1,084,543</u>	<u>\$ 134,779</u>	<u>\$ 224,423</u>	<u>\$ -</u>	<u>\$ 2,545,164</u>	<u>\$ 10,623,818</u>
\$ 13,864	\$ -	\$ -	\$ 20,400	\$ 4,662	\$ -	\$ 269,365	\$ 340,427
6,136	-	-	1,933	75,800	-	12,665	186,791
-	-	-	-	-	-	5,456	11,747
-	-	214,255	-	-	-	-	214,255
-	-	-	-	-	-	-	-
<u>20,000</u>	<u>-</u>	<u>214,255</u>	<u>22,333</u>	<u>80,462</u>	<u>-</u>	<u>287,486</u>	<u>753,220</u>
-	-	-	-	-	-	-	-
29,461	3,102,096	870,288	112,446	143,961	-	2,257,678	9,870,598
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>29,461</u>	<u>3,102,096</u>	<u>870,288</u>	<u>112,446</u>	<u>143,961</u>	<u>-</u>	<u>2,257,678</u>	<u>9,870,598</u>
<u>\$ 49,461</u>	<u>\$ 3,102,096</u>	<u>\$ 1,084,543</u>	<u>\$ 134,779</u>	<u>\$ 224,423</u>	<u>\$ -</u>	<u>\$ 2,545,164</u>	<u>\$ 10,623,818</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2009

<i>Capital Projects</i>					
ASSETS	Building Improvements	Public Works Improvements	Equipment	High School Construction	Sub-total
Cash and short-term investments.....	\$ 367,486	\$ 232,064	\$ 84,443	\$ 394,198	\$ 1,078,191
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
TOTAL ASSETS.....	<u>\$ 367,486</u>	<u>\$ 232,064</u>	<u>\$ 84,443</u>	<u>\$ 394,198</u>	<u>\$ 1,078,191</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 3,050	\$ -	\$ 76	\$ -	\$ 3,126
Accrued payroll.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Deferred revenues.....	-	-	-	-	-
Notes payable.....	1,317,000	225,000	209,000	-	1,751,000
TOTAL LIABILITIES.....	<u>1,320,050</u>	<u>225,000</u>	<u>209,076</u>	<u>-</u>	<u>1,754,126</u>
FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	-	-	-	-	-
Capital projects funds.....	(952,564)	7,064	(124,633)	394,198	(675,935)
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	<u>(952,564)</u>	<u>7,064</u>	<u>(124,633)</u>	<u>394,198</u>	<u>(675,935)</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 367,486</u>	<u>\$ 232,064</u>	<u>\$ 84,443</u>	<u>\$ 394,198</u>	<u>\$ 1,078,191</u>

Permanent Funds				Total
Cemetery Trust Funds	Library Trust Funds	Other Municipal Trust Funds	Sub-total	Nonmajor Governmental Funds
\$ 52,248	\$ 172,617	\$ 258,618	\$ 483,483	\$ 10,374,605
298,993	17,177	-	316,170	1,768,002
-	-	-	-	214,255
-	-	-	-	144,800
<u>\$ 351,241</u>	<u>\$ 189,794</u>	<u>\$ 258,618</u>	<u>\$ 799,653</u>	<u>\$ 12,501,662</u>
\$ -	\$ 687	\$ 791	\$ 1,478	\$ 345,031
-	-	832	832	187,623
-	-	-	-	11,747
-	-	-	-	214,255
-	-	-	-	1,751,000
-	687	1,623	2,310	2,509,656
304,997	21,553	12,235	338,785	338,785
-	-	-	-	9,870,598
-	-	-	-	(675,935)
<u>46,244</u>	<u>167,554</u>	<u>244,760</u>	<u>458,558</u>	<u>458,558</u>
<u>351,241</u>	<u>189,107</u>	<u>256,995</u>	<u>797,343</u>	<u>9,992,006</u>
<u>\$ 351,241</u>	<u>\$ 189,794</u>	<u>\$ 258,618</u>	<u>\$ 799,653</u>	<u>\$ 12,501,662</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2009

	<i>Special Revenue Funds</i>			
	School Lunch	Private Grants	Town Revolving	School Revolving
REVENUES:				
Charges for services.....	\$ 724,677	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	16,124	-
Intergovernmental.....	175,455	-	10,462	-
Departmental and other.....	-	-	92,097	1,235,047
Contributions.....	-	-	18,440	-
Investment income (loss).....	6,840	-	145	-
TOTAL REVENUES.....	906,972	-	137,268	1,235,047
EXPENDITURES:				
Current:				
General government.....	-	711,388	23,228	-
Public safety.....	-	-	2,666	-
Education.....	846,171	-	3,421	1,321,035
Public works.....	-	-	-	-
Human services.....	-	-	16,901	-
Culture and recreation.....	-	-	32,300	-
TOTAL EXPENDITURES.....	846,171	711,388	78,516	1,321,035
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	60,801	(711,388)	58,752	(85,988)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds and notes.....	-	-	-	-
Premium from issuance of debt.....	-	-	-	-
Capital lease financing.....	-	-	-	-
Transfers in.....	-	-	-	-
Transfers out.....	(88,000)	-	(13,367)	(673)
TOTAL OTHER FINANCING SOURCES (USES).....	(88,000)	-	(13,367)	(673)
NET CHANGE IN FUND BALANCES.....	(27,199)	(711,388)	45,385	(86,661)
FUND BALANCES AT BEGINNING OF YEAR.....	393,520	2,924,156	187,513	629,342
FUND BALANCES AT END OF YEAR.....	\$ 366,321	\$ 2,212,768	\$ 232,898	\$ 542,681

Recreation	Stabilization	Ambulance	Town Grants	School Grants	State Fiscal Stabilization Fund - Recovery Act	Other Departmental	Sub-total
\$ -	\$ -	\$ 820,949	\$ -	\$ -	\$ -	\$ 6,485	\$ 1,552,111
-	-	-	-	-	-	-	16,124
-	-	-	403,295	1,835,887	395,442	-	2,820,541
349,057	-	-	-	-	-	660,324	2,336,525
-	-	-	-	-	-	217,730	236,170
<u>386</u>	<u>65,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,081</u>	<u>88,155</u>
<u>349,443</u>	<u>65,703</u>	<u>820,949</u>	<u>403,295</u>	<u>1,835,887</u>	<u>395,442</u>	<u>899,620</u>	<u>7,049,626</u>
-	-	-	104,232	-	-	386,858	1,225,706
-	-	-	334,822	-	-	511,719	849,207
-	-	-	-	1,712,123	395,442	331,389	4,609,581
-	-	-	-	-	-	255,782	255,782
-	-	-	41,732	-	-	7,522	66,155
<u>360,393</u>	<u>-</u>	<u>-</u>	<u>37,084</u>	<u>-</u>	<u>-</u>	<u>15,280</u>	<u>445,057</u>
<u>360,393</u>	<u>-</u>	<u>-</u>	<u>517,870</u>	<u>1,712,123</u>	<u>395,442</u>	<u>1,508,550</u>	<u>7,451,488</u>
<u>(10,950)</u>	<u>65,703</u>	<u>820,949</u>	<u>(114,575)</u>	<u>123,764</u>	<u>-</u>	<u>(608,930)</u>	<u>(401,862)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	58,795	58,795
-	-	-	-	-	-	-	-
-	400,000	-	-	-	-	80,000	480,000
<u>-</u>	<u>-</u>	<u>(784,000)</u>	<u>-</u>	<u>(50,223)</u>	<u>-</u>	<u>(149,241)</u>	<u>(1,085,504)</u>
<u>-</u>	<u>400,000</u>	<u>(784,000)</u>	<u>-</u>	<u>(50,223)</u>	<u>-</u>	<u>(10,446)</u>	<u>(546,709)</u>
<u>(10,950)</u>	<u>465,703</u>	<u>36,949</u>	<u>(114,575)</u>	<u>73,541</u>	<u>-</u>	<u>(619,376)</u>	<u>(948,571)</u>
<u>40,411</u>	<u>2,636,393</u>	<u>833,339</u>	<u>227,021</u>	<u>70,420</u>	<u>-</u>	<u>2,877,054</u>	<u>10,819,169</u>
<u>\$ 29,461</u>	<u>\$ 3,102,096</u>	<u>\$ 870,288</u>	<u>\$ 112,446</u>	<u>\$ 143,961</u>	<u>\$ -</u>	<u>\$ 2,257,678</u>	<u>\$ 9,870,598</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2009

	<i>Capital Projects</i>				
	Building Improvements	Public Works Improvements	Equipment	High School Construction	Sub-total
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-
Departmental and other.....	-	-	-	-	-
Contributions.....	-	-	-	-	-
Investment income (loss).....	-	-	-	-	-
TOTAL REVENUES.....	-	-	-	-	-
EXPENDITURES:					
Current:					
General government.....	110,895	-	25,859	-	136,754
Public safety.....	87,217	-	355,095	-	442,312
Education.....	1,537,537	-	-	23,656	1,561,193
Public works.....	-	336,400	-	-	336,400
Human services.....	-	-	-	-	-
Culture and recreation.....	3,168	-	46,986	-	50,154
TOTAL EXPENDITURES.....	1,738,817	336,400	427,940	23,656	2,526,813
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,738,817)	(336,400)	(427,940)	(23,656)	(2,526,813)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	2,588,000	338,000	615,000	-	3,541,000
Premium from issuance of debt.....	-	-	-	-	-
Capital lease financing.....	-	42,763	39,599	-	82,362
Transfers in.....	42,000	-	95,000	-	137,000
Transfers out.....	-	-	(75,000)	-	(75,000)
TOTAL OTHER FINANCING SOURCES (USES)....	2,630,000	380,763	674,599	-	3,685,362
NET CHANGE IN FUND BALANCES.....	891,183	44,363	246,659	(23,656)	1,158,549
FUND BALANCES AT BEGINNING OF YEAR.....	(1,843,747)	(37,299)	(371,292)	417,854	(1,834,484)
FUND BALANCES AT END OF YEAR.....	\$ (952,564)	\$ 7,064	\$ (124,633)	\$ 394,198	\$ (675,935)

<i>Permanent Funds</i>				Total
Cemetery Trust Funds	Library Trust Funds	Other Municipal Trust Funds	Sub-total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,552,111
-	-	-	-	16,124
-	-	34,343	34,343	2,854,884
-	-	-	-	2,336,525
17,600	1,960	-	19,560	255,730
11,746	4,743	2,270	18,759	106,914
<u>29,346</u>	<u>6,703</u>	<u>36,613</u>	<u>72,662</u>	<u>7,122,288</u>
-	-	-	-	1,362,460
-	-	33,057	33,057	1,324,576
-	-	-	-	6,170,774
-	-	-	-	592,182
-	-	-	-	66,155
-	8,865	-	8,865	504,076
-	8,865	33,057	41,922	10,020,223
<u>29,346</u>	<u>(2,162)</u>	<u>3,556</u>	<u>30,740</u>	<u>(2,897,935)</u>
-	-	-	-	3,541,000
-	-	-	-	58,795
-	-	-	-	82,362
-	-	-	-	617,000
(16,000)	-	-	(16,000)	(1,176,504)
<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>(16,000)</u>	<u>3,122,653</u>
13,346	(2,162)	3,556	14,740	224,718
<u>337,895</u>	<u>191,269</u>	<u>253,439</u>	<u>782,603</u>	<u>9,767,288</u>
\$ <u>351,241</u>	\$ <u>189,107</u>	\$ <u>256,995</u>	\$ <u>797,343</u>	\$ <u>9,992,006</u>

(Concluded)

Internal Service Funds

Internal service funds are used to account for the financing of services provided by one department to other departments or governmental units. The Town's risk financing activities accounted for in the internal service funds are grouped into the following categories:

Health Claims – This fund accounts for the group health and dental insurance activity for active and retired employees of the Town.

Workers' Compensation Claims – This fund accounts for workers' compensation benefits, replacement wages and medical expenses of employees that qualify for such benefits.

Unemployment Claims – This fund accounts for unemployment benefits for eligible employees.

Building Insurance – This fund accounts for resources accumulated to pay for damage to Town property that is not covered by liability insurance.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2009

	Health Claims	Workers' Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents..... \$	3,954,561	\$ 20,490	\$ 301,306	\$ 63,688	\$ 4,340,045
Investments.....	-	-	-	347,867	347,867
Working capital deposit.....	1,465,400	-	-	-	1,465,400
Total current assets.....	5,419,961	20,490	301,306	411,555	6,153,312
LIABILITIES					
CURRENT:					
Warrants payable.....	823,762	417	1,646	-	825,825
Health claims payable.....	1,220,000	-	-	-	1,220,000
Workers' compensation.....	-	20,000	-	-	20,000
Total current liabilities.....	2,043,762	20,417	1,646	-	2,065,825
NONCURRENT:					
Workers' compensation.....	-	20,000	-	-	20,000
TOTAL LIABILITIES.....	2,043,762	40,417	1,646	-	2,085,825
NET ASSETS					
Unrestricted.....	3,376,199	(19,927)	299,660	411,555	4,067,487
TOTAL NET ASSETS..... \$	3,376,199	\$(19,927)	299,660	411,555	\$ 4,067,487

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2009

	Health Claims	Workers' Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
OPERATING REVENUES:					
Employee contributions	\$ 2,664,332	\$ -	\$ -	\$ -	\$ 2,664,332
Employer contributions	7,896,943	-	100,000	-	7,996,943
Other.....	305,335	-	-	-	305,335
TOTAL OPERATING REVENUES	10,866,610	-	100,000	-	10,966,610
OPERATING EXPENSES:					
Employee benefits	10,038,138	16,161	27,749	-	10,082,048
OPERATING INCOME (LOSS).....	828,472	(16,161)	72,251	(3,621)	880,941
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	42,792	572	1,829	13,470	58,663
INCOME (LOSS) BEFORE TRANSFERS.....	871,264	(15,589)	74,080	9,849	939,604
CHANGE IN NET ASSETS.....	871,264	(15,589)	74,080	9,849	939,604
NET ASSETS AT BEGINNING OF YEAR.....	2,504,935	(4,338)	225,580	401,706	3,127,883
NET ASSETS AT END OF YEAR.....	\$ 3,376,199	\$ (19,927)	\$ 299,660	\$ 411,555	\$ 4,067,487

INTERNAL FUNDS
COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2009

	Health Claims	Worker's Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from interfund services provided.....	\$ 10,866,610	\$ -	\$ 100,000	\$ -	\$ 10,966,610
Payments to vendors.....	-	-	-	(3,621)	(3,621)
Payments for interfund services used.....	(9,959,225)	(46,636)	(26,103)	-	(10,031,964)
NET CASH FROM OPERATING ACTIVITIES.....	907,385	(46,636)	73,897	(3,621)	931,025
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Sale (purchase) of investments.....	-	-	-	(15,471)	(15,471)
Investment income.....	42,792	572	1,829	13,470	58,663
NET CASH FROM INVESTING ACTIVITIES.....	42,792	572	1,829	(2,001)	43,192
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	950,177	(46,064)	75,726	(5,622)	974,217
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR.....	3,004,384	66,554	225,580	69,310	3,365,828
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR.....	\$ 3,954,561	\$ 20,490	\$ 301,306	\$ 63,688	\$ 4,340,045
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ 828,472	\$ (16,161)	\$ 72,251	\$ (3,621)	\$ 880,941
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Working capital deposit.....	(3,800)	-	-	-	(3,800)
Warrants payable.....	83,713	(29,473)	1,646	-	55,886
Accrued payroll.....	-	(1,002)	-	-	(1,002)
Health claims payable.....	(1,000)	-	-	-	(1,000)
Total adjustments.....	78,913	(30,475)	1,646	-	50,084
NET CASH FROM OPERATING ACTIVITIES.....	\$ 907,385	\$ (46,636)	\$ 73,897	\$ (3,621)	\$ 931,025

Fiduciary Funds

Agency Fund

Agency funds are used to account for assets held in a purely custodial capacity. The Town's Agency Fund consists primarily of performance bonds, student activity funds, security deposits and licenses and fees collected on-behalf of the Commonwealth.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2009

	Beginning of Year	Additions	Deletions	End of Year
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 1,030,995	\$ 308,409	\$ (549,814)	\$ 789,590
LIABILITIES				
Warrants payable.....	\$ 21,798	\$ 315,122	\$ (319,978)	\$ 16,942
Liabilities due depositors.....	1,009,197	633,243	(869,792)	772,648
TOTAL LIABILITIES.....	\$ 1,030,995	\$ 948,365	\$ (1,189,770)	\$ 789,590

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and present nonaccounting data. The following tables reflect social and economic data, financials trends, and fiscal capacity.



The Town purchased this electric Zamboni for use at the Metropolis Skating Rink which is operated by the Recreation Department.

Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Net Assets By Component

Last Seven Fiscal Years

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt.....	\$ 25,364,346	\$ 36,942,344	\$ 50,497,888	\$ 47,654,438	\$ 50,777,183	\$ 51,291,396	\$ 54,948,512
Restricted.....	3,510,012	3,295,679	3,467,154	3,077,412	3,824,685	4,432,975	8,844,047
Unrestricted.....	<u>9,317,486</u>	<u>12,671,374</u>	<u>18,735,148</u>	<u>24,200,838</u>	<u>23,955,254</u>	<u>25,253,777</u>	<u>17,149,826</u>
Total governmental activities net assets.....	\$ <u>38,191,844</u>	\$ <u>52,909,397</u>	\$ <u>72,700,190</u>	\$ <u>74,932,688</u>	\$ <u>78,557,122</u>	\$ <u>80,978,148</u>	\$ <u>80,942,385</u>
Business-type activities							
Invested in capital assets, net of related debt.....	11,167,239	12,618,526	12,537,255	12,340,271	11,952,283	13,948,369	14,483,253
Unrestricted.....	<u>3,905,119</u>	<u>2,523,732</u>	<u>4,753,528</u>	<u>5,544,174</u>	<u>6,124,469</u>	<u>5,093,607</u>	<u>4,076,247</u>
Total business-type activities net assets.....	\$ <u>15,072,358</u>	\$ <u>15,142,258</u>	\$ <u>17,290,783</u>	\$ <u>17,884,445</u>	\$ <u>18,076,752</u>	\$ <u>19,041,976</u>	\$ <u>18,559,500</u>
Primary government							
Invested in capital assets, net of related debt.....	36,531,585	49,560,870	63,035,143	59,994,709	62,729,466	65,239,765	69,431,765
Restricted.....	3,510,012	3,295,679	3,467,154	3,077,412	3,824,685	4,432,975	8,844,047
Unrestricted.....	<u>13,222,605</u>	<u>15,195,106</u>	<u>23,488,676</u>	<u>29,745,012</u>	<u>30,079,723</u>	<u>30,347,384</u>	<u>21,226,073</u>
Total primary government net assets.....	\$ <u>53,264,202</u>	\$ <u>68,051,655</u>	\$ <u>89,990,973</u>	\$ <u>92,817,133</u>	\$ <u>96,633,874</u>	\$ <u>100,020,124</u>	\$ <u>99,501,885</u>

Changes in Net Assets

Last Seven Fiscal Years

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government.....	\$ 3,724,451	\$ 3,267,986	\$ 4,901,258	\$ 4,246,023	\$ 4,365,873	\$ 5,142,280	\$ 6,292,728
Public safety.....	11,144,645	12,048,004	11,343,820	11,964,710	12,151,151	12,501,298	13,435,861
Education.....	37,297,785	38,093,179	38,644,927	40,105,376	42,723,738	45,669,483	50,203,533
Public works.....	5,794,690	5,553,924	4,785,491	4,567,438	4,267,313	5,002,096	4,868,008
Human services.....	656,368	752,548	781,948	810,338	850,334	810,319	941,217
Culture and recreation.....	1,803,954	1,652,270	2,561,766	2,437,118	2,397,635	2,498,364	2,623,016
Interest.....	637,102	1,054,013	2,632,669	2,363,454	2,654,749	2,105,670	1,996,528
Total government activities expenses.....	61,058,995	62,421,924	65,651,879	66,494,457	69,410,793	73,729,510	80,360,891
Business-type activities:							
Water.....	2,767,810	3,017,581	3,260,655	3,587,009	3,570,802	3,769,301	4,521,904
Sewer.....	3,739,303	3,772,077	4,005,172	3,983,341	4,202,101	4,643,878	4,442,173
Rink.....	335,284	348,677	271,389	314,637	344,198	357,203	377,269
Total business-type activities expenses.....	6,842,397	7,138,335	7,537,216	7,884,987	8,117,101	8,770,382	9,341,346
Total primary government expenses.....	\$ 67,901,392	\$ 69,560,259	\$ 73,189,095	\$ 74,379,444	\$ 77,527,894	\$ 82,499,892	\$ 89,702,237
Program Revenues							
Governmental activities:							
Charges for services:							
General government.....	\$ 1,129,049	\$ 1,380,744	\$ 229,506	\$ 355,302	\$ 371,696	\$ 368,111	\$ 400,721
Public safety.....	1,289,699	1,413,265	995,622	2,893,607	2,392,923	2,253,015	1,867,319
Education.....	1,156,046	1,229,743	1,260,813	1,567,706	1,647,771	2,202,573	1,975,650
Public works.....	16,680	11,113	62,211	58,111	85,033	71,911	69,082
Human services.....	-	-	49,775	45,012	42,808	50,162	42,354
Culture and recreation.....	310,485	1,045,450	470,989	378,055	343,737	376,991	377,306
Operating grants and contributions.....	14,492,198	10,997,337	12,719,732	10,678,040	12,582,237	13,251,876	14,389,625
Capital grant and contributions.....	1,340,638	13,746,919	12,931,018	653,971	1,011,723	2,251,419	3,291,089
Total government activities program revenues.....	19,734,795	29,824,571	28,719,666	16,629,804	18,477,928	20,826,058	22,413,146
Business-type activities:							
Charges for services.....	7,306,450	7,556,231	8,415,034	9,176,198	9,170,683	10,664,766	9,866,437
Capital grant and contributions.....	-	-	-	184,570	46,294	39,941	2,362
Operating grants and contributions.....	27,079	50,495	-	-	-	-	-
Total business-type activities program revenues.....	7,333,529	7,606,726	8,415,034	9,360,768	9,216,977	10,704,707	9,868,799
Total primary government program revenues.....	\$ 27,068,324	\$ 37,431,297	\$ 37,134,700	\$ 25,990,572	\$ 27,694,905	\$ 31,530,765	\$ 32,281,945
Net (Expense)/Program Revenue							
Governmental activities.....	\$ (41,324,200)	\$ (32,597,353)	\$ (36,932,213)	\$ (49,864,653)	\$ (50,932,865)	\$ (52,903,452)	\$ (57,947,745)
Business-type activities.....	491,132	468,391	877,818	1,475,781	1,099,876	1,934,325	527,453
Total primary government net (expense)/program revenue.....	\$ (40,833,068)	\$ (32,128,962)	\$ (36,054,395)	\$ (48,388,872)	\$ (49,832,989)	\$ (50,969,127)	\$ (57,420,292)
General Revenues and other Changes in Net Assets							
Governmental activities:							
Real estate and personal property taxes, net of tax refunds payable.....	\$ 37,012,751	\$ 39,376,066	\$ 41,551,652	\$ 43,523,919	\$ 45,318,005	\$ 46,074,751	\$ 49,643,467
Tax liens.....	-	-	-	68,545	137,473	204,174	186,291
Motor vehicle excise taxes.....	3,316,984	3,642,186	3,430,854	3,340,893	3,364,215	3,622,335	3,170,275
Penalties and interest on taxes.....	178,932	230,825	218,730	259,454	206,817	188,163	246,950
Payments in lieu of taxes.....	170,291	160,827	160,827	160,827	160,827	191,827	194,559
Grants and contributions not restricted to specific programs.....	2,298,362	2,152,678	2,260,017	2,550,060	3,607,674	2,974,443	2,727,082
Unrestricted investment income.....	276,835	288,328	633,337	728,000	955,736	909,900	488,112
Gain (loss) on sale of capital assets.....	-	-	(87,704)	-	(3,087)	-	-
Miscellaneous.....	198,634	174,526	464,695	283,334	202,070	189,784	245,317
Transfers.....	368,428	424,923	804,205	882,119	907,569	969,101	1,009,929
Total governmental activities.....	43,821,217	46,450,359	49,436,613	51,797,151	54,857,299	55,324,478	57,911,982
Business-type activities:							
Penalties and interest on taxes.....	46,222	26,432	-	-	-	-	-
Transfers.....	(368,428)	(424,923)	(804,205)	(882,119)	(907,569)	(969,101)	(1,009,929)
Total business-type activities.....	(322,206)	(398,491)	(804,205)	(882,119)	(907,569)	(969,101)	(1,009,929)
Total primary government general revenues and other changes in net assets.....	\$ 43,499,011	\$ 46,051,868	\$ 48,632,408	\$ 50,915,032	\$ 53,949,730	\$ 54,355,377	\$ 56,902,053
Changes in Net Assets							
Governmental activities.....	\$ 2,497,017	\$ 13,853,006	\$ 12,504,400	\$ 1,932,498	\$ 3,924,434	\$ 2,421,026	\$ (35,763)
Business-type activities.....	168,926	69,900	73,613	593,662	192,307	965,224	(482,476)
Total primary government changes in net assets.....	\$ 2,665,943	\$ 13,922,906	\$ 12,578,013	\$ 2,526,160	\$ 4,116,741	\$ 3,386,250	\$ (518,239)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved.....	\$ 1,380,578	\$ 1,654,619	\$ 1,747,512	\$ 1,699,225	\$ 1,676,357	\$ 1,023,368	\$ 899,941	\$ 849,128	\$ 689,430	\$ 7,967,330
Unreserved.....	<u>6,827,958</u>	<u>9,070,597</u>	<u>10,266,767</u>	<u>10,789,236</u>	<u>9,662,403</u>	<u>6,986,569</u>	<u>5,248,803</u>	<u>5,032,226</u>	<u>4,849,482</u>	<u>3,282,155</u>
Total general fund.....	<u>\$ 8,208,536</u>	<u>\$ 10,725,216</u>	<u>\$ 12,014,279</u>	<u>\$ 12,488,461</u>	<u>\$ 11,338,760</u>	<u>\$ 8,009,937</u>	<u>\$ 6,148,744</u>	<u>\$ 5,881,354</u>	<u>\$ 5,538,912</u>	<u>\$ 11,249,485</u>
All Other Governmental Funds										
Reserved.....	\$ -	\$ -	\$ -	\$ 315,624	\$ 326,942	\$ 39,805	\$ 289,192	\$ 294,174	\$ 325,985	\$ 338,785
Unreserved, reported in:										
Special revenue funds.....	1,655,821	1,724,288	1,384,549	2,686,690	13,544,497	7,565,201	8,217,843	10,531,749	10,819,169	9,870,598
Capital projects funds.....	(6,786,571)	(10,582,904)	(2,477,571)	(11,657,697)	(14,595,933)	(17,071,132)	3,191,957	(1,761,732)	(1,834,484)	(675,935)
Permanent funds.....	-	-	-	1,816,587	1,798,680	661,797	413,245	428,606	456,618	458,558
Total all other governmental funds....	<u>\$ (5,130,750)</u>	<u>\$ (8,858,616)</u>	<u>\$ (1,093,022)</u>	<u>\$ (6,838,796)</u>	<u>\$ 1,074,186</u>	<u>\$ (8,804,329)</u>	<u>\$ 12,112,237</u>	<u>\$ 9,492,797</u>	<u>\$ 9,767,288</u>	<u>\$ 9,992,006</u>

Fiscal years 2000 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 30,809,587	\$ 33,598,811	\$ 34,885,873	\$ 36,463,084	\$ 38,291,597	\$ 41,734,335	\$ 43,440,386	\$ 45,259,651	\$ 46,128,837	\$ 49,516,225
Tax liens.....	579,726	153,982	162,131	171,254	239,705	349,106	198,779	313,789	62,100	187,083
Motor vehicle and excise taxes.....	2,701,012	3,038,961	3,506,108	3,366,984	3,245,634	3,222,639	3,438,271	3,364,215	3,426,512	3,515,812
Charges for Service.....	776,435	849,754	962,675	954,215	894,901	1,279,566	1,555,340	1,633,782	1,488,941	1,552,111
Penalties and interest on taxes.....	276,541	155,634	117,518	175,014	196,674	218,730	259,454	206,817	188,163	246,950
Payments in lieu of taxes.....	160,827	160,827	160,827	170,291	160,827	160,827	160,827	160,827	191,827	194,559
Fines and forfeitures.....	147,284	184,490	172,869	153,985	139,100	140,964	155,917	200,872	189,562	165,991
Intergovernmental.....	9,555,757	10,644,445	11,325,245	15,521,414	11,892,324	13,401,598	14,233,010	15,337,495	17,973,491	20,586,005
Intergovernmental - school construction grants.....	-	-	-	-	-	-	17,620,000	1,300,000	-	7,167,329
Departmental and other.....	1,695,483	1,653,511	1,798,581	2,354,197	3,318,668	4,759,749	2,673,219	3,215,566	2,836,910	2,827,470
Licenses and permits.....	614,849	788,099	469,973	517,747	774,319	582,327	1,120,175	626,776	669,240	452,758
Contributions.....	239,861	106,489	81,337	396,891	284,162	399,655	381,326	1,082,522	624,919	256,730
Investment income.....	821,577	915,044	440,135	282,596	274,630	602,630	712,388	844,984	794,586	429,449
Total Revenue.....	48,378,939	52,250,047	54,083,272	60,527,672	59,712,541	66,852,126	85,949,092	73,547,296	74,575,088	87,098,472
Expenditures:										
General government.....	2,592,364	2,512,218	2,602,293	2,870,710	2,896,184	3,582,135	3,059,080	3,119,956	3,728,731	4,706,731
Public safety.....	6,602,232	7,106,152	7,675,549	8,155,913	9,074,652	8,083,251	9,086,158	9,899,016	8,907,119	9,285,602
Education.....	20,430,479	22,323,151	23,486,172	25,510,021	26,325,164	26,927,124	28,855,385	30,676,469	30,142,662	33,314,956
Public works.....	3,030,850	3,701,297	4,185,364	4,197,230	4,075,214	3,822,229	3,674,813	3,173,939	4,048,452	3,548,575
Human services.....	431,781	553,904	494,284	497,370	596,218	547,133	592,563	627,328	626,827	697,221
Culture and recreation.....	1,401,125	1,443,977	1,512,423	1,520,183	1,830,902	1,825,845	1,818,703	1,732,136	1,742,977	1,784,546
Pension benefits.....	4,404,930	4,454,036	4,569,656	5,011,020	5,700,793	6,802,508	7,421,416	8,036,169	9,252,069	9,901,744
Employee benefits.....	3,838,512	4,132,877	4,784,629	5,559,531	6,854,916	7,730,393	7,786,377	7,674,681	8,293,944	8,482,345
Claims and judgments.....	108,996	-	-	-	-	-	-	-	-	-
State and county charges.....	792,194	773,233	766,398	743,620	735,257	720,767	736,659	811,346	894,634	924,550
Capital outlay.....	6,681,573	4,297,159	4,059,978	12,099,348	28,372,249	15,056,229	7,124,585	5,835,422	4,039,135	7,296,078
Debt service:										
Principal.....	961,000	1,355,000	1,861,000	1,692,000	1,632,000	3,399,535	3,313,275	3,851,275	3,827,020	3,929,020
Interest.....	1,010,783	1,324,179	1,061,204	1,109,101	1,203,106	2,714,856	2,728,671	2,185,381	2,111,050	2,010,966
Total Expenditures.....	52,286,819	53,977,183	57,058,950	68,966,047	89,296,655	81,212,005	76,197,685	77,623,118	77,614,620	85,882,334
Excess of revenues over (under) expenditures.....	(3,907,880)	(1,727,136)	(2,975,678)	(8,438,375)	(29,584,114)	(14,359,879)	9,751,407	(4,075,822)	(3,039,532)	1,216,138
Other Financing Sources (Uses)										
Issuance of refunding bonds.....	-	-	-	-	3,359,170	-	-	-	1,084,000	-
Payments to refunded bond escrow agent.....	-	-	-	-	(3,342,853)	-	-	-	(1,070,000)	-
Issuance of bonds.....	9,470,000	-	11,434,000	-	34,561,000	-	8,001,000	-	1,907,000	3,541,000
Premium from issuance of bonds and notes.....	46,787	22,705	92,571	133,580	1,012,551	244,578	21,407	13,360	81,480	85,862
Capital lease financing.....	-	-	-	-	-	565,553	399,440	-	-	82,362
Sale of capital assets.....	-	-	-	-	-	-	-	268,063	-	-
Transfers in.....	4,245,316	1,812,254	1,702,993	2,128,532	2,652,106	4,481,387	3,561,999	2,343,853	2,827,203	2,728,433
Transfers out.....	(4,025,353)	(1,319,009)	(1,199,229)	(1,615,758)	(1,894,579)	(3,677,182)	(2,679,880)	(1,436,284)	(1,858,102)	(1,718,504)
Total other financing sources (uses).....	9,736,750	515,950	12,030,335	646,354	36,347,395	1,614,336	9,303,966	1,188,992	2,971,581	4,719,153
Net change in fund balance.....	\$ 5,828,870	\$ (1,211,186)	\$ 9,054,657	\$ (7,792,021)	\$ 6,763,281	\$ (12,745,543)	\$ 19,055,373	\$ (2,886,830)	\$ (67,951)	\$ 5,935,291
Debt service as a percentage of noncapital expenditures.....	4.32%	5.39%	5.51%	4.93%	4.65%	9.24%	8.75%	8.41%	8.07%	7.56%

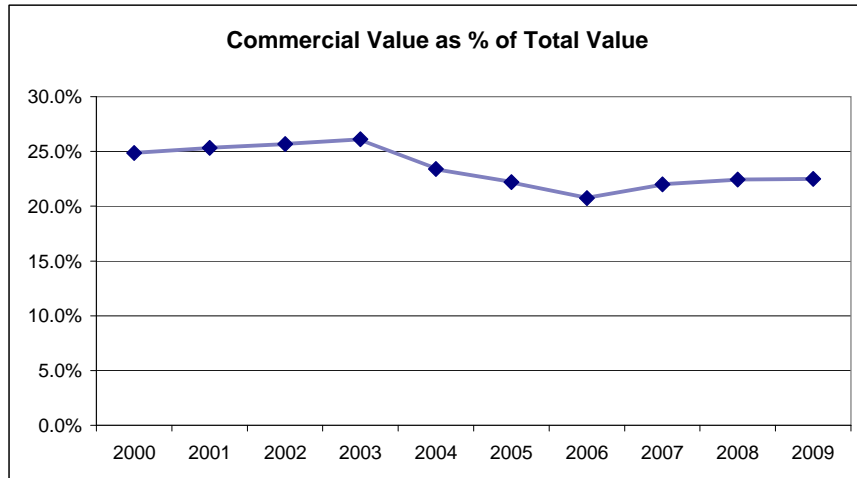
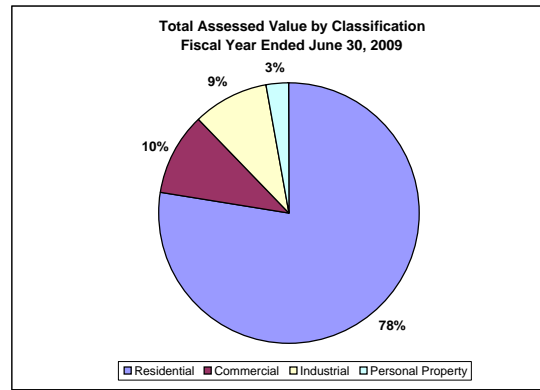
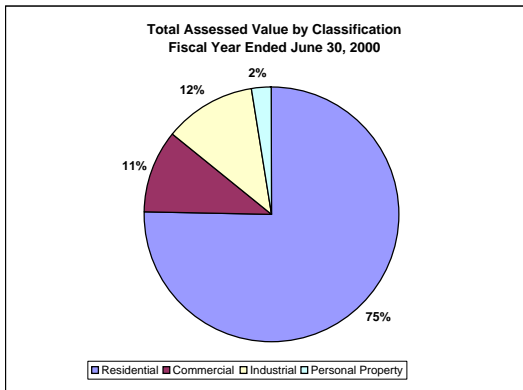
Notes:

Fiscal years 2000 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates								Direct Tax Rate
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Town Value	
2000	\$1,380,886,300	\$14.21	\$196,590,900	\$215,728,000	\$44,552,600	\$456,871,500	\$25.54	\$1,837,757,800	\$17.03
2001	\$1,774,925,500	\$11.92	\$263,674,800	\$291,814,900	\$46,375,900	\$601,865,600	\$21.53	\$2,376,791,100	\$14.35
2002	\$1,788,936,500	\$12.24	\$265,571,700	\$298,252,100	\$54,209,000	\$618,032,800	\$22.20	\$2,406,969,300	\$14.80
2003	\$1,803,051,300	\$12.56	\$280,791,100	\$301,049,100	\$55,517,100	\$637,357,300	\$22.89	\$2,440,408,600	\$15.26
2004	\$2,613,432,533	\$9.16	\$365,829,167	\$365,939,000	\$66,383,800	\$798,151,967	\$18.81	\$3,411,584,500	\$11.42
2005	\$2,805,680,375	\$9.42	\$367,284,365	\$362,683,800	\$71,194,260	\$801,162,425	\$20.02	\$3,606,842,800	\$11.77
2006	\$3,062,033,400	\$9.33	\$371,465,220	\$359,086,100	\$70,616,260	\$801,167,580	\$19.39	\$3,863,200,980	\$11.42
2007	\$3,283,433,296	\$8.88	\$429,076,734	\$409,121,100	\$87,302,190	\$925,500,024	\$17.94	\$4,208,933,320	\$10.87
2008	\$3,203,773,709	\$9.34	\$435,216,821	\$399,643,400	\$91,515,750	\$926,375,971	\$18.40	\$4,130,149,680	\$11.37
2009	\$3,234,696,626	\$9.98	\$429,321,664	\$389,319,700	\$120,258,560	\$938,899,924	\$19.68	\$4,173,596,550	\$12.16



Source: Official Statements
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers
Current Year and Nine Years Ago

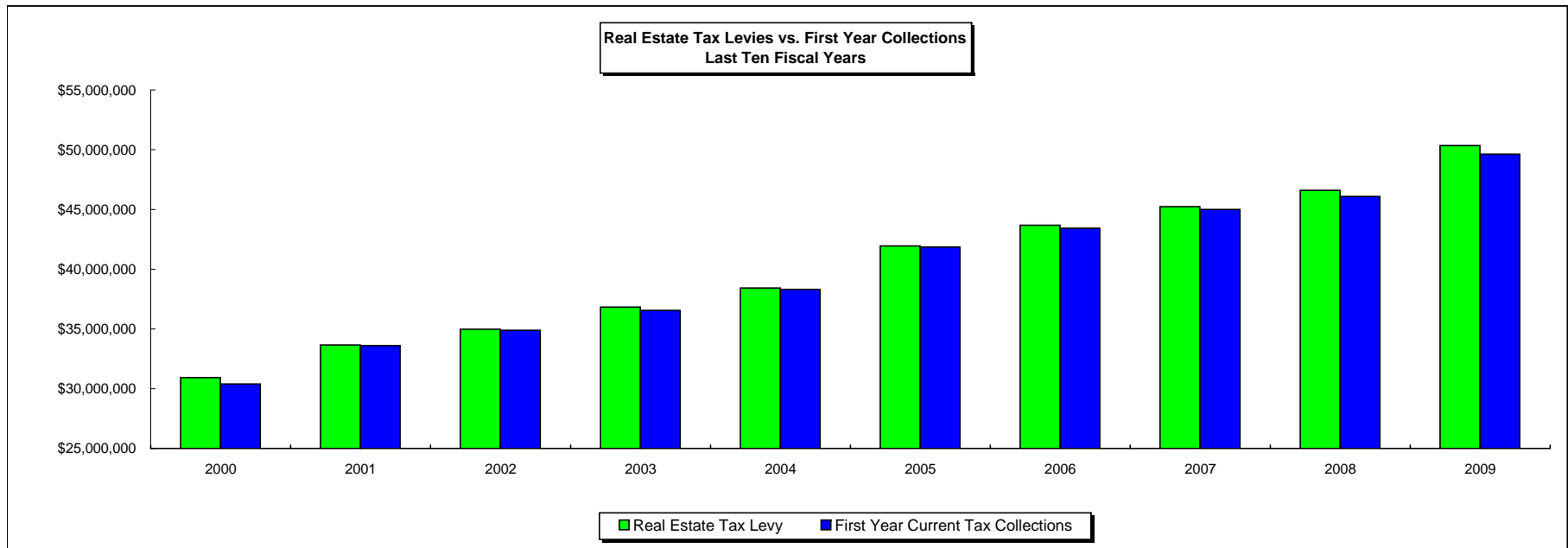
Taxpayer	Nature of Business	2009			2000		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
NSTAR (formerly Boston Edison)	Utility	\$45,120,978	1	1.08%	\$14,936,300	4	0.81%
Reebok International	Headquarters	\$38,956,800	2	0.93%	-	-	-
One Beacon Insurance	Office	\$38,956,800	3	0.93%	-	-	-
Medical Information Tech., Inc.	Office	\$37,191,600	4	0.89%	\$23,629,800	2	1.29%
Canton Village Shops	Retail	\$30,435,300	5	0.73%	-	-	-
Verizon	Utility	\$23,458,900	6	0.56%	-	-	-
ComputerShare	Office	\$23,428,900	7	0.56%	-	-	-
Dan Road Building LLC	Offices	\$19,581,200	8	0.47%	-	-	-
JMS Realty Trust	Offices	\$18,265,200	9	0.44%	-	-	-
Boston Mutual	Offices	\$16,739,900	10	0.40%	-	-	-
Royall Associates Realty Trust	Office Park	-	-	-	\$23,679,200	1	1.29%
AEW #1 Corporation	Industrial Park	-	-	-	\$21,923,700	3	1.19%
JBAK Canton Realty	Warehouse	-	-	-	\$13,450,300	5	0.73%
Bolivar Pond Trust	Apartments	-	-	-	\$13,123,100	6	0.71%
Copley Pharmaceutical	Research & Development	-	-	-	\$11,551,800	7	0.63%
Canton Hill Trust Slater	Offices	-	-	-	\$9,431,400	8	0.51%
JFS Realty	Warehouse	-	-	-	\$8,983,300	9	0.49%
Instron Realty Trust	Manufacturing	-	-	-	\$8,111,300	10	0.44%
	Totals	<u>\$292,135,578</u>		<u>7.00%</u>	<u>\$148,820,200</u>		<u>8.10%</u>

Source: Official Statements

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2000	\$31,290,892	\$364,685	\$30,926,207	98.83%	\$30,401,500	98.30%	\$507,580	\$30,909,080	99.94%
2001	\$34,115,278	\$459,357	\$33,655,921	98.65%	\$33,621,488	99.90%	\$23,010	\$33,644,498	99.97%
2002	\$35,616,911	\$629,520	\$34,987,391	98.23%	\$34,892,174	99.73%	\$82,298	\$34,974,472	99.96%
2003	\$37,235,433	\$409,638	\$36,825,795	98.90%	\$36,547,442	99.24%	\$252,771	\$36,800,213	99.93%
2004	\$38,952,281	\$531,364	\$38,420,917	98.64%	\$38,313,769	99.72%	\$94,531	\$38,408,300	99.97%
2005	\$42,468,781	\$517,535	\$41,951,246	98.78%	\$41,841,563	99.74%	\$100,091	\$41,941,654	99.98%
2006	\$44,103,411	\$421,796	\$43,681,615	99.04%	\$43,423,142	99.41%	\$248,198	\$43,671,340	99.98%
2007	\$45,760,358	\$520,681	\$45,239,677	98.86%	\$45,004,223	99.48%	\$227,855	\$45,232,078	99.98%
2008	\$46,968,564	\$370,484	\$46,598,080	99.21%	\$46,095,555	98.92%	\$488,042	\$46,583,597	99.97%
2009	\$50,759,823	\$404,083	\$50,355,740	99.20%	\$49,631,932	98.56%	\$0	\$49,631,932	98.56%



Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2000	20,775	696,170,250	\$1,837,757,800	\$13,169,000	\$0	\$634	1.89%	0.72%
2001	20,847	729,739,770	\$2,376,791,100	\$11,614,000	\$0	\$557	1.59%	0.49%
2002	21,087	771,283,386	\$2,406,969,300	\$21,187,000	\$0	\$1,005	2.75%	0.88%
2003	21,288	781,126,845	\$2,440,408,600	\$19,495,000	\$0	\$916	2.50%	0.80%
2004	21,375	799,378,090	\$3,411,584,500	\$52,863,170	\$0	\$2,473	6.61%	1.55%
2005	21,475	822,312,387	\$3,606,842,800	\$49,463,635	\$565,553	\$2,330	6.08%	1.39%
2006	21,536	876,683,476	\$3,863,200,980	\$54,151,360	\$933,526	\$2,558	6.28%	1.43%
2007	21,772	906,763,831	\$4,208,933,320	\$50,300,085	\$0	\$2,310	5.55%	1.20%
2008	21,916	935,580,195	\$4,130,149,680	\$48,394,065	\$0	\$2,208	5.17%	1.17%
2009	22,048	945,921,268	\$4,173,596,550	\$48,006,045	\$59,764	\$2,180	5.08%	1.15%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2000	\$7,619,251	\$0	\$20,788,251	\$1,001	2.99%	1.13%
2001	\$6,828,034	\$0	\$18,442,034	\$885	2.53%	0.78%
2002	\$7,737,328	\$0	\$28,924,328	\$1,372	3.75%	1.20%
2003	\$6,935,094	\$0	\$26,430,094	\$1,242	3.38%	1.08%
2004	\$8,337,936	\$0	\$61,201,106	\$2,863	7.66%	1.79%
2005	\$7,536,769	\$0	\$57,565,957	\$2,681	7.00%	1.60%
2006	\$9,652,542	\$0	\$64,737,428	\$3,006	7.38%	1.68%
2007	\$8,505,075	\$0	\$58,805,160	\$2,701	6.49%	1.40%
2008	\$9,554,055	\$0	\$57,948,120	\$2,644	6.19%	1.40%
2009	\$11,623,368	\$0	\$59,689,177	\$2,707	6.31%	1.43%

(1) Water and Sewer Fund

Source: Audited Financial Statements, U. S. Census

Town of Canton, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2009

<u>Town of Canton, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Norfolk County.....	1,000,000 (a)	4.15%	\$ 41,500
Blue Hills Regional Vocational School District.....	510,000 (a)	8.65%	44,115
MBTA.....	5,079,400,000 (b)	1.50%	<u>76,191,000</u>
Subtotal, overlapping debt.....			76,276,615
Town direct debt.....			<u>48,006,045</u>
Total direct and overlapping debt.....			\$ <u><u>124,282,660</u></u>

(a) Outstanding debt as of May 15, 2009.

(b) Outstanding debt as of June 30, 2007.

Source: Official Statement and MBTA audited financial statements

Computation of Legal Debt Margin

Last Ten Fiscal Years

(Amounts in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Equalized Valuation.....	\$ <u>1,883,189</u>	\$ <u>2,134,910</u>	\$ <u>2,134,910</u>	\$ <u>2,833,787</u>	\$ <u>2,833,787</u>	\$ <u>3,542,564</u>	\$ <u>3,542,564</u>	<u>4,384,335</u>	\$ <u>4,384,335</u>	\$ <u>4,487,450</u>
Debt Limit -5% of Equalized Valuation.....	94,159	106,746	106,746	141,689	141,689	177,128	177,128	219,217	219,217	224,373
Less:										
Outstanding debt applicable to limit.....	17,718	15,952	17,315	15,733	49,543	46,317	51,608	47,900	46,138	46,850
Authorized and unissued debt.....	<u>41,295</u>	<u>75,742</u>	<u>67,740</u>	<u>70,487</u>	<u>13,776</u>	<u>9,372</u>	<u>13,167</u>	<u>29,146</u>	<u>26,237</u>	<u>26,434</u>
Legal debt margin.....	\$ <u><u>35,146</u></u>	\$ <u><u>15,052</u></u>	\$ <u><u>21,691</u></u>	\$ <u><u>55,469</u></u>	\$ <u><u>78,370</u></u>	\$ <u><u>121,439</u></u>	\$ <u><u>112,353</u></u>	<u>142,171</u>	\$ <u><u>146,842</u></u>	\$ <u><u>151,089</u></u>
Total debt applicable to the limit as a percentage of debt limit.....	62.67%	85.90%	79.68%	60.85%	44.69%	31.44%	36.57%	35.15%	33.02%	32.66%

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2000	20,775	\$ 696,170,250	\$ 33,510	39.8	2,871	1.90%
2001	20,847	\$ 729,739,770	\$ 35,005	39.8	2,928	3.00%
2002	21,087	\$ 771,283,386	\$ 36,576	39.8	2,939	4.30%
2003	21,288	\$ 781,126,845	\$ 36,693	39.8	3,005	4.90%
2004	21,375	\$ 799,378,090	\$ 37,398	39.8	3,020	4.40%
2005	21,475	\$ 822,312,387	\$ 38,292	39.8	3,060	3.90%
2006	21,536	\$ 876,683,476	\$ 40,708	39.8	3,112	4.10%
2007	21,772	\$ 906,763,831	\$ 41,648	39.8	3,131	3.70%
2008	21,916	\$ 935,580,195	\$ 42,689	39.8	3,103	4.50%
2009	22,048	\$ 945,921,268	\$ 42,903	39.8	3,137	7.10%

Source: U. S. Census, Division of Local Services, Official Statements
 Median age is based on most recent census data

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2009			2000		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Reebok International	Corporate Headquarters	1,040	1	4.43%	-	-	0.00%
One Beacon Insurance	Insurance Sales & Service	970	2	4.13%	-	-	0.00%
Computershare (Equiserve)	Operations Center	880	3	3.75%	775	3	3.67%
Meditech	Hospital Software	600	4	2.55%	560	4	2.65%
Dunkin Brands, Inc.	Corporate Headquarters	586	5	2.49%	-	-	0.00%
Casual Male Big & Tall	Retail, Clothing	475	6	2.02%	-	-	0.00%
Pollak Engineering Products	Automotive Engineering	320	7	1.36%	554	5	2.63%
Boston Mutual Insurance	Insurance Sales & Service	264	8	1.12%	500	6	2.37%
Organogenesis	Regenerative Medicine	230	9	0.98%	-	-	0.00%
Massachusetts Hospital School	Educational & Vocational Services	224	10	0.95%	-	-	0.00%
J. Baker Co.	Shoe Distribution	-	-	-	820	1	3.89%
Stream International	Software Support	-	-	-	788	2	3.74%
Copley Pharmaceutical, Inc.	Drug Manufacturer	-	-	-	475	7	2.25%
Plymouth Rubber Company	Rubber and Plastic Products	-	-	-	425	8	2.01%
Instron Corporation	Electronic Testing Equipment	-	-	-	370	9	1.75%
Massasoit College	State College	-	-	-	365	10	1.73%

Source: Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government.....	29	29	30	30	30	29	29	28	27	28
Public Safety.....	99	100	109	108	106	106	106	105	100	104
Public works.....	42	43	43	41	41	41	42	42	43	43
Human services.....	9	9	9	9	9	9	9	9	9	9
Culture and recreation.....	33	33	33	33	33	32	32	32	30	31
sub-total	212	214	224	221	219	217	218	216	209	215
Education.....	382	393	399	405	387	381	390	402	391	427
Total town employees.....	<u>594</u>	<u>607</u>	<u>623</u>	<u>626</u>	<u>606</u>	<u>598</u>	<u>608</u>	<u>618</u>	<u>600</u>	<u>642</u>

Source: Town personnel records

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government:										
Registered voters.....	13,458	13,886	13,676	13,754	13,478	13,787	14,073	13,852	14,104	14,194
Public Safety:										
Police										
Criminal offenses.....	454	366	351	481	300	553	521	663	623	419
Fire										
Fire calls.....	1,349	1,212	1,398	984	1,259	1,259	1,139	1,137	1,023	930
Ambulance calls.....	1,986	2,108	2,267	2,637	2,561	2,562	2,641	2,653	2,471	2,729
Permits issued.....	N/A	N/A	791	801	889	915	973	866	803	823
Building Department										
Building permits issued.....	794	748	753	731	793	760	865	864	712	837
Other permits issued.....	1,526	1,592	1,565	1,469	1,550	1,720	1,682	1,636	1,629	1,478
Education:										
Number of students.....	2,897	2,900	2,973	3,044	3,006	3,095	3,062	3,089	3,083	3,118
Public Works:										
Highway										
Roads paved (miles).....	3.7	3.1	1.7	1.4	2.6	1.8	1.7	1.3	0.0	2.4
Water										
Water mains installed (miles).....	0.1	0.1	0.3	0.5	1.5	0.8	0.0	0.0	0.0	0.0
Sewer										
Sanitary sewers installed (miles).....	1.5	1.4	0.9	0.1	0.2	0.1	0.0	0.0	0.0	0.0
Human Services:										
Board of Health										
Inspections and complaint investigations.....	306	230	260	255	611	730	875	635	656	680
Permits issued.....	N/A	N/A	522	522	522	556	576	587	582	590
Council on Aging										
Bus trips.....	4,259	4,040	4,456	N/A	4,560	4,350	8,728	8,900	6,500	9,000
Culture and Recreation:										
Libraries										
Circulation.....	263,842	244,737	224,981	220,924	173,315	136,927	233,706	255,276	266,498	261,512
Childrens programs held.....	81	84	95	85	84	33	105	104	100	107
Childrens program attendance.....	1,752	1,790	3,400	2,182	1,458	507	2,269	2,128	1,895	2,510
Recreation										
Swimming pool attendance.....	10,219	10,442	11,489	12,444	9,963	10,902	10,971	9,837	8,960	10,962
Playground program participants.....	400	375	360	340	425	1,600	1,497	1,397	1,253	1,599

Source: Various Town Departments

N/A - Information not available

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Number of buildings.....	2	2	2	2	2	2	2	2	2	2
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	3	3	3	3	3	3	3	3	3	3
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Road miles.....	N/A	N/A	N/A	N/A	N/A	94	94	94	94	94
Water mains (miles).....	N/A	N/A	N/A	N/A	N/A	122	122	122	122	122
Sanitary sewers (miles).....	N/A	N/A	N/A	N/A	N/A	66	66	66	66	66
Number of water towers.....	5	5	5	5	5	5	5	5	5	5
Culture and Recreation										
Number of libraries.....	1	1	1	1	1	1	1	1	1	1
Number of pools.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments



River Village is a new 3 story, 56 unit condominium development that overlooks the Canton River.