

# TOWN OF CANTON, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the fiscal year ended  
June 30, 2010**

On the cover:

*The Pecunit Street water treatment facility was dedicated to James P. Moran approximately four years after his death. Mr. Moran lived in Canton for 40 years and served the Town as a member of the Canton Housing Authority, Finance Committee, Capital Planning Committee, School Committee and the Water and Sewer Rate Policy Committee.*



*The James P. Moran facility, which is the first of two water treatment plants being constructed by the Town, became operational during fiscal year 2011. These plants will allow the Town to treat water from its wells, estimated to be less costly than purchasing from the Massachusetts Water Resource Authority.*

# ***Town of Canton, Massachusetts***



## **Comprehensive Annual Financial Report**

**For the Fiscal Year  
July 1, 2009 through June 30, 2010**

*Prepared by the Finance Department*

TOWN OF CANTON, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010

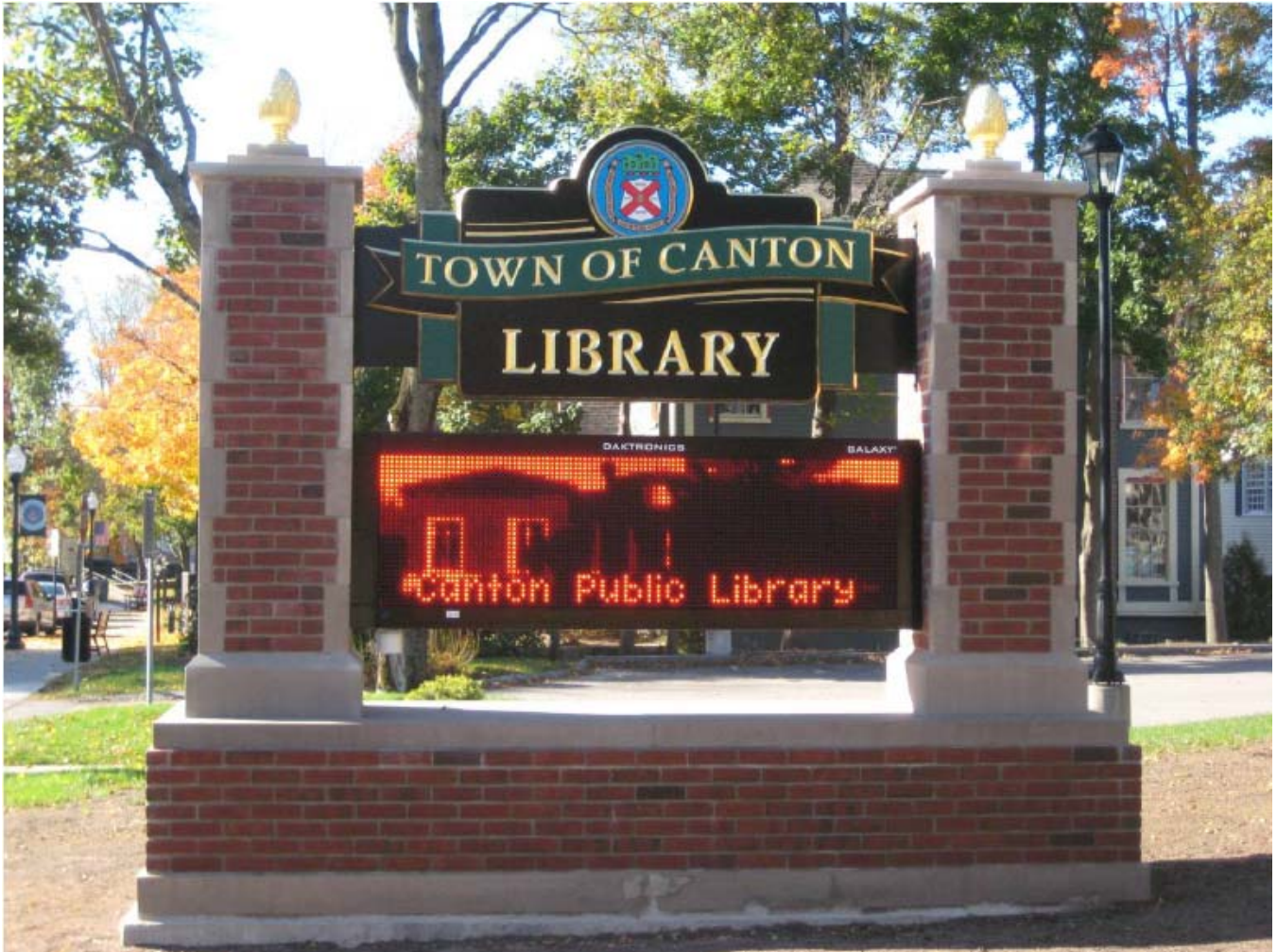
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## ***Introductory Section***



*The new message board, located on the front lawn of the Canton Public Library, will provide the community with timely information on town programs, services and emergencies. The message board is a cooperative project of the Board of Selectmen, Library Trustees, and the Friends of the Library.*

# 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  
FAX: (781) 821-2935  
EMAIL: bfriel@town.canton.ma.us

TOWN ADMINISTRATOR  
WILLIAM T. FRIEL

### Letter of Transmittal

December 16, 2010

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, 2010 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, 2010, 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, 2010 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 of 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 95% 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 24% of the total assessed property value in 2010. 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 Town also received approximately \$850,000 in State grant funds to upgrade roads and sidewalks in the Dan Road area where Organogenesis resides. 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. Recently, the Selectmen approved a building permit fee waiver program for qualifying permit types to spur local building projects and submitted approximately \$76,000,000 in requests for Federal stimulus funding for a variety of infrastructure projects.

The Town was recently ranked 5<sup>th</sup> 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.

The Town has also been 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. Several years ago, 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 for fiscal year 2009 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 in future fiscal years 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 has been forced to cut state aid. The state aid cuts combined with the unexpected costs of snow and ice removal from the winter months and increased special education tuitions caused the Town to use approximately \$760,000 of its cash reserves in fiscal year 2010. This leaves a balance in the Town's reserves of approximately \$5.5 million, which is 7.8% of the fiscal year 2011 general fund operating budget. The Town is committed to building up its reserves once the fiscal crisis is over and the fiscal year 2011 budget set by Town Meeting includes a \$200,000 transfer to the Town's stabilization fund.

The financial challenges will continue in fiscal year 2011 as the Commonwealth cut state aid to local cities and towns by an additional 4%. However, due to the passage of the Proposition 2 ½ tax override the Town has been utilizing its excess property tax revenue capacity to avoid the severe service cuts that other municipalities are facing. The Town also took the prudent step of balancing the fiscal year 2011 budget without the usage of significant reserves.

### **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 2011 through fiscal year 2015 has an estimated cost of \$52,239,000, with \$4,284,000 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 \$4,348,000 for municipal departments, \$4,171,000 for the school department, \$7,235,000 for the water enterprise fund, \$36,325,000 for the sewer enterprise fund and \$160,000 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 several fiscal years.

### **Major Initiatives**

During fiscal year, 2010 the Town implemented several 'green' initiatives. The Selectmen appointed a Green Team to study the use and promotion of alternative energies including solar, wind and hydro-electric as well as energy reduction and conservation. Town Meeting also approved an article to allow the site of the Town's former landfill to be leased for the purposes of installing or constructing solar panels that can generate, store and transmit electricity. Finally, Town Meeting appropriated approximately \$950,000 for the Town to enter into energy performance contracts for various energy efficient building upgrades. The energy savings from these projects are

guaranteed to cover the construction costs thereby allowing the Town to complete these upgrades with no cost to the taxpayer.

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 construction of the first of these facilities was nearing completion at the end of fiscal year 2010 and is expected to begin operation during fiscal year 2011. Also, \$7,000,000 in sewer improvements were approved to reduce MWRA assessments for sewer treatment and to reduce outflows. To help finance this sewer project, the Town will use a \$4.2 million loan from the Massachusetts Water Pollution Abatement Trust. The interest rate on this 20 year loan is fixed at 2% with potential principal forgiveness amounting to almost \$500,000. The cost of these water and sewer projects is being funded entirely from utility rates and fees.

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.

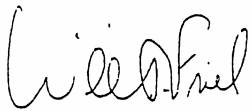
### **Awards and Acknowledgements**

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, 2009. This was the fourth 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. 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,



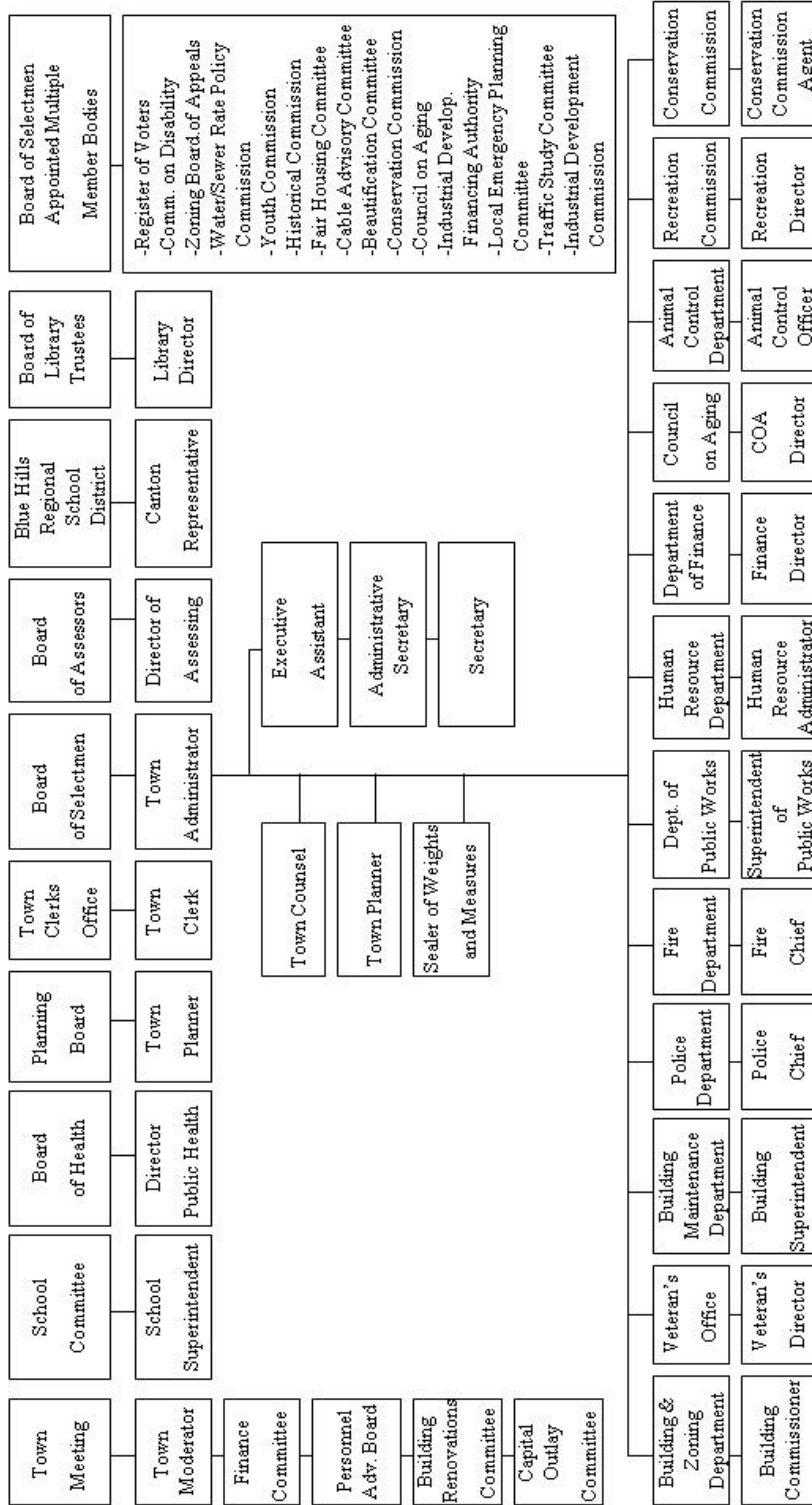
William T. Friel  
Town Administrator



James R. Murgia  
Finance Director

# Organizational Chart

## TOWN OF CANTON, MASSACHUSETTS ORGANIZATIONAL CHART



**Town of Canton, Massachusetts**

**Principal Officials**

***Board of Selectmen***

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

Town Administrator – William T. Friel  
Finance Director – James R. Murgia  
Town Accountant – Kathleen Dooley Butters  
School Superintendent – Jeffrey W. Granatino  
School Business Administrator – Kenneth Leon  
Police Chief – Kenneth N. Berkowitz  
Fire Chief – Charles E. Doody  
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, 2009

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.



A stylized handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

Executive Director

## ***Financial Section***



*The Town recently acquired two new vehicles for the Fire Department. One vehicle is used by the Fire Chief while the other is used by the Shift Commander and Training and Safety Captain. Both vehicles will provide enhanced response capabilities, especially during inclement weather.*



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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, 2010, 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, 2010, 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 December 16, 2010, 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 postemployment benefit plan schedule of funding progress and employer contributions, as well as the other postemployment 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".

December 16, 2010

# ***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, 2010. This is the eighth 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 \$78.3 million at the close of fiscal year 2010. The overall financial condition of the Town's governmental activities remained stable during fiscal year 2010.

Governmental net assets of \$57.9 million (74%), 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, \$7.8 million (10%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$12.6 million (16%), may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental net assets decreased by \$2.6 million during the current fiscal year which is due to a combination of factors. Net assets increased due to \$1.3 million in capital grants mainly received from the MassHighway Department for its share road improvement projects, as well as from the Dan Road MORE Jobs grant. Net assets decreased by \$1.1 million due to using prior year reserves to balance the general fund's budget. Net assets decreased due to a \$2.9 million increase in the other postemployment benefit liability. The Town currently funds the postemployment benefits on a pay-as-you-go basis which is lower than the annual required contribution. The governmental expenses totaled \$84.8 million of which \$21.8 million (26%) was directly supported by program revenues. General revenues and transfers totaled \$60.5 million, primarily coming from property taxes, motor vehicle excise, non-restricted state aid and other miscellaneous charges.

Condensed financial data for fiscal years 2010 and 2009 is presented below.

	Balance at June 30, 2010	Balance at June 30, 2009
<b>Assets:</b>		
Current assets.....	\$ 36,592,461	\$ 39,573,940
Noncurrent assets (excluding capital).....	4,073,429	4,676,268
Capital assets.....	101,021,096	102,295,481
<b>Total assets.....</b>	<b>141,686,986</b>	<b>146,545,689</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	8,587,942	8,480,938
Noncurrent liabilities (excluding debt).....	6,856,966	4,165,321
Current debt.....	6,941,071	8,898,750
Noncurrent debt.....	40,957,652	44,058,295
<b>Total liabilities.....</b>	<b>63,343,631</b>	<b>65,603,304</b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	57,942,064	54,948,512
Restricted.....	7,781,249	8,844,047
Unrestricted.....	12,620,042	17,149,826
<b>Total net assets.....</b>	<b>\$ 78,343,355</b>	<b>\$ 80,942,385</b>

	Year Ended June 30, 2010	Year Ended June 30, 2009
<b>Program revenues:</b>		
Charges for services.....	\$ 5,651,515	\$ 4,732,432
Operating grants and contributions.....	14,937,773	14,389,625
Capital grants and contributions.....	1,170,098	3,291,089
<b>Total program revenues.....</b>	<b><u>21,759,386</u></b>	<b><u>22,413,146</u></b>
<b>General Revenues:</b>		
Real estate and personal property taxes.....	52,922,668	49,643,467
Tax liens.....	210,666	186,291
Motor vehicle excise taxes.....	3,082,341	3,170,275
Penalties and interest on taxes.....	317,161	246,950
Payments in lieu of taxes.....	199,299	194,559
Nonrestricted grants and contributions.....	2,165,199	2,727,082
Unrestricted investment income.....	212,187	488,112
Miscellaneous revenues.....	312,573	245,317
<b>Total general revenues.....</b>	<b><u>59,422,094</u></b>	<b><u>56,902,053</u></b>
<b>Total revenues.....</b>	<b><u>81,181,480</u></b>	<b><u>79,315,199</u></b>
<b>Expenses:</b>		
General government.....	5,687,721	6,292,728
Public safety.....	14,053,007	13,435,861
Education.....	53,936,191	50,203,533
Public works.....	5,534,429	4,868,008
Human services.....	1,046,171	941,217
Culture and recreation.....	2,657,453	2,623,016
Interest.....	1,919,708	1,996,528
<b>Total expenses.....</b>	<b><u>84,834,680</u></b>	<b><u>80,360,891</u></b>
<b>Excess before transfers.....</b>	<b>(3,653,200)</b>	<b>(1,045,692)</b>
<b>Transfers.....</b>	<b><u>1,054,170</u></b>	<b><u>1,009,929</u></b>
<b>Change in net assets.....</b>	<b>\$ <u>(2,599,030)</u></b>	<b>\$ <u>(35,763)</u></b>

## 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 2010.

Business-type water net assets of \$8.2 million (84%) represent the investment in capital assets while \$1.6 million (16%) is unrestricted. Net assets increased by \$456,000 which due to the combined effect of an increase in user fee revenue due to a consolidation of water rates, offset by a \$71,000 increase of the other postemployment benefit liability.

Business-type sewer net assets of \$6.8 million (73%) represent the investment in capital assets while \$2.6 million (27%) is unrestricted. Net assets increased by \$370,000 which is primarily due to the recognition of a \$497,000 capital grant received from the Massachusetts Water Pollution Abatement Trust.

Business-type rink net assets of \$180,000 represent the investment in capital assets while unrestricted net assets had a deficit balance of \$7,000. Net assets decreased by \$68,000 which was due to a revenue deficit of \$35,000, as well as a \$15,000 increase in the other postemployment benefit liability.

At the end of the current fiscal year, aside from the deficit unrestricted net assets reported in the business-type rink fund noted above, all remaining 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 2010 and 2009 is presented below.

	Balance at June 30, 2010	Balance at June 30, 2009
<b>Assets:</b>		
Current assets.....	\$ 13,696,558	\$ 5,710,567
Noncurrent assets (excluding capital).....	5,986	45,414
Capital assets.....	30,939,015	28,693,221
<b>Total assets.....</b>	<b><u>44,641,559</u></b>	<b><u>34,449,202</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	519,080	410,734
Noncurrent liabilities (excluding debt).....	326,000	205,000
Current debt.....	7,050,132	4,782,223
Noncurrent debt.....	17,428,648	10,491,745
<b>Total liabilities.....</b>	<b><u>25,323,860</u></b>	<b><u>15,889,702</u></b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	15,188,472	14,483,253
Unrestricted.....	4,129,227	4,076,247
<b>Total net assets.....</b>	<b><u>\$ 19,317,699</u></b>	<b><u>\$ 18,559,500</u></b>

	Year Ended June 30, 2010	Year Ended June 30, 2009
<b>Program revenues:</b>		
Charges for services - Water.....	\$ 5,693,293	\$ 4,727,025
Charges for services - Sewer.....	4,772,693	4,747,421
Charges for services - Rink.....	404,449	391,991
Capital grants and contributions.....	497,305	2,362
<b>Total revenues.....</b>	<b><u>11,367,740</u></b>	<b><u>9,868,799</u></b>
<b>Expenses:</b>		
Water.....	4,599,182	4,521,904
Sewer.....	4,553,414	4,442,173
Rink.....	402,775	377,269
<b>Total expenses.....</b>	<b><u>9,555,371</u></b>	<b><u>9,341,346</u></b>
<b>Excess before transfers.....</b>	<b>1,812,369</b>	<b>527,453</b>
<b>Transfers.....</b>	<b><u>(1,054,170)</u></b>	<b><u>(1,009,929)</u></b>
<b>Change in net assets.....</b>	<b>\$ <u>758,199</u></b>	<b>\$ <u>(482,476)</u></b>

### ***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 \$3.1 million, while total fund balance was \$10.2 million. Reservation of Fund Balance for Encumbrances and Continuing Appropriations totaled \$464,000, reserved for MSBA grant funds of \$6.6 million and \$1.1 million was designated for amounts voted to be used in fiscal year 2011. Unreserved fund balance represents 4% of total general fund expenditures, while total fund balance represents 13% of that same amount. The General Fund's fund balance decreased by \$1.1 million which was the result of balancing the budget by using (\$2.2) million of prior year reserves, offset by an appropriation budget to actual surplus of \$535,000.

## ***General Fund Budgetary Highlights***

The Town has adopted a budget for the General Fund. Actual revenues were less than budget by \$107,000. Unexpended appropriations totaled \$1.0 million of which \$464,000 was carried forward to fiscal year 2011.

## ***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, 2010 a total of \$5,340,000 of outstanding bonds are considered defeased.

During fiscal year 2010, the Town issued \$9.5 million 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, 2010, totaled \$45.1 million. Total debt service expenditures on long-term governmental debt for the next five years average \$5.5 million annually. The Town had \$1.5 million in governmental bond anticipation notes (BANs) and \$1.4 million of grant anticipation notes (GANS) outstanding at fiscal year-end.

The Water Enterprise Fund had \$10.7 million of long-term debt and \$5.6 million of BANs outstanding at year end. The Sewer Enterprise Fund had \$8.2 million of long-term debt and \$150,000 of BANs outstanding at year end. The Ice Rink Enterprise Fund had \$72,000 of long-term debt outstanding at year end.

Major capital additions and projects include the following:

- The governmental activities acquired over \$2.5 million of various capital assets in FY2010.
- Business type activities include water additions of \$2.7 million, and sewer additions of \$539,000. There were no rink additions in fiscal year 2010.
- Depreciation expense was \$3.8 million for governmental activities and \$1.0 million 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 2011 general fund operating budget of \$71.3 million represents a \$3.1 million or 4.5% increase from the fiscal year 2010 budget. This is primarily due to a \$1.5 million or 5.1% increase in education expenditures. The fiscal year 2011 operating budget includes \$464,000 of appropriations carried forward from fiscal year 2010.

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 2010 to fiscal year 2011, exclusive of debt service excluded from Proposition 2 ½, will be approximately \$3.0 million or 5.5%. The Town is scheduled to receive \$5.8 million in state aid in fiscal year 2011, net of school construction grants. This amount is \$144,000 or 2.4%, less than received in fiscal year 2010.

The Water and Sewer Enterprise Funds' rates were significantly changed in FY2011 after an outside consultant was engaged to conduct a rate study. The new rate structure includes quarterly base charges, which increase with meter size. The new rate structure will increase water revenue in fiscal year 2011 by 20% and sewer revenue by 5%. For the Skating Rink, hourly rates were increased to generate an additional \$40,000 of revenue in fiscal 2011.

## ***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***

**STATEMENT OF NET ASSETS**

JUNE 30, 2010

	<i>Primary Government</i>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 29,457,033	\$ 6,681,340	\$ 36,138,373
Investments.....	1,273,721	-	1,273,721
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,103,633	-	1,103,633
Tax liens.....	788,169	20,402	808,571
Motor vehicle excise taxes.....	173,803	-	173,803
User fees.....	-	2,904,073	2,904,073
Departmental and other.....	221,687	-	221,687
Special assessments.....	-	12,193	12,193
Intergovernmental.....	1,860,276	4,114,750	5,975,026
Tax foreclosures.....	190,764	-	190,764
Internal balances.....	36,200	(36,200)	-
Working capital deposit.....	1,476,600	-	1,476,600
Other assets.....	10,575	-	10,575
<b>Total current assets.....</b>	<b>36,592,461</b>	<b>13,696,558</b>	<b>50,289,019</b>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	4,001,029	-	4,001,029
Special assessments.....	-	5,986	5,986
Internal balances.....	72,400	(72,400)	-
Capital assets:			
Nondepreciable.....	12,938,553	9,853,199	22,791,752
Depreciable.....	88,082,543	21,085,816	109,168,359
<b>Total noncurrent assets.....</b>	<b>105,094,525</b>	<b>30,872,601</b>	<b>135,967,126</b>
<b>TOTAL ASSETS.....</b>	<b>141,686,986</b>	<b>44,569,159</b>	<b>186,256,145</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	2,098,807	212,047	2,310,854
Accrued payroll.....	2,816,448	36,391	2,852,839
Health claims payable.....	1,336,000	-	1,336,000
Tax refunds payable.....	584,000	-	584,000
Accrued interest.....	462,223	104,242	566,465
Other liabilities.....	381,109	-	381,109
Capital lease obligations.....	19,894	-	19,894
Landfill closure.....	46,000	-	46,000
Compensated absences.....	796,000	94,000	890,000
Unamortized premium on bonds payable.....	47,461	-	47,461
Bonds and notes payable.....	6,941,071	7,050,132	13,991,203
<b>Total current liabilities.....</b>	<b>15,529,013</b>	<b>7,496,812</b>	<b>23,025,825</b>
<b>NONCURRENT:</b>			
Capital lease obligations.....	21,203	-	21,203
Landfill closure.....	196,000	-	196,000
Compensated absences.....	442,000	89,000	531,000
Unamortized premium on bonds payable.....	313,763	-	313,763
Other postemployment benefits.....	5,884,000	237,000	6,121,000
Bonds and notes payable.....	40,957,652	17,428,648	58,386,300
<b>Total noncurrent liabilities.....</b>	<b>47,814,618</b>	<b>17,754,648</b>	<b>65,569,266</b>
<b>TOTAL LIABILITIES.....</b>	<b>63,343,631</b>	<b>25,251,460</b>	<b>88,595,091</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	57,942,064	15,188,472	73,130,536
Restricted for:			
Permanent funds:			
Expendable.....	469,601	-	469,601
Nonexpendable.....	356,385	-	356,385
Grants and gifts.....	359,949	-	359,949
MSBA Grant.....	6,595,314	-	6,595,314
Unrestricted.....	12,620,042	4,129,227	16,749,269
<b>TOTAL NET ASSETS.....</b>	<b>\$ 78,343,355</b>	<b>\$ 19,317,699</b>	<b>\$ 97,661,054</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2010

<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>	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 5,687,721	\$ 919,070	\$ 82,024	\$ -	\$ (4,686,627)
Public safety.....	14,053,007	2,076,797	157,748	-	(11,818,462)
Education.....	53,936,191	2,105,396	14,413,702	8,790	(37,408,303)
Public works.....	5,534,429	129,056	35,050	1,161,308	(4,209,015)
Human services.....	1,046,171	41,527	135,523	-	(869,121)
Culture and recreation.....	2,657,453	379,669	24,917	-	(2,252,867)
Interest.....	1,919,708	-	88,809	-	(1,830,899)
Total Governmental Activities.....	<u>84,834,680</u>	<u>5,651,515</u>	<u>14,937,773</u>	<u>1,170,098</u>	<b>(63,075,294)</b>
<i>Business-Type Activities:</i>					
Water.....	4,599,182	5,693,293	-	-	1,094,111
Sewer.....	4,553,414	4,772,693	-	497,305	716,584
Rink.....	<u>402,775</u>	<u>404,449</u>	<u>-</u>	<u>-</u>	<u>1,674</u>
Total Business-Type Activities.....	<u>9,555,371</u>	<u>10,870,435</u>	<u>-</u>	<u>497,305</u>	<b>1,812,369</b>
Total Primary Government.....	<u>\$ 94,390,051</u>	<u>\$ 16,521,950</u>	<u>\$ 14,937,773</u>	<u>\$ 1,667,403</u>	<b><u>\$ (61,262,925)</u></b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (Continued)**

FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net assets:</b>			
Net (expense) revenue from previous page.....	\$ <b>(63,075,294)</b>	\$ <b>1,812,369</b>	\$ <b>(61,262,925)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	52,922,668	-	52,922,668
Tax liens.....	210,666	-	210,666
Motor vehicle excise taxes.....	3,082,341	-	3,082,341
Penalties and interest on taxes.....	317,161	-	317,161
Payments in lieu of taxes.....	199,299	-	199,299
Grants and contributions not restricted to specific programs.....	2,165,199	-	2,165,199
Unrestricted investment income.....	212,187	-	212,187
Miscellaneous.....	312,573	-	312,573
<i>Transfers, net</i> .....	1,054,170	(1,054,170)	-
Total general revenues and transfers.....	60,476,264	(1,054,170)	59,422,094
Change in net assets.....	(2,599,030)	758,199	(1,840,831)
<i>Net Assets:</i>			
Beginning of year.....	80,942,385	18,559,500	99,501,885
End of year.....	\$ <u>78,343,355</u>	\$ <u>19,317,699</u>	\$ <u>97,661,054</u>

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2010

<b>ASSETS</b>	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 14,563,128	\$ 11,135,298	\$ 25,698,426
Investments.....	-	862,779	862,779
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	1,103,633	-	1,103,633
Tax liens.....	788,169	-	788,169
Motor vehicle excise taxes.....	173,803	-	173,803
Departmental and other.....	-	221,687	221,687
Intergovernmental.....	4,396,135	1,465,170	5,861,305
Tax foreclosures.....	190,764	-	190,764
Due from other funds.....	74,027	108,600	182,627
Other assets.....	10,575	-	10,575
<b>TOTAL ASSETS.....</b>	<b>\$ 21,300,234</b>	<b>\$ 13,793,534</b>	<b>\$ 35,093,768</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Warrants payable.....	\$ 1,037,871	\$ 119,475	\$ 1,157,346
Accrued payroll.....	2,602,887	213,561	2,816,448
Tax refunds payable.....	584,000	-	584,000
Other liabilities.....	367,778	13,331	381,109
Deferred revenues.....	6,549,227	229,954	6,779,181
Due to other funds.....	-	74,027	74,027
Notes payable.....	-	2,924,700	2,924,700
<b>TOTAL LIABILITIES.....</b>	<b>11,141,763</b>	<b>3,575,048</b>	<b>14,716,811</b>
<b>FUND BALANCES:</b>			
Reserved for:			
Encumbrances and continuing appropriations.....	463,609	-	463,609
Perpetual permanent funds.....	-	356,385	356,385
MSBA Grant.....	6,595,314	-	6,595,314
Unreserved:			
Designated for subsequent year's expenditures...	1,140,000	-	1,140,000
Undesignated, reported in:			
General fund.....	1,959,548	-	1,959,548
Special revenue funds.....	-	10,091,323	10,091,323
Capital projects funds.....	-	(698,823)	(698,823)
Permanent funds.....	-	469,601	469,601
<b>TOTAL FUND BALANCES.....</b>	<b>10,158,471</b>	<b>10,218,486</b>	<b>20,376,957</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 21,300,234</b>	<b>\$ 13,793,534</b>	<b>\$ 35,093,768</b>

See notes to basic financial statements.

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

JUNE 30, 2010

Total governmental fund balances.....		\$ 20,376,957
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		101,021,096
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		6,779,181
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.....		3,368,688
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(462,223)
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.....	(45,145,556)	
Landfill closure.....	(242,000)	
Capital leases.....	(41,097)	
Unamortized premium on bonds payable.....	(361,224)	
Other postemployment benefits.....	(5,884,000)	
Compensated absences.....	<u>(1,238,000)</u>	
Net effect of reporting long-term liabilities.....		(52,911,877)
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>171,533</u>
Net assets of governmental activities.....		<u>\$ 78,343,355</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes, net of tax refunds.....	\$ 52,217,093	\$ -	\$ 52,217,093
Tax liens.....	193,859	-	193,859
Motor vehicle excise taxes.....	3,080,023	-	3,080,023
Charges for services.....	-	1,611,311	1,611,311
Penalties and interest on taxes.....	317,161	-	317,161
Payments in lieu of taxes.....	199,299	-	199,299
Licenses and permits.....	658,905	-	658,905
Fines and forfeitures.....	123,576	15,882	139,458
Intergovernmental.....	14,315,178	4,298,709	18,613,887
Departmental and other.....	1,067,808	2,326,973	3,394,781
Contributions.....	-	416,991	416,991
Investment income.....	125,703	62,014	187,717
<b>TOTAL REVENUES.....</b>	<b>72,298,605</b>	<b>8,731,880</b>	<b>81,030,485</b>
<b>EXPENDITURES:</b>			
Current:			
General government.....	3,818,793	548,324	4,367,117
Public safety.....	8,615,672	1,217,597	9,833,269
Education.....	30,333,470	5,135,858	35,469,328
Public works.....	4,063,656	1,406,374	5,470,030
Human services.....	655,099	111,978	767,077
Culture and recreation.....	1,382,213	389,359	1,771,572
Pension benefits.....	10,482,808	-	10,482,808
Employee benefits.....	9,107,798	-	9,107,798
State and county charges.....	932,878	-	932,878
Debt service:			
Principal.....	3,947,750	-	3,947,750
Interest.....	1,955,945	-	1,955,945
<b>TOTAL EXPENDITURES.....</b>	<b>75,296,082</b>	<b>8,809,490</b>	<b>84,105,572</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(2,997,477)</b>	<b>(77,610)</b>	<b>(3,075,087)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of bonds and notes.....	-	1,087,261	1,087,261
Premium from issuance of debt.....	8,793	60,329	69,122
Transfers in.....	2,158,470	286,626	2,445,096
Transfers out.....	(260,800)	(1,130,126)	(1,390,926)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,906,463</b>	<b>304,090</b>	<b>2,210,553</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1,091,014)</b>	<b>226,480</b>	<b>(864,534)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>11,249,485</b>	<b>9,992,006</b>	<b>21,241,491</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 10,158,471</b>	<b>\$ 10,218,486</b>	<b>\$ 20,376,957</b>

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, 2010

Net change in fund balances - total governmental funds.....		\$ (864,534)
<p>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.</p>		
Capital outlay.....	2,495,020	
Depreciation expense.....	<u>(3,769,405)</u>	
Net effect of reporting capital assets.....		(1,274,385)
<p>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.....</p>		
		5,295
<p>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.</p>		
Capital lease financing.....	18,667	
Issuance of bonds and notes.....	(1,087,261)	
Debt service principal payments.....	3,947,750	
Amortization of bond premiums.....	50,081	
Amortization of deferred charge on refunding.....	<u>(43,306)</u>	
Net effect of reporting long-term debt.....		2,885,931
<p>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.</p>		
Net change in compensated absences accrual.....	(9,000)	
Net change in accrued interest on long-term debt.....	29,462	
Net change in worker's compensation accrual.....	75,000	
Net change in other postemployment benefits.....	(2,867,000)	
Net change in landfill accrual.....	<u>119,000</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(2,652,538)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>(698,799)</u>
Change in net assets of governmental activities.....		<u>\$ (2,599,030)</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET ASSETS

JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Rink Fund	Total	
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 5,460,207	\$ 1,188,504	\$ 32,629	\$ 6,681,340	\$ 3,758,607
Investments.....	-	-	-	-	410,942
Receivables, net of allowance for uncollectibles:					
Tax liens.....	11,771	8,631	-	20,402	-
User fees.....	1,757,959	1,134,704	11,410	2,904,073	-
Special assessments.....	-	12,193	-	12,193	-
Intergovernmental.....	-	4,114,750	-	4,114,750	-
Working capital deposit.....	-	-	-	-	1,476,600
Total current assets.....	<u>7,229,937</u>	<u>6,458,782</u>	<u>44,039</u>	<u>13,732,758</u>	<u>5,646,149</u>
<b>NONCURRENT:</b>					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	-	5,986	-	5,986	-
Capital assets:					
Nondepreciable.....	8,417,880	1,435,319	-	9,853,199	-
Depreciable.....	<u>10,985,073</u>	<u>9,848,420</u>	<u>252,323</u>	<u>21,085,816</u>	<u>-</u>
Total noncurrent assets.....	<u>19,402,953</u>	<u>11,289,725</u>	<u>252,323</u>	<u>30,945,001</u>	<u>-</u>
<b>TOTAL ASSETS.....</b>	<u>26,632,890</u>	<u>17,748,507</u>	<u>296,362</u>	<u>44,677,759</u>	<u>5,646,149</u>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	199,293	11,186	1,568	212,047	941,461
Accrued payroll.....	16,404	15,683	4,304	36,391	-
Due to other funds.....	36,200	-	-	36,200	-
Health claims payable.....	-	-	-	-	1,336,000
Accrued interest.....	79,249	24,758	235	104,242	-
Compensated absences.....	62,000	21,000	11,000	94,000	-
Bonds and notes payable.....	<u>6,441,581</u>	<u>596,551</u>	<u>12,000</u>	<u>7,050,132</u>	<u>-</u>
Total current liabilities.....	<u>6,834,727</u>	<u>669,178</u>	<u>29,107</u>	<u>7,533,012</u>	<u>2,277,461</u>
<b>NONCURRENT:</b>					
Due to other funds.....	72,400	-	-	72,400	-
Compensated absences.....	70,000	16,000	3,000	89,000	-
Other postemployment benefits.....	145,000	61,000	31,000	237,000	-
Bonds and notes payable.....	<u>9,753,474</u>	<u>7,615,174</u>	<u>60,000</u>	<u>17,428,648</u>	<u>-</u>
Total noncurrent liabilities.....	<u>10,040,874</u>	<u>7,692,174</u>	<u>94,000</u>	<u>17,827,048</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u>16,875,601</u>	<u>8,361,352</u>	<u>123,107</u>	<u>25,360,060</u>	<u>2,277,461</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt.....	8,196,632	6,811,517	180,323	15,188,472	-
Unrestricted.....	<u>1,560,657</u>	<u>2,575,638</u>	<u>(7,068)</u>	<u>4,129,227</u>	<u>3,368,688</u>
<b>TOTAL NET ASSETS.....</b>	<u>\$ 9,757,289</u>	<u>\$ 9,387,155</u>	<u>\$ 173,255</u>	<u>\$ 19,317,699</u>	<u>\$ 3,368,688</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Rink Fund	Total	
<b>OPERATING REVENUES:</b>					
Employee contributions .....	\$ -	\$ -	\$ -	\$ -	\$ 2,872,403
Contributions .....	-	-	-	-	8,504,363
Charges for services .....	5,629,407	4,741,100	404,198	10,774,705	-
Other .....	-	-	-	-	263,332
<b>TOTAL OPERATING REVENUES .....</b>	<b>5,629,407</b>	<b>4,741,100</b>	<b>404,198</b>	<b>10,774,705</b>	<b>11,640,098</b>
<b>OPERATING EXPENSES:</b>					
Cost of services and administration .....	1,483,839	602,479	376,426	2,462,744	-
MWRA Assessment .....	2,329,408	3,256,556	-	5,585,964	-
Depreciation .....	491,369	485,919	24,128	1,001,416	-
Employee benefits .....	-	-	-	-	12,415,475
<b>TOTAL OPERATING EXPENSES .....</b>	<b>4,304,616</b>	<b>4,344,954</b>	<b>400,554</b>	<b>9,050,124</b>	<b>12,415,475</b>
<b>OPERATING INCOME (LOSS) .....</b>	<b>1,324,791</b>	<b>396,146</b>	<b>3,644</b>	<b>1,724,581</b>	<b>(775,377)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income .....	8,027	9,425	251	17,703	24,470
Interest expense .....	(294,566)	(208,460)	(2,221)	(505,247)	-
Intergovernmental .....	-	497,305	-	497,305	-
Other revenues .....	55,859	22,168	-	78,027	52,108
<b>TOTAL NONOPERATING REVENUES, (EXPENSES), NET .....</b>	<b>(230,680)</b>	<b>320,438</b>	<b>(1,970)</b>	<b>87,788</b>	<b>76,578</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS .....</b>	<b>1,094,111</b>	<b>716,584</b>	<b>1,674</b>	<b>1,812,369</b>	<b>(698,799)</b>
<b>TRANSFERS:</b>					
Transfers out .....	(638,471)	(346,085)	(69,614)	(1,054,170)	-
<b>CHANGE IN NET ASSETS .....</b>	<b>455,640</b>	<b>370,499</b>	<b>(67,940)</b>	<b>758,199</b>	<b>(698,799)</b>
<b>NET ASSETS AT BEGINNING OF YEAR .....</b>	<b>9,301,649</b>	<b>9,016,656</b>	<b>241,195</b>	<b>18,559,500</b>	<b>4,067,487</b>
<b>NET ASSETS AT END OF YEAR .....</b>	<b>\$ 9,757,289</b>	<b>\$ 9,387,155</b>	<b>\$ 173,255</b>	<b>\$ 19,317,699</b>	<b>\$ 3,368,688</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Rink Fund	Total	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Receipts from customers and users.....	\$ 5,064,879	\$ 4,745,815	\$ 393,528	\$ 10,204,222	\$ -
Receipts from interfund services provided.....	-	-	-	-	11,640,098
Receipts from other revenues.....	55,859	22,168	-	78,027	52,108
Payments to vendors.....	(2,868,523)	(3,466,185)	(166,673)	(6,501,381)	-
Payments to employees.....	(851,952)	(355,143)	(192,883)	(1,399,978)	-
Payments for interfund services used.....	-	-	-	-	(12,235,039)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>1,400,263</b>	<b>946,655</b>	<b>33,972</b>	<b>2,380,890</b>	<b>(542,833)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>					
Transfers out.....	(638,471)	(346,085)	(69,614)	(1,054,170)	-
Advances to other funds.....	(36,200)	-	-	(36,200)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(674,671)</b>	<b>(346,085)</b>	<b>(69,614)</b>	<b>(1,090,370)</b>	<b>-</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
Proceeds from the issuance of bonds and notes.....	10,239,368	278,250	-	10,517,618	-
Acquisition and construction of capital assets.....	(2,708,706)	(538,504)	-	(3,247,210)	-
Principal payments on bonds and notes.....	(4,078,428)	(690,795)	(13,000)	(4,782,223)	-
Interest expense.....	(279,376)	(185,211)	(2,270)	(466,857)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>3,172,858</b>	<b>(1,136,260)</b>	<b>(15,270)</b>	<b>2,021,328</b>	<b>-</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Sale (purchase) of investments.....	-	-	-	-	(63,075)
Investment income.....	8,027	9,425	251	17,703	24,470
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>8,027</b>	<b>9,425</b>	<b>251</b>	<b>17,703</b>	<b>(38,605)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>3,906,477</b>	<b>(526,265)</b>	<b>(50,661)</b>	<b>3,329,551</b>	<b>(581,438)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR.....</b>	<b>1,553,730</b>	<b>1,714,769</b>	<b>83,290</b>	<b>3,351,789</b>	<b>4,340,045</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR.....</b>	<b>\$ 5,460,207</b>	<b>\$ 1,188,504</b>	<b>\$ 32,629</b>	<b>\$ 6,681,340</b>	<b>\$ 3,758,607</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>					
Operating income (loss).....	\$ 1,324,791	\$ 396,146	\$ 3,644	\$ 1,724,581	\$ (775,377)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	491,369	485,919	24,128	1,001,416	-
Other revenues.....	55,859	22,168	-	78,027	52,108
Changes in assets and liabilities:					
Water and sewer liens.....	3,286	7,965	-	11,251	-
User fees.....	(567,814)	(3,250)	(10,670)	(581,734)	-
Working capital deposit.....	-	-	-	-	(11,200)
Warrants payable.....	37,779	833	(5,097)	33,515	115,636
Accrued payroll.....	(8,007)	6,874	1,967	834	-
Health claims payable.....	-	-	-	-	116,000
Other postemployment benefits.....	71,000	30,000	15,000	116,000	-
Accrued compensated absences.....	(8,000)	-	5,000	(3,000)	-
Workers' compensation.....	-	-	-	-	(40,000)
<b>Total adjustments.....</b>	<b>75,472</b>	<b>550,509</b>	<b>30,328</b>	<b>656,309</b>	<b>232,544</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 1,400,263</b>	<b>\$ 946,655</b>	<b>\$ 33,972</b>	<b>\$ 2,380,890</b>	<b>\$ (542,833)</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
CURRENT:		
Cash and cash equivalents.....	\$ 65,439	\$ 805,681
Investments.....	23,829	-
TOTAL ASSETS.....	<u>89,268</u>	<u>805,681</u>
<b>LIABILITIES</b>		
Warrants payable.....	-	17,360
Liabilities due depositors.....	-	788,321
TOTAL LIABILITIES.....	<u>-</u>	<u>805,681</u>
<b>NET ASSETS</b>		
Held in trust.....	<u>\$ 89,268</u>	<u>\$ -</u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Net investment income:	
Investment income.....	\$ <u>2,127</u>
<u>DEDUCTIONS:</u>	
Educational scholarships.....	<u>6,600</u>
CHANGE IN NET ASSETS.....	(4,473)
NET ASSETS AT BEGINNING OF YEAR.....	<u>93,741</u>
NET ASSETS AT END OF YEAR.....	\$ <u><u>89,268</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 2010, Canton's share of the operating and debt expenses was \$1,321,631. 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 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 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> 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

The School Grant Fund, classified as non-major governmental funds, had a deficit balance of \$57,548 at June 30, 2010. This deficit will be funded from State and Federal grant funds in fiscal year 2011.

Three Capital Projects Funds, classified as non-major governmental funds, had a combined deficit balance of \$1,059,279 at June 30, 2010. This deficit will primarily be funded when \$1,462,350 in bond anticipation notes are converted into long-term debt.

### 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 \$25,817,215 and the bank balance totaled \$26,147,019. Of the bank balance, \$2,224,252 was covered by Federal Depository Insurance, \$18,530,321 was covered by the Depositors Insurance Fund, \$3,397,450 was collateralized and \$1,994,996 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2010, the Town of Canton had the following investments:

Investment Type	Fair Value	Maturity	
		1-5 Years	6-10 Years
<u>Debt Securities:</u>			
Federal Home Loan Banks.....	\$ 70,754	\$ 29,989	\$ 40,765
Federal Home Loan Mortgage Corp.....	260,172	136,542	123,630
Federal Home Loan Mortgage Corp. Gold....	2,445	2,445	-
Federal National Mortgage Association.....	257,025	257,025	-
Federal Farm Credit Bank.....	105,665	-	105,665
United States Treasury Notes.....	601,489	498,169	103,320
Total Debt Securities.....	1,297,550	\$ 924,170	\$ 373,380
<u>Other Investments:</u>			
Repurchase Agreement.....	4,670,000		
MMDT.....	6,522,278		
Total Investments.....	\$ 12,489,828		

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

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 \$1,297,550 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 \$4,670,000 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 48% of investments in US government backed securities and 52% in MMDT.

**NOTE 3 – RECEIVABLES**

At June 30, 2010, 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.....	\$ 1,185,081	\$ (81,448)	\$ 1,103,633
Tax liens.....	788,169	-	788,169
Motor vehicle and other excise taxes.....	505,436	(331,633)	173,803
Departmental and other.....	352,616	(130,929)	221,687
Intergovernmental.....	<u>5,861,305</u>	<u>-</u>	<u>5,861,305</u>
Total.....	<u>\$ 8,692,607</u>	<u>\$ (544,010)</u>	<u>\$ 8,148,597</u>

At June 30, 2010, 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.....	\$ 1,769,730	-	\$ 1,769,730
Sewer fees.....	1,143,335	-	1,143,335
Rink fees.....	11,410	-	11,410
Special assessments.....	18,179	-	18,179
Intergovernmental.....	<u>4,114,750</u>	<u>-</u>	<u>4,114,750</u>
Total.....	<u>\$ 7,057,404</u>	<u>\$ -</u>	<u>\$ 7,057,404</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.....	\$ 1,000,356	\$ -	\$ 1,000,356
Tax Liens.....	788,169	-	788,169
Motor vehicle excise taxes.....	173,803	-	173,803
Departmental and other.....	-	221,687	221,687
Intergovernmental.....	4,396,135	8,267	4,404,402
Tax foreclosures.....	190,764	-	190,764
<b>Total.....</b>	<b>\$ 6,549,227</b>	<b>\$ 229,954</b>	<b>\$ 6,779,181</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 11,158,868	\$ -	\$ -	\$ 11,158,868
Construction in progress.....	1,800,261	990,821	(1,011,397)	1,779,685
<b>Total capital assets not being depreciated.....</b>	<b>12,959,129</b>	<b>990,821</b>	<b>(1,011,397)</b>	<b>12,938,553</b>
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,555,735	83,308	-	2,639,043
Buildings.....	76,560,039	149,715	-	76,709,754
Building improvements.....	15,876,312	270,945	-	16,147,257
Machinery and equipment.....	4,328,417	222,975	(67,750)	4,483,642
Vehicles.....	4,023,030	241,409	(30,000)	4,234,439
Infrastructure.....	14,903,879	1,547,244	-	16,451,123
<b>Total capital assets being depreciated.....</b>	<b>118,247,412</b>	<b>2,515,596</b>	<b>(97,750)</b>	<b>120,665,258</b>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(521,712)	(129,869)	-	(651,581)
Buildings.....	(14,170,536)	(1,809,698)	-	(15,980,234)
Building improvements.....	(6,874,461)	(774,089)	-	(7,648,550)
Machinery and equipment.....	(1,474,499)	(410,553)	67,750	(1,817,302)
Vehicles.....	(3,351,517)	(253,258)	30,000	(3,574,775)
Infrastructure.....	(2,518,335)	(391,938)	-	(2,910,273)
<b>Total accumulated depreciation.....</b>	<b>(28,911,060)</b>	<b>(3,769,405)</b>	<b>97,750</b>	<b>(32,582,715)</b>
<b>Total capital assets being depreciated, net.....</b>	<b>89,336,352</b>	<b>(1,253,809)</b>	<b>-</b>	<b>88,082,543</b>
<b>Total governmental activities capital assets, net.....</b>	<b>\$ 102,295,481</b>	<b>\$ (262,988)</b>	<b>\$ (1,011,397)</b>	<b>\$ 101,021,096</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 624,852	\$ -	\$ -	\$ 624,852
Construction in progress.....	6,633,084	2,404,625	(1,244,681)	7,793,028
Total capital assets not being depreciated.....	<u>7,257,936</u>	<u>2,404,625</u>	<u>(1,244,681)</u>	<u>8,417,880</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	4,139,989	-	-	4,139,989
Machinery and equipment.....	658,164	266,568	-	924,732
Vehicles.....	422,824	37,512	(40,000)	420,336
Infrastructure.....	14,819,074	1,244,682	-	16,063,756
Total capital assets being depreciated.....	<u>20,040,051</u>	<u>1,548,762</u>	<u>(40,000)</u>	<u>21,548,813</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(1,779,807)	(77,764)	-	(1,857,571)
Machinery and equipment.....	(92,226)	(79,145)	-	(171,371)
Vehicles.....	(350,487)	(28,359)	40,000	(338,846)
Infrastructure.....	(7,889,851)	(306,101)	-	(8,195,952)
Total accumulated depreciation.....	<u>(10,112,371)</u>	<u>(491,369)</u>	<u>40,000</u>	<u>(10,563,740)</u>
Total capital assets being depreciated, net.....	<u>9,927,680</u>	<u>1,057,393</u>	<u>-</u>	<u>10,985,073</u>
Total business-type activities capital assets, net.....	<u>\$ 17,185,616</u>	<u>\$ 3,462,018</u>	<u>\$ (1,244,681)</u>	<u>\$ 19,402,953</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 951,913	\$ 538,504	\$ (55,098)	\$ 1,435,319
Total capital assets not being depreciated.....	<u>951,913</u>	<u>538,504</u>	<u>(55,098)</u>	<u>1,435,319</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	1,263,604	-	-	1,263,604
Machinery and equipment.....	264,697	-	-	264,697
Vehicles.....	265,462	-	-	265,462
Infrastructure.....	22,044,021	55,098	-	22,099,119
Total capital assets being depreciated.....	<u>23,837,784</u>	<u>55,098</u>	<u>-</u>	<u>23,892,882</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(194,027)	(31,590)	-	(225,617)
Machinery and equipment.....	(13,235)	(26,470)	-	(39,705)
Vehicles.....	(197,918)	(21,143)	-	(219,061)
Infrastructure.....	(13,153,363)	(406,716)	-	(13,560,079)
Total accumulated depreciation.....	<u>(13,558,543)</u>	<u>(485,919)</u>	<u>-</u>	<u>(14,044,462)</u>
Total capital assets being depreciated, net.....	<u>10,279,241</u>	<u>(430,821)</u>	<u>-</u>	<u>9,848,420</u>
Total business-type activities capital assets, net.....	<u>\$ 11,231,154</u>	<u>\$ 107,683</u>	<u>\$ (55,098)</u>	<u>\$ 11,283,739</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Rink Activities:</b>				
<u>Capital assets being depreciated:</u>				
Building improvements.....	\$ 139,960	\$ -	\$ -	\$ 139,960
Machinery and equipment.....	257,797	-	-	257,797
Vehicles.....	29,160	-	-	29,160
	<u>426,917</u>	<u>-</u>	<u>-</u>	<u>426,917</u>
<u>Less accumulated depreciation for:</u>				
Building improvements.....	(31,491)	(6,998)	-	(38,489)
Machinery and equipment.....	(89,815)	(17,130)	-	(106,945)
Vehicles.....	(29,160)	-	-	(29,160)
	<u>(150,466)</u>	<u>(24,128)</u>	<u>-</u>	<u>(174,594)</u>
Total business-type activities capital assets, net.....	<u>\$ 276,451</u>	<u>\$ (24,128)</u>	<u>\$ -</u>	<u>\$ 252,323</u>

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

**Governmental Activities:**

General government.....	\$ 65,981
Public safety.....	570,335
Education.....	2,267,133
Public works.....	520,578
Human services.....	10,236
Culture and recreation.....	<u>335,143</u>
Total depreciation expense - governmental activities.....	<u>\$ 3,769,406</u>

**Business-Type Activities:**

Water.....	\$ 491,369
Sewer.....	485,919
Rink.....	<u>24,128</u>
Total depreciation expense - business-type activities.....	<u>\$ 1,001,416</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables for the fiscal year ended June 30, 2010, are summarized as follows:

Receivable Fund	Payable Fund	Amount
Stoughton Mitigation Fund...	Water Fund.....	\$ 108,600 (1)
General Fund.....	Nonmajor Governmental Funds (School Grants Fund).....	<u>74,027 (2)</u>
Total.....		<u>\$ 182,627</u>

- 1) Represents a 10 year non-interest bearing loan between the Stoughton Mitigation Fund and the Water Fund with annual payments of \$36,200 through FY2013.
- 2) Represents advances between funds to meet temporary cash flow needs.

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 260,800	\$ 260,800
Nonmajor Governmental Funds...	1,104,300	25,826	1,130,126
Water Enterprise Fund.....	638,471	-	638,471
Sewer Enterprise Fund.....	346,085	-	346,085
Rink Enterprise Fund.....	69,614	-	69,614
Total.....	<u>\$ 2,158,470</u>	<u>\$ 286,626</u>	<u>\$ 2,445,096</u>

The enterprise transfers to the general fund are for their share of indirect charges. The general fund transfers out are \$100,000 to fund the stabilization fund, \$110,800 to fund capital projects funds and \$50,000 for retirement buy back reserves. The nonmajor funds transferred \$25,826 between other nonmajor funds; and \$1,104,300 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, 2010, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2009	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2010
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	-
BAN	Capital improvements.....	1.5%	05/27/11	-	1,524,700	-	1,524,700
GAN	Highway.....	1.4%	07/19/10	-	1,400,000	-	1,400,000
Sub-total governmental notes.....				<u>4,951,000</u>	<u>2,924,700</u>	<u>4,951,000</u>	<u>2,924,700</u>
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	-
BAN	Sewer System Improvements.....	1.5%	05/27/11	-	150,000	-	150,000
BAN	Water System Improvements.....	1.5%	05/27/11	-	5,562,800	-	5,562,800
Sub-total business-type notes.....				<u>3,650,600</u>	<u>5,712,800</u>	<u>3,650,600</u>	<u>5,712,800</u>
Total notes payable.....				<u>\$ 8,601,600</u>	<u>\$ 8,637,500</u>	<u>\$ 8,601,600</u>	<u>\$ 8,637,500</u>

The GAN was paid down on July 19, 2010, 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 by 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>(27,118)</u>
Total.....	<u>\$ 63,274</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, 2010:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2011.....	\$ 22,598
2012.....	<u>22,598</u>
Total minimum lease payments.....	45,196
Less: amounts representing interest.....	<u>(4,099)</u>
Present value of minimum lease payments.....	<u>\$ 41,097</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 May 2010, the Town issued \$5.8 million of new general obligation bonds. The proceeds of these bonds were used to retire \$4 million of maturing bond anticipation notes and to provide permanent financing for several capital projects primarily including \$4.7 million for the Water System Expansion project, and \$1.1 million for other governmental projects. All water debt is expected to be self-supporting through user fees.

The Town also issued \$3.7 million of long-term debt in the sewer fund for the Green Lodge Interceptor Sewer Replacement Project. Proceeds of this debt are drawn down through the Massachusetts Water Abatement Trust as eligible expenditures for the project are submitted.

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, 2010, \$5,340,000 of bonds outstanding is considered defeased.

Details related to the outstanding indebtedness at June 30, 2010, and the debt service requirements are as follows:

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Land acquisition.....	4.75-5.75%	\$ 172,000	\$ -	\$ 172,000	\$ -
Building remodeling.....	4.75-5.75%	203,000	-	203,000	-
Building remodeling.....	3.50-5.00%	855,000	-	95,000	760,000
School project.....	3.50-5.00%	5,855,000	-	490,000	5,365,000
Drainage.....	2.00-4.75%	165,000	-	15,000	150,000
Land acquisition.....	2.00-4.75%	1,255,205	-	29,140	1,226,065
School construction.....	2.00-4.75%	15,000,000	-	1,000,000	14,000,000
Building remodeling.....	2.00-4.75%	9,300,000	-	705,000	8,595,000
Energy conservation - school.....	2.00-4.75%	325,000	-	30,000	295,000
Departmental equipment.....	2.00-4.75%	175,000	-	35,000	140,000
Refunding.....	2.00-4.75%	2,134,840	-	29,610	2,105,230
ADA renovations.....	4.10%	1,423,000	-	92,000	1,331,000
Fire station.....	4.10%	1,402,000	-	96,000	1,306,000
Revere fire station.....	4.10%	628,000	-	40,000	588,000
Fire engine.....	3.90%	78,000	-	16,000	62,000
School remodeling.....	4.00%	229,000	-	17,000	212,000
Hansen school plumbing.....	4.00%	114,000	-	9,000	105,000
Kennedy school boiler.....	4.10%	238,000	-	16,000	222,000
School remodeling.....	4.00-4.10%	1,234,000	-	99,000	1,135,000
Highway truck.....	4.00%	99,000	-	17,000	82,000
Ladder truck.....	4.00%	420,000	-	60,000	360,000
Fire tanker truck.....	4.00%	205,000	-	30,000	175,000
Streetlights.....	4.00%	229,000	-	33,000	196,000
Surface drain.....	4.10%	82,000	-	6,000	76,000
Land acquisition.....	3.50-4.00%	352,000	-	52,000	300,000
Building remodeling.....	3.50-4.00%	401,000	-	53,000	348,000
School remodeling.....	3.50-4.00%	166,000	-	56,000	110,000
Outdoor recreational facility.....	3.50-3.85%	65,000	-	5,000	60,000
Departmental equipment.....	3.50%	694,000	-	91,000	603,000
Building remodeling--School.....	3.50-4.00%	517,000	-	34,000	483,000
Dam construction.....	3.50%	309,000	-	41,000	268,000
Surface Drain.....	3.50-4.00%	140,000	-	10,000	130,000
Remodeling & Renovations.....	2.00-4.25%	3,541,000	-	271,000	3,270,000
General Obligation Bonds of 2010.....	2.00-4.00%	-	1,087,261	-	1,087,261
Total governmental bonds payable.....		<u>48,006,045</u>	<u>1,087,261</u>	<u>3,947,750</u>	<u>45,145,556</u>
Add unamortized premium.....		411,305	-	50,081	361,224
Less unamortized loss on bond refunding, net....		<u>(214,839)</u>	<u>-</u>	<u>(43,306)</u>	<u>(171,533)</u>
Total governmental bonds payable, net.....		<u>\$ 48,202,511</u>	<u>\$ 1,087,261</u>	<u>\$ 3,954,525</u>	<u>\$ 45,335,247</u>

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

Fiscal Year	Principal	Interest	Total
2011.....	\$ 4,029,141	\$ 1,857,554	\$ 5,886,695
2012.....	4,005,220	1,716,474	5,721,694
2013.....	3,913,270	1,574,776	5,488,046
2014.....	3,883,245	1,429,042	5,312,287
2015.....	3,769,190	1,279,172	5,048,362
2016.....	3,674,140	1,109,797	4,783,937
2017.....	3,466,100	946,094	4,412,194
2018.....	3,152,475	794,986	3,947,461
2019.....	2,941,000	656,849	3,597,849
2020.....	2,786,775	537,725	3,324,500
2021.....	2,753,000	420,624	3,173,624
2022.....	2,223,000	304,221	2,527,221
2023.....	2,003,000	202,825	2,205,825
2024.....	1,544,000	111,225	1,655,225
2025.....	384,000	43,807	427,807
2026.....	206,000	25,292	231,292
2027.....	170,000	17,040	187,040
2028.....	136,000	10,072	146,072
2029.....	91,000	4,380	95,380
2030.....	15,000	600	15,600
Totals.....	\$ <u>45,145,556</u>	\$ <u>13,042,555</u>	\$ <u>58,188,111</u>

**Bonds and Notes Payable Schedule – Water Enterprise Fund**

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Water.....	4.75-5.75%	\$ 4,000	\$ -	\$ 4,000	\$ -
Well.....	4.75-5.75%	9,000	-	9,000	-
Pumping Station.....	4.75-5.75%	18,000	-	18,000	-
Well.....	2.00-4.75%	1,060,000	-	70,000	990,000
Refunding.....	2.00-4.75%	300,210	-	4,495	295,715
Water Pipe.....	4.10%	274,000	-	18,000	256,000
Water Main Replacement.....	4.10%	574,000	-	36,000	538,000
Water.....	3.50-4.00%	201,000	-	27,000	174,000
Well Field Development.....	3.50-4.00%	200,000	-	27,000	173,000
Water Departmental Equipment.....	3.50%	350,000	-	45,000	305,000
Water Departmental Equipment.....	3.50%	175,000	-	25,000	150,000
Water Mains.....	3.50-4.00%	943,000	-	57,000	886,000
Water Treatment Improvements.....	2.00-4.25%	2,508,333	-	302,333	2,206,000
Water System Improvement.....	2.00-4.00%	-	4,676,568	-	4,676,568
Total water bonds payable.....		<u>6,616,543</u>	<u>4,676,568</u>	<u>642,828</u>	<u>10,650,283</u>
Less unamortized loss on bond refunding, net....		<u>(21,609)</u>	<u>-</u>	<u>(3,581)</u>	<u>(18,028)</u>
Total water bonds payable, net.....		\$ <u>6,594,934</u>	\$ <u>4,676,568</u>	\$ <u>639,247</u>	\$ <u>10,632,255</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>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011.....	\$ 882,168	\$ 377,072	\$ 1,259,240
2012.....	810,135	349,077	1,159,212
2013.....	741,675	325,361	1,067,036
2014.....	674,440	302,726	977,166
2015.....	671,960	280,415	952,375
2016.....	671,465	269,706	941,171
2017.....	639,735	228,957	868,692
2018.....	551,315	204,105	755,420
2019.....	549,000	185,243	734,243
2020.....	548,390	167,495	715,885
2021.....	492,000	149,415	641,415
2022.....	492,000	132,119	624,119
2023.....	487,000	114,053	601,053
2024.....	486,000	95,602	581,602
2025.....	421,000	76,896	497,896
2026.....	369,000	60,998	429,998
2027.....	315,000	47,110	362,110
2028.....	314,000	34,390	348,390
2029.....	314,000	21,596	335,596
2030.....	220,000	8,800	228,800
Totals.....	\$ <u>10,650,283</u>	\$ <u>3,431,133</u>	\$ <u>14,081,416</u>

**Bonds and Notes Payable Schedule – Sewer Enterprise Fund**

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2009</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2010</u>
Sewer.....	4.75-5.75%	\$ 219,000	\$ -	\$ 219,000	\$ -
Sewer.....	3.50-5.00%	900,000	-	75,000	825,000
Sewer.....	2.00-4.75%	275,000	-	20,000	255,000
Refunding.....	3.25-4.00%	2,264,745	-	31,755	2,232,990
Sewer I&I.....	4.10%	474,000	-	30,000	444,000
Estey Way Sewer.....	4.10%	178,000	-	12,000	166,000
Wardwell Sewer.....	4.10%	179,000	-	13,000	166,000
MWRA.....	0%	80,080	-	40,040	40,040
Sewer.....	3.50-4.00%	87,000	-	7,000	80,000
SCADA System.....	2.00-3.00%	265,000	-	28,000	237,000
MWPAT.....	2.00%	-	3,745,695	-	3,745,695
Total sewer bonds payable.....		<u>4,921,825</u>	<u>3,745,695</u>	<u>475,795</u>	<u>8,191,725</u>
Less unamortized loss on bond refunding, net....		<u>(155,212)</u>	<u>-</u>	<u>(25,212)</u>	<u>(130,000)</u>
Total sewer bonds payable, net.....		\$ <u>4,766,613</u>	\$ <u>3,745,695</u>	\$ <u>450,583</u>	\$ <u>8,061,725</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>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011.....	\$ 470,560	\$ 204,681	\$ 675,241
2012.....	573,496	224,486	797,982
2013.....	569,014	206,923	775,937
2014.....	569,445	189,073	758,518
2015.....	569,215	170,426	739,641
2016.....	568,060	151,814	719,874
2017.....	563,197	133,092	696,289
2018.....	563,677	114,232	677,909
2019.....	560,971	94,871	655,842
2020.....	525,381	75,550	600,931
2021.....	329,194	61,306	390,500
2022.....	257,915	50,964	308,879
2023.....	261,711	44,164	305,875
2024.....	265,584	37,254	302,838
2025.....	254,535	30,241	284,776
2026.....	208,566	23,860	232,426
2027.....	207,679	19,547	227,226
2028.....	211,874	15,352	227,226
2029.....	216,154	11,072	227,226
2030.....	220,521	6,705	227,226
2031.....	224,976	2,250	227,226
Totals.....	\$ <u>8,191,725</u>	\$ <u>1,867,859</u>	\$ <u>10,059,584</u>

**Bonds and Notes Payable Schedule – Ice Rink Enterprise Fund**

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2009</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2010</u>
Zamboni.....	2.00-3.00%	\$ <u>85,000</u>	\$ <u>-</u>	\$ <u>13,000</u>	\$ <u>72,000</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>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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.....	<u>6,000</u>	<u>180</u>	<u>6,180</u>
Totals.....	\$ <u>72,000</u>	\$ <u>8,720</u>	\$ <u>80,720</u>

In FY2010 the Town borrowed \$3,745,695 from the MWPAT for the water infrastructure projects under a program where there is no principal subsidy and the interest rate is set at a below market rate of 2%. Management has estimated that the value of the imputed future interest subsidy is approximately \$837,741 over the life of the loan. In subsequent years, the Town will record the value of the below market subsidy by increasing intergovernmental revenue and interest expense.

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 2010, \$483,915 of such assistance was received. The Town will receive \$5,391,610 in future fiscal years. Of this amount, \$995,475 represents reimbursement of long-term interest costs, and \$4,396,135 represents reimbursement of approved construction costs. Accordingly, a \$4,396,135 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 Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2010, the Town had the following authorized and unissued debt:

Purpose	Amount
Ambulance Mangement System.....	\$ 40,000
Ambulance Replacement.....	6,739
Building A Elevator.....	50,000
Dedham Street Drainage.....	50,000
DPW Dump Truck.....	4,650
DPW Garage.....	150,000
Fiber Cables.....	25,000
Greenlodge Street Interceptor.....	3,273,305
Middle School Roof Replacement.....	30,000
Police Station Flooring.....	100,000
Ponkapoag Fire Station Roof Repairs.....	20,000
Rodman Building Asbestos Removal.....	20,000
Scada Upgrade & Trucks.....	295,000
School HVAC.....	146,000
School Plumbing.....	101,000
Senior Center .....	450,000
Senior Center Study.....	210,000
Septic Title V.....	200,000
Sewer Infiltration & Inflow.....	1,586,290
Shepards Pond Dam.....	175,000
Washington Street Culvert Design.....	60,000
Water Mains.....	200,000
Water Resource Management Plan.....	100,000
Water System Improvements.....	3,190,000
Water Treatment Facility .....	3,800,000
Water Trucks.....	51,200
Well # 9 Supplement.....	237,000
Fire Department Equipment.....	17,800
Luce School Roof Replacement.....	95,000
GMS Acoustic Panels.....	2,850
Town Hall Repairs.....	35,000
Recreation Truck.....	10,000
Street Sweeper.....	332,000
School Equipment & Textbooks.....	1,349,000
Municipal Performance Contracting.....	848,908
Sewer Capital Improvements.....	809,432
<b>Total.....</b>	<b>\$ 18,071,174</b>

Changes in long-term liabilities

During the fiscal year ended June 30, 2010, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Long-term bonds and notes.....	\$ 48,006,045	\$ 1,087,261	\$ (3,947,750)	\$ 45,145,556	\$ 4,029,141
Unamortized premium on bonds payable.....	411,305	-	(50,081)	361,224	47,461
Unamortized deferred loss on refunding.....	(214,839)	-	43,306	(171,533)	(40,338)
Other postemployment benefits.....	3,017,000	5,481,000	(2,614,000)	5,884,000	-
Landfill closure.....	361,000	-	(119,000)	242,000	46,000
Workers' compensation.....	115,000	-	(115,000)	-	-
Capital lease obligations.....	59,764	-	(18,667)	41,097	19,894
Compensated absences.....	1,229,000	795,000	(786,000)	1,238,000	796,000
Total governmental activities.....	<u>\$ 52,984,275</u>	<u>\$ 7,363,261</u>	<u>\$ (7,607,192)</u>	<u>\$ 52,740,344</u>	<u>\$ 4,898,158</u>
<b>Business-Type Activities:</b>					
Long-term bonds and notes.....	\$ 11,623,368	\$ 8,422,263	\$ (1,131,623)	\$ 18,914,008	\$ 1,364,728
Unamortized deferred loss on refunding.....	(176,821)	-	28,793	(148,028)	(27,396)
Other postemployment benefits.....	121,000	221,000	(105,000)	237,000	-
Compensated absences.....	186,000	99,000	(102,000)	183,000	94,000
Total business-type activities.....	<u>\$ 11,753,547</u>	<u>\$ 8,742,263</u>	<u>\$ (1,309,830)</u>	<u>\$ 19,185,980</u>	<u>\$ 1,431,332</u>

The governmental activities liabilities will be liquidated by the general fund with the exception of the workers' compensation liability which was 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, 2010, the amount of the liability for health insurance claims totaled \$1,336,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2008, 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 2010.....	\$ 1,220,000	\$ 12,221,322	\$ (12,105,322)	\$ 1,336,000	\$ 1,336,000
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, 2008 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, 2008. 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, 2010, the amount of the liability for workers' compensation claims was not material to the financial position of the Town, and is therefore not reported. Changes in the reported liability since July 1, 2008, 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 2010.....	\$ 115,000	\$ (109,095)	\$ (5,905)	\$ -	-
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 \$7,613,000 for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008, were \$2,826,638, \$2,672,418 and \$2,297,249, respectively, which equaled its required contribution for each fiscal year.

#### **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 \$242,000 which has been recorded as a governmental activity liability at June 30, 2010. 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 was 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 established the net Other Postemployment 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 2010, the Town contributed \$2.7 million to the plan, and member contributions totaled \$965,000.

*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.....	\$ 5,684,000
Interest on net OPEB obligation.....	133,000
Adjustment to ARC.....	<u>(115,000)</u>
Annual OPEB cost (expense).....	5,702,000
Contributions made.....	<u>(2,719,000)</u>
Increase in net OPEB obligation.....	2,983,000
Net OPEB obligation--beginning of year.....	<u>3,138,000</u>
Net OPEB obligation--end of year.....	<u><u>\$ 6,121,000</u></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 2010 and the preceding year is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 5,702,000	48%	\$ 6,121,000
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, 2010 is 28 years.

**NOTE 13 – COMMITMENTS**

During fiscal year 2010 the Town began construction on a Waste Water Treatment Facility. As of June 30, 2010, the Town has outstanding contracts totaling approximately \$6.9 million relating to the project. It is anticipated that the project will be completed during fiscal year 2011.

**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, 2010, 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

**NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2010, the following GASB pronouncements were implemented:

- The GASB issued Statement #57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The standards in this statement permits an agent employer that has an individual employer OPEB plan with fewer than 100 members to use an alternative measurement method to produce actuarially based information for purposes of financial reporting, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. This standard does not apply to the Town and does not impact the basic financial statements.
- The GASB issued Statement #58, Accounting and Financial Reporting for Chapter 9 Bankruptcies. The standards in this statement provide guidance for bankrupt state and local governments by establishing requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities and for classifying changes in those items and related costs. Management elected to implement this standard early and this standard 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.
- The GASB issued Statement #59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.

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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, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 52,680,226	\$ 52,680,226	\$ 52,168,187	\$ -	\$ (512,039)
Tax liens.....	-	-	193,859	-	193,859
Motor vehicle and other excise taxes.....	3,000,000	3,000,000	3,080,023	-	80,023
Penalties and interest on taxes.....	275,000	275,000	317,161	-	42,161
Payments in lieu of taxes.....	201,363	201,363	199,299	-	(2,064)
Licenses and permits.....	610,000	610,000	658,905	-	48,905
Fines and forfeitures.....	125,000	125,000	123,576	-	(1,424)
Intergovernmental.....	6,780,621	6,780,621	6,702,517	-	(78,104)
Departmental and other.....	947,015	947,015	1,067,808	-	120,793
Investment income.....	125,000	125,000	125,703	-	703
<b>TOTAL REVENUES.....</b>	<b>64,744,225</b>	<b>64,744,225</b>	<b>64,637,038</b>	<b>-</b>	<b>(107,187)</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
<b>General Government</b>					
Executive Branch.....	878,582	978,582	977,596	-	986
Executive Branch articles.....	63,643	63,643	3,843	59,800	-
Finance Committee.....	12,703	12,703	7,360	-	5,343
Reserve Fund.....	300,000	92,250	-	-	92,250
Finance Department.....	923,147	923,147	832,034	80,350	10,763
Finance Department articles.....	58,652	58,652	38,469	20,140	43
Assessors.....	241,390	241,390	234,705	5,000	1,685
Assessors articles.....	300,000	300,000	290,000	-	10,000
Water/Sewer Rate Committee.....	1,000	1,000	261	-	739
Town Clerk & Elections.....	198,270	189,270	187,634	552	1,084
Town Clerk & Elections articles.....	51,593	51,593	8,850	42,500	243
Conservation Commission.....	62,684	66,684	64,688	1,853	143
Planning Board.....	57,511	57,511	52,467	1,250	3,794
Building Renovation Committee.....	3,381	3,381	230	-	3,151
Capital Outlay Committee.....	2,556	2,556	7	-	2,549
Municipal Buildings.....	427,192	427,192	419,035	6,147	2,010
Municipal Buildings articles.....	55,549	55,549	26,185	26,758	2,606
Town Insurance.....	765,000	765,000	675,429	-	89,571
<b>Total.....</b>	<b>4,402,853</b>	<b>4,290,103</b>	<b>3,818,793</b>	<b>244,350</b>	<b>226,960</b>
<b>Public Safety</b>					
Fire Department.....	4,301,443	4,353,443	4,345,064	5,597	2,782
Fire Department articles.....	12,000	12,000	10,747	-	1,253
Police.....	3,700,156	3,700,156	3,700,010	-	146
Police articles.....	189,598	189,598	135,488	54,110	-
Building & Zoning.....	312,494	312,494	295,903	10,290	6,301
Sealer of Weights & Measures.....	7,500	7,500	6,750	-	750
Emergency Management.....	8,335	8,335	7,604	-	731
Emergency Management Articles.....	15,000	15,000	13,678	-	1,322
Animal Control.....	139,713	139,713	100,428	-	39,285
Town Emergency.....	8,875	8,875	-	-	8,875
<b>Total.....</b>	<b>8,695,114</b>	<b>8,747,114</b>	<b>8,615,672</b>	<b>69,997</b>	<b>61,445</b>
<b>Education</b>					
School.....	28,717,164	29,080,556	28,838,387	36,657	205,512
School articles.....	176,325	176,325	173,452	2,873	-
Blue Hills Regional.....	1,321,631	1,321,631	1,321,631	-	-
<b>Total.....</b>	<b>30,215,120</b>	<b>30,578,512</b>	<b>30,333,470</b>	<b>39,530</b>	<b>205,512</b>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>Public Works</b>					
Public Works.....	1,928,098	1,978,098	1,954,850	21,744	1,504
Public Works articles.....	30,282	30,282	8,544	21,738	-
Street Lighting.....	239,000	239,000	172,219	9,317	57,464
Snow & Ice.....	184,721	597,771	597,771	-	-
Trash Collection.....	1,408,692	1,408,692	1,330,272	46,703	31,717
<b>Total.....</b>	<b>3,790,793</b>	<b>4,253,843</b>	<b>4,063,656</b>	<b>99,502</b>	<b>90,685</b>
<b>Health and Human Services</b>					
Health Department.....	304,974	304,974	298,695	-	6,279
Council on Aging.....	201,606	201,606	201,562	42	2
Commission on Disability.....	2,565	2,565	329	-	2,236
Veteran's Services.....	98,997	154,747	154,513	-	234
<b>Total.....</b>	<b>608,142</b>	<b>663,892</b>	<b>655,099</b>	<b>42</b>	<b>8,751</b>
<b>Culture and Recreation</b>					
Recreation & Playground.....	379,158	387,158	387,144	-	14
Recreation & Playground articles.....	17,339	17,339	13,410	3,929	-
Public Library.....	968,545	968,545	968,261	-	284
Public Library articles.....	11,923	11,923	5,664	6,259	-
Historical Commission.....	3,669	3,669	3,616	-	53
Beautification Commission.....	4,120	4,120	4,118	-	2
<b>Total.....</b>	<b>1,384,754</b>	<b>1,392,754</b>	<b>1,382,213</b>	<b>10,188</b>	<b>353</b>
<b>Pension Benefits.....</b>	<b>2,875,438</b>	<b>2,875,438</b>	<b>2,870,147</b>	<b>-</b>	<b>5,291</b>
<b>Employee Benefits</b>					
Unemployment Compensation.....	100,000	100,000	100,000	-	-
Employer Share - Health.....	9,007,669	8,957,669	8,952,223	-	5,446
Employer Share - Life.....	58,680	58,680	55,575	-	3,105
<b>Total.....</b>	<b>9,166,349</b>	<b>9,116,349</b>	<b>9,107,798</b>	<b>-</b>	<b>8,551</b>
State and county charges.....	950,255	960,255	932,878	-	27,377
Debt service.....	5,946,166	5,911,116	5,903,695	-	7,421
<b>TOTAL EXPENDITURES.....</b>	<b>68,034,984</b>	<b>68,789,376</b>	<b>67,683,421</b>	<b>463,609</b>	<b>642,346</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(3,290,759)</b>	<b>(4,045,151)</b>	<b>(3,046,383)</b>	<b>(463,609)</b>	<b>535,159</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium from issuance of bonds.....	-	-	8,793	-	8,793
Transfers in.....	2,142,540	2,142,540	2,158,470	-	15,930
Transfers out.....	(250,800)	(260,800)	(260,800)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>1,891,740</b>	<b>1,881,740</b>	<b>1,906,463</b>	<b>-</b>	<b>24,723</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,399,019)</b>	<b>(2,163,411)</b>	<b>(1,139,920)</b>	<b>(463,609)</b>	<b>559,882</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>5,700,074</b>	<b>11,779,113</b>	<b>11,779,113</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 4,301,055</b>	<b>\$ 9,615,702</b>	<b>\$ 10,639,193</b>	<b>\$ (463,609)</b>	<b>\$ 559,882</b>

(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 ENDED JUNE 30, 2010

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 ENDED 30, 2010

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
2010	\$ 41,242,373	\$ 41,242,373	100%	\$ 2,826,638	6.85%
2009	38,920,499	38,920,499	100%	2,672,418	6.87%
2008	33,104,903	33,104,903	100%	2,297,249	6.94%
2007	32,877,890	32,877,890	100%	2,201,571	6.70%
2006	31,755,708	31,755,708	100%	2,017,098	6.35%
2005	28,238,996	28,238,996	100%	1,747,497	6.19%

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

See notes to required supplementary information.

# ***Other Postemployment 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 Employer Contributions compares, over time, the Annual Required Contributions to the Actual Contributions made.

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

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

JUNE 30, 2010

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%

**Schedule of Employer Contributions**

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2010	\$ 5,684,000	\$ 2,719,000	48%
2009	5,490,000	2,352,000	43%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

FISCAL YEAR ENDED JUNE 30, 2010

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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	28 years as of June 30, 2010, 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 2010 final budget includes approximately \$69,050,000 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, 2010, is presented as follows:

Net change in fund balance, budgetary basis.....	\$ (1,139,920)
<u>Basis of accounting differences:</u>	
Net change in recording 60-day receipts.....	(190,094)
Net change in recording tax refunds payable.....	239,000
Recognition of revenue for on-behalf payment.....	7,612,661
Recognition of expenditure for on-behalf payment.....	<u>(7,612,661)</u>
Net change in fund balance, GAAP basis.....	<u>\$ (1,091,014)</u>

C. Appropriation Deficits

At June 30, 2010 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.....	3.00% 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 POSTEMPLOYMENT 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 postemployment 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***

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## ***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.

*Roadway Improvements Fund* – This fund is used to account for roadway improvements for which expenditures are reimbursed 100% by the Commonwealth.

*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.

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**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2010

<b>Special Revenue Funds</b>					
<b>ASSETS</b>	School Lunch	Private Grants	Town Revolving	School Revolving	Recreation
Cash and cash equivalents.....	\$ 381,712	\$ 2,136,872	\$ 274,854	\$ 815,871	\$ 57,042
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 381,712</b>	<b>\$ 2,136,872</b>	<b>\$ 274,854</b>	<b>\$ 815,871</b>	<b>\$ 57,042</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 19,311	\$ -	\$ 5,718	\$ 4,717	\$ 8,925
Accrued payroll.....	24,746	172	-	51,323	6,829
Other liabilities.....	-	-	8,389	-	-
Deferred revenues.....	-	-	-	-	-
Due to other funds.....	-	-	-	-	-
Notes payable.....	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>44,057</b>	<b>172</b>	<b>14,107</b>	<b>56,040</b>	<b>15,754</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	337,655	2,136,700	260,747	759,831	41,288
Capital projects funds.....	-	-	-	-	-
Permanent funds.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>337,655</b>	<b>2,136,700</b>	<b>260,747</b>	<b>759,831</b>	<b>41,288</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 381,712</b>	<b>\$ 2,136,872</b>	<b>\$ 274,854</b>	<b>\$ 815,871</b>	<b>\$ 57,042</b>

Stabilization	Ambulance	Town Grants	School Grants	Roadway Improvements	Other Departmental	Sub-total
\$ 3,152,656	\$ 959,661	\$ 85,159	\$ -	\$ 55,234	\$ 1,880,129	\$ 9,799,190
81,556	-	-	-	-	433,401	514,957
-	221,687	-	-	-	-	221,687
-	-	-	110,017	1,355,153	-	1,465,170
-	-	-	-	-	108,600	108,600
<u>\$ 3,234,212</u>	<u>\$ 1,181,348</u>	<u>\$ 85,159</u>	<u>\$ 110,017</u>	<u>\$ 1,410,387</u>	<u>\$ 2,422,130</u>	<u>\$ 12,109,604</u>
\$ -	\$ 589	\$ 35,509	\$ 3,523	\$ -	\$ 10,961	\$ 89,253
-	-	4,361	90,015	-	34,270	211,716
-	-	-	-	-	4,942	13,331
-	221,687	-	-	8,267	-	229,954
-	-	-	74,027	-	-	74,027
-	-	-	-	1,400,000	-	1,400,000
-	222,276	39,870	167,565	1,408,267	50,173	2,018,281
-	-	-	-	-	-	-
3,234,212	959,072	45,289	(57,548)	2,120	2,371,957	10,091,323
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,234,212</u>	<u>959,072</u>	<u>45,289</u>	<u>(57,548)</u>	<u>2,120</u>	<u>2,371,957</u>	<u>10,091,323</u>
<u>\$ 3,234,212</u>	<u>\$ 1,181,348</u>	<u>\$ 85,159</u>	<u>\$ 110,017</u>	<u>\$ 1,410,387</u>	<u>\$ 2,422,130</u>	<u>\$ 12,109,604</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2010

<i>Capital Projects</i>					
<b>ASSETS</b>	Building Improvements	Public Works Improvements	Equipment	High School Construction	Sub-total
Cash and short-term investments.....	\$ 271,484	\$ 145,586	\$ 74,852	\$ 364,177	\$ 856,099
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 271,484</b>	<b>\$ 145,586</b>	<b>\$ 74,852</b>	<b>\$ 364,177</b>	<b>\$ 856,099</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 9,154	\$ 5,901	\$ 11,446	\$ 3,721	\$ 30,222
Accrued payroll.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Deferred revenues.....	-	-	-	-	-
Due to other funds.....	-	-	-	-	-
Notes payable.....	996,150	262,350	266,200	-	1,524,700
<b>TOTAL LIABILITIES.....</b>	<b>1,005,304</b>	<b>268,251</b>	<b>277,646</b>	<b>3,721</b>	<b>1,554,922</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	-	-	-	-	-
Capital projects funds.....	(733,820)	(122,665)	(202,794)	360,456	(698,823)
Permanent funds.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>(733,820)</b>	<b>(122,665)</b>	<b>(202,794)</b>	<b>360,456</b>	<b>(698,823)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 271,484</b>	<b>\$ 145,586</b>	<b>\$ 74,852</b>	<b>\$ 364,177</b>	<b>\$ 856,099</b>

<b>Permanent Funds</b>				Total
Cemetery Trust Funds	Library Trust Funds	Other Municipal Trust Funds	Sub-total	Nonmajor Governmental Funds
\$ 132,928	\$ 175,349	\$ 171,732	\$ 480,009	\$ 11,135,298
244,863	15,809	87,150	347,822	862,779
-	-	-	-	221,687
-	-	-	-	1,465,170
-	-	-	-	108,600
<u>\$ 377,791</u>	<u>\$ 191,158</u>	<u>\$ 258,882</u>	<u>\$ 827,831</u>	<u>\$ 13,793,534</u>
\$ -	\$ -	\$ -	\$ -	119,475
-	-	1,845	1,845	213,561
-	-	-	-	13,331
-	-	-	-	229,954
-	-	-	-	74,027
-	-	-	-	2,924,700
-	-	1,845	1,845	3,575,048
322,597	21,553	12,235	356,385	356,385
-	-	-	-	10,091,323
-	-	-	-	(698,823)
55,194	169,605	244,802	469,601	469,601
<u>377,791</u>	<u>191,158</u>	<u>257,037</u>	<u>825,986</u>	<u>10,218,486</u>
<u>\$ 377,791</u>	<u>\$ 191,158</u>	<u>\$ 258,882</u>	<u>\$ 827,831</u>	<u>\$ 13,793,534</u>

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2010

	<b>Special Revenue Funds</b>				
	School Lunch	Private Grants	Town Revolving	School Revolving	Recreation
<b>REVENUES:</b>					
Charges for services.....	\$ 742,610	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	15,882	-	-
Intergovernmental.....	199,412	-	12,080	-	-
Departmental and other.....	-	-	83,024	1,334,786	323,048
Contributions.....	-	-	21,861	9,965	-
Investment income (loss).....	2,261	-	80	-	121
<b>TOTAL REVENUES.....</b>	<b>944,283</b>	<b>-</b>	<b>132,927</b>	<b>1,344,751</b>	<b>323,169</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	-	76,068	17,651	-	-
Public safety.....	-	-	1,878	-	-
Education.....	884,949	-	2,823	1,123,682	-
Public works.....	-	-	-	-	-
Human services.....	-	-	23,449	-	-
Culture and recreation.....	-	-	31,910	-	311,342
<b>TOTAL EXPENDITURES.....</b>	<b>884,949</b>	<b>76,068</b>	<b>77,711</b>	<b>1,123,682</b>	<b>311,342</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>59,334</b>	<b>(76,068)</b>	<b>55,216</b>	<b>221,069</b>	<b>11,827</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds and notes.....	-	-	-	-	-
Premium from issuance of debt.....	-	-	-	-	-
Transfers in.....	-	-	-	-	-
Transfers out.....	(88,000)	-	(27,367)	(3,919)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(88,000)</b>	<b>-</b>	<b>(27,367)</b>	<b>(3,919)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(28,666)</b>	<b>(76,068)</b>	<b>27,849</b>	<b>217,150</b>	<b>11,827</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>366,321</b>	<b>2,212,768</b>	<b>232,898</b>	<b>542,681</b>	<b>29,461</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 337,655</b>	<b>\$ 2,136,700</b>	<b>\$ 260,747</b>	<b>\$ 759,831</b>	<b>\$ 41,288</b>

Stabilization	Ambulance	Town Grants	School Grants	Roadway Improvements	Other Departmental	Sub-total
\$ -	\$ 862,627	\$ -	\$ -	\$ -	\$ 6,074	\$ 1,611,311
-	-	-	-	-	-	15,882
-	295	298,226	2,264,602	1,493,039	-	4,267,654
-	-	-	-	-	586,115	2,326,973
-	-	-	-	-	301,456	333,282
32,116	-	-	-	-	12,698	47,276
<u>32,116</u>	<u>862,922</u>	<u>298,226</u>	<u>2,264,602</u>	<u>1,493,039</u>	<u>906,343</u>	<u>8,602,378</u>
-	-	9,880	-	-	256,381	359,980
-	-	203,598	-	-	533,101	738,577
-	-	-	2,404,117	-	215,507	4,631,078
-	-	39,818	-	1,235,137	1,690	1,276,645
-	-	83,158	-	-	5,371	111,978
-	-	28,929	-	-	9,243	381,424
-	-	<u>365,383</u>	<u>2,404,117</u>	<u>1,235,137</u>	<u>1,021,293</u>	<u>7,499,682</u>
<u>32,116</u>	<u>862,922</u>	<u>(67,157)</u>	<u>(139,515)</u>	<u>257,902</u>	<u>(114,950)</u>	<u>1,102,696</u>
-	-	-	-	-	-	-
-	-	-	-	-	60,329	60,329
100,000	-	-	-	-	75,826	175,826
-	(774,138)	-	(61,994)	-	(162,708)	(1,118,126)
<u>100,000</u>	<u>(774,138)</u>	<u>-</u>	<u>(61,994)</u>	<u>-</u>	<u>(26,553)</u>	<u>(881,971)</u>
132,116	88,784	(67,157)	(201,509)	257,902	(141,503)	220,725
<u>3,102,096</u>	<u>870,288</u>	<u>112,446</u>	<u>143,961</u>	<u>(255,782)</u>	<u>2,513,460</u>	<u>9,870,598</u>
\$ <u>3,234,212</u>	\$ <u>959,072</u>	\$ <u>45,289</u>	\$ <u>(57,548)</u>	\$ <u>2,120</u>	\$ <u>2,371,957</u>	\$ <u>10,091,323</u>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	<i>Capital Projects</i>				
	Building Improvements	Public Works Improvements	Equipment	High School Construction	Sub-total
<b>REVENUES:</b>					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-
Departmental and other.....	-	-	-	-	-
Contributions.....	-	-	51,000	87	51,087
Investment income (loss).....	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>-</b>	<b>51,000</b>	<b>87</b>	<b>51,087</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	92,154	-	96,190	-	188,344
Public safety.....	150,247	-	296,793	-	447,040
Education.....	470,951	-	-	33,829	504,780
Public works.....	-	129,729	-	-	129,729
Human services.....	-	-	-	-	-
Culture and recreation.....	1,904	-	239	-	2,143
<b>TOTAL EXPENDITURES.....</b>	<b>715,256</b>	<b>129,729</b>	<b>393,222</b>	<b>33,829</b>	<b>1,272,036</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(715,256)</b>	<b>(129,729)</b>	<b>(342,222)</b>	<b>(33,742)</b>	<b>(1,220,949)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds and notes.....	869,000	-	218,261	-	1,087,261
Premium from issuance of debt.....	-	-	-	-	-
Transfers in.....	65,000	-	45,800	-	110,800
Transfers out.....	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>934,000</b>	<b>-</b>	<b>264,061</b>	<b>-</b>	<b>1,198,061</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>218,744</b>	<b>(129,729)</b>	<b>(78,161)</b>	<b>(33,742)</b>	<b>(22,888)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>(952,564)</b>	<b>7,064</b>	<b>(124,633)</b>	<b>394,198</b>	<b>(675,935)</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ (733,820)</b>	<b>\$ (122,665)</b>	<b>\$ (202,794)</b>	<b>\$ 360,456</b>	<b>\$ (698,823)</b>

<i>Permanent Funds</i>				Total
Cemetery Trust Funds	Library Trust Funds	Other Municipal Trust Funds	Sub-total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,611,311
-	-	-	-	15,882
-	-	31,055	31,055	4,298,709
-	-	-	-	2,326,973
27,200	5,422	-	32,622	416,991
11,350	2,421	967	14,738	62,014
<u>38,550</u>	<u>7,843</u>	<u>32,022</u>	<u>78,415</u>	<u>8,731,880</u>
-	-	-	-	548,324
-	-	31,980	31,980	1,217,597
-	-	-	-	5,135,858
-	-	-	-	1,406,374
-	-	-	-	111,978
-	5,792	-	5,792	389,359
-	5,792	31,980	37,772	8,809,490
<u>38,550</u>	<u>2,051</u>	<u>42</u>	<u>40,643</u>	<u>(77,610)</u>
-	-	-	-	1,087,261
-	-	-	-	60,329
-	-	-	-	286,626
(12,000)	-	-	(12,000)	(1,130,126)
(12,000)	-	-	(12,000)	304,090
26,550	2,051	42	28,643	226,480
351,241	189,107	256,995	797,343	9,992,006
<u>\$ 377,791</u>	<u>\$ 191,158</u>	<u>\$ 257,037</u>	<u>\$ 825,986</u>	<u>\$ 10,218,486</u>

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## ***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, 2010

	Health Claims	Workers' Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents..... \$	3,268,696	\$ 32,542	\$ 312,246	\$ 145,123	\$ 3,758,607
Investments.....	131,424	-	-	279,518	410,942
Working capital deposit.....	1,476,600	-	-	-	1,476,600
<b>Total current assets.....</b>	<b>4,876,720</b>	<b>32,542</b>	<b>312,246</b>	<b>424,641</b>	<b>5,646,149</b>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	939,221	-	2,240	-	941,461
Health claims payable.....	1,336,000	-	-	-	1,336,000
<b>Total current liabilities.....</b>	<b>2,275,221</b>	<b>-</b>	<b>2,240</b>	<b>-</b>	<b>2,277,461</b>
<b>NET ASSETS</b>					
Unrestricted.....	2,601,499	32,542	310,006	424,641	3,368,688
<b>TOTAL NET ASSETS..... \$</b>	<b>2,601,499</b>	<b>\$ 32,542</b>	<b>\$ 310,006</b>	<b>\$ 424,641</b>	<b>\$ 3,368,688</b>

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

FISCAL YEAR ENDED JUNE 30, 2010

	Health Claims	Workers' Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Employee contributions .....	\$ 2,872,403	\$ -	\$ -	\$ -	\$ 2,872,403
Employer contributions .....	8,404,363	-	100,000	-	8,504,363
Other.....	263,332	-	-	-	263,332
<b>TOTAL OPERATING REVENUES .....</b>	<b>11,540,098</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>11,640,098</b>
<b>OPERATING EXPENSES:</b>					
Employee benefits .....	12,325,581	-	89,894	-	12,415,475
<b>OPERATING INCOME (LOSS).....</b>	<b>(785,483)</b>	<b>-</b>	<b>10,106</b>	<b>-</b>	<b>(775,377)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	10,783	361	240	13,086	24,470
Other revenues.....	-	52,108	-	-	52,108
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>10,783</b>	<b>52,469</b>	<b>240</b>	<b>13,086</b>	<b>76,578</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>(774,700)</b>	<b>52,469</b>	<b>10,346</b>	<b>13,086</b>	<b>(698,799)</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>3,376,199</b>	<b>(19,927)</b>	<b>299,660</b>	<b>411,555</b>	<b>4,067,487</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 2,601,499</b>	<b>\$ 32,542</b>	<b>\$ 310,006</b>	<b>\$ 424,641</b>	<b>\$ 3,368,688</b>

**INTERNAL FUNDS**  
COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2010

	Health Claims	Worker's Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Receipts from interfund services provided.....	\$ 11,540,098	\$ -	\$ 100,000	\$ -	\$ 11,640,098
Receipts from other revenues.....	-	52,108	-	-	52,108
Payments for interfund services used.....	(12,105,322)	(40,417)	(89,300)	-	(12,235,039)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>(565,224)</b>	<b>11,691</b>	<b>10,700</b>	<b>-</b>	<b>(542,833)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Sale (purchase) of investments.....	(131,424)	-	-	68,349	(63,075)
Investment income.....	10,783	361	240	13,086	24,470
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>(120,641)</b>	<b>361</b>	<b>240</b>	<b>81,435</b>	<b>(38,605)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(685,865)</b>	<b>12,052</b>	<b>10,940</b>	<b>81,435</b>	<b>(581,438)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR.....</b>	<b>3,954,561</b>	<b>20,490</b>	<b>301,306</b>	<b>63,688</b>	<b>4,340,045</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR.....</b>	<b>\$ 3,268,696</b>	<b>\$ 32,542</b>	<b>\$ 312,246</b>	<b>\$ 145,123</b>	<b>\$ 3,758,607</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>					
Operating income (loss).....	\$ (785,483)	\$ -	\$ 10,106	\$ -	\$ (775,377)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Receipts from other revenues.....	-	52,108	-	-	52,108
Changes in assets and liabilities:					
Working capital deposit.....	(11,200)	-	-	-	(11,200)
Warrants payable.....	115,459	(417)	594	-	115,636
Health claims payable.....	116,000	-	-	-	116,000
Workers' compensation.....	-	(40,000)	-	-	(40,000)
Total adjustments.....	220,259	11,691	594	-	232,544
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ (565,224)</b>	<b>\$ 11,691</b>	<b>\$ 10,700</b>	<b>\$ -</b>	<b>\$ (542,833)</b>

## ***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, 2010

	Beginning of Year	Additions	Deletions	End of Year
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 789,590	\$ 280,274	\$ (264,183)	\$ 805,681
<b>LIABILITIES</b>				
Warrants payable.....	\$ 16,943	\$ 244,905	\$ (244,488)	\$ 17,360
Liabilities due depositors.....	772,647	1,035,809	(1,020,135)	788,321
TOTAL LIABILITIES.....	\$ 789,590	\$ 1,280,714	\$ (1,264,623)	\$ 805,681

## ***Statistical Section***

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



*Organogenesis, the world leader in regenerative medicine, after being aggressively pursued by the Town, expanded its operations in Canton by acquiring the above facility on Dan Road after receiving incentives from the Commonwealth of Massachusetts' Life Sciences Initiative.*

# ***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 Eight Fiscal Years**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>								
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	\$ 57,942,064
Restricted.....	3,510,012	3,295,679	3,467,154	3,077,412	3,824,685	4,432,975	8,844,047	7,781,249
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>	<u>12,620,042</u>
<b>Total governmental activities net assets.....</b>	<b>\$ <u>38,191,844</u></b>	<b>\$ <u>52,909,397</u></b>	<b>\$ <u>72,700,190</u></b>	<b>\$ <u>74,932,688</u></b>	<b>\$ <u>78,557,122</u></b>	<b>\$ <u>80,978,148</u></b>	<b>\$ <u>80,942,385</u></b>	<b>\$ <u>78,343,355</u></b>
<b>Business-type activities</b>								
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	15,188,472
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>	<u>4,129,227</u>
<b>Total business-type activities net assets.....</b>	<b>\$ <u>15,072,358</u></b>	<b>\$ <u>15,142,258</u></b>	<b>\$ <u>17,290,783</u></b>	<b>\$ <u>17,884,445</u></b>	<b>\$ <u>18,076,752</u></b>	<b>\$ <u>19,041,976</u></b>	<b>\$ <u>18,559,500</u></b>	<b>\$ <u>19,317,699</u></b>
<b>Primary government</b>								
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	73,130,536
Restricted.....	3,510,012	3,295,679	3,467,154	3,077,412	3,824,685	4,432,975	8,844,047	7,781,249
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>	<u>16,749,269</u>
<b>Total primary government net assets.....</b>	<b>\$ <u>53,264,202</u></b>	<b>\$ <u>68,051,655</u></b>	<b>\$ <u>89,990,973</u></b>	<b>\$ <u>92,817,133</u></b>	<b>\$ <u>96,633,874</u></b>	<b>\$ <u>100,020,124</u></b>	<b>\$ <u>99,501,885</u></b>	<b>\$ <u>97,661,054</u></b>

**Changes in Net Assets**

**Last Eight Fiscal Years**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
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	\$ 5,687,721
Public safety.....	11,144,645	12,048,004	11,343,820	11,964,710	12,151,151	12,501,298	13,435,861	14,053,007
Education.....	37,297,785	38,093,179	38,644,927	40,105,376	42,723,738	45,669,483	50,203,533	53,936,191
Public works.....	5,794,690	5,553,924	4,785,491	4,567,438	4,267,313	5,002,096	4,868,008	5,534,429
Human services.....	656,368	752,548	781,948	810,338	850,334	810,319	941,217	1,046,171
Culture and recreation.....	1,803,954	1,652,270	2,561,766	2,437,118	2,397,635	2,498,364	2,623,016	2,657,453
Interest.....	637,102	1,054,013	2,632,669	2,363,454	2,654,749	2,105,670	1,996,528	1,919,708
Total government activities expenses.....	<u>61,058,995</u>	<u>62,421,924</u>	<u>65,651,879</u>	<u>66,494,457</u>	<u>69,410,793</u>	<u>73,729,510</u>	<u>80,360,891</u>	<u>84,834,680</u>
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	4,599,182
Sewer.....	3,739,303	3,772,077	4,005,172	3,983,341	4,202,101	4,643,878	4,442,173	4,553,414
Rink.....	335,284	348,677	271,389	314,637	344,198	357,203	377,269	402,775
Total business-type activities expenses.....	<u>6,842,397</u>	<u>7,138,335</u>	<u>7,537,216</u>	<u>7,884,987</u>	<u>8,117,101</u>	<u>8,770,382</u>	<u>9,341,346</u>	<u>9,555,371</u>
Total primary government expenses.....	<u>\$ 67,901,392</u>	<u>\$ 69,560,259</u>	<u>\$ 73,189,095</u>	<u>\$ 74,379,444</u>	<u>\$ 77,527,894</u>	<u>\$ 82,499,892</u>	<u>\$ 89,702,237</u>	<u>\$ 94,390,051</u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government.....	\$ 1,129,049	\$ 1,380,744	\$ 229,506	\$ 355,302	\$ 371,696	\$ 368,111	\$ 400,721	\$ 919,070
Public safety.....	1,289,699	1,413,265	995,622	2,893,607	2,392,923	2,253,015	1,867,319	2,076,797
Education.....	1,156,046	1,229,743	1,260,813	1,567,706	1,647,771	2,202,573	1,975,650	2,105,396
Public works.....	16,680	11,113	62,211	58,111	85,033	71,911	69,082	129,056
Human services.....	-	-	49,775	45,012	42,808	50,162	42,354	41,527
Culture and recreation.....	310,485	1,045,450	470,989	378,055	343,737	376,991	377,306	379,669
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	14,937,773
Capital grant and contributions.....	1,340,638	13,746,919	12,931,018	653,971	1,011,723	2,251,419	3,291,089	1,170,098
Total government activities program revenues.....	<u>19,734,795</u>	<u>29,824,571</u>	<u>28,719,666</u>	<u>16,629,804</u>	<u>18,477,928</u>	<u>20,826,058</u>	<u>22,413,146</u>	<u>21,759,386</u>
Business-type activities:								
Charges for services - Water.....	3,322,576	3,314,271	3,929,821	4,337,211	4,308,918	5,148,323	4,727,025	5,693,293
Charges for services - Sewer.....	3,658,243	3,904,950	4,149,998	4,466,378	4,491,655	5,159,490	4,747,421	4,772,693
Charges for services - Rink.....	325,631	337,010	335,215	372,609	370,110	356,953	391,991	404,449
Capital grant and contributions.....	-	-	-	184,570	46,294	39,941	2,362	497,305
Operating grants and contributions.....	27,079	50,495	-	-	-	-	-	-
Total business-type activities program revenues.....	<u>7,333,529</u>	<u>7,606,726</u>	<u>8,415,034</u>	<u>9,360,768</u>	<u>9,216,977</u>	<u>10,704,707</u>	<u>9,868,799</u>	<u>11,367,740</u>
Total primary government program revenues.....	<u>\$ 27,068,324</u>	<u>\$ 37,431,297</u>	<u>\$ 37,134,700</u>	<u>\$ 25,990,572</u>	<u>\$ 27,694,905</u>	<u>\$ 31,530,765</u>	<u>\$ 32,281,945</u>	<u>\$ 33,127,126</u>
<b>Net (Expense)/Program Revenue</b>								
Governmental activities.....	\$ (41,324,200)	\$ (32,597,353)	\$ (36,932,213)	\$ (49,864,653)	\$ (50,932,865)	\$ (52,903,452)	\$ (57,947,745)	\$ (63,075,294)
Business-type activities.....	491,132	468,391	877,818	1,475,781	1,099,876	1,934,325	527,453	1,812,369
Total primary government net (expense)/program revenue.....	<u>\$ (40,833,068)</u>	<u>\$ (32,128,962)</u>	<u>\$ (36,054,395)</u>	<u>\$ (48,388,872)</u>	<u>\$ (49,832,989)</u>	<u>\$ (50,969,127)</u>	<u>\$ (57,420,292)</u>	<u>\$ (61,262,925)</u>
<b>General Revenues and other Changes in Net Assets</b>								
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	\$ 52,922,668
Tax liens.....	-	-	-	68,545	137,473	204,174	186,291	210,666
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	3,082,341
Penalties and interest on taxes.....	178,932	230,825	218,730	259,454	206,817	188,163	246,950	317,161
Payments in lieu of taxes.....	170,291	160,827	160,827	160,827	160,827	191,827	194,559	199,299
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	2,165,199
Unrestricted investment income.....	276,835	288,328	633,337	728,000	955,736	909,900	488,112	212,187
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	312,573
Transfers.....	368,428	424,923	804,205	882,119	907,569	969,101	1,009,929	1,054,170
Total governmental activities.....	<u>43,821,217</u>	<u>46,450,359</u>	<u>49,436,613</u>	<u>51,797,151</u>	<u>54,857,299</u>	<u>55,324,478</u>	<u>57,911,982</u>	<u>60,476,264</u>
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)	(1,054,170)
Total business-type activities.....	<u>(322,206)</u>	<u>(398,491)</u>	<u>(804,205)</u>	<u>(882,119)</u>	<u>(907,569)</u>	<u>(969,101)</u>	<u>(1,009,929)</u>	<u>(1,054,170)</u>
Total primary government general revenues and other changes in net assets.....	<u>\$ 43,499,011</u>	<u>\$ 46,051,868</u>	<u>\$ 48,632,408</u>	<u>\$ 50,915,032</u>	<u>\$ 53,949,730</u>	<u>\$ 54,355,377</u>	<u>\$ 56,902,053</u>	<u>\$ 59,422,094</u>
<b>Changes in Net Assets</b>								
Governmental activities.....	\$ 2,497,017	\$ 13,853,006	\$ 12,504,400	\$ 1,932,498	\$ 3,924,434	\$ 2,421,026	\$ (35,763)	\$ (2,599,030)
Business-type activities.....	168,926	69,900	73,613	593,662	192,307	965,224	(482,476)	758,199
Total primary government changes in net assets.....	<u>\$ 2,665,943</u>	<u>\$ 13,922,906</u>	<u>\$ 12,578,013</u>	<u>\$ 2,526,160</u>	<u>\$ 4,116,741</u>	<u>\$ 3,386,250</u>	<u>\$ (518,239)</u>	<u>\$ (1,840,831)</u>

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	<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>	<u>2010</u>
<b>General Fund</b>										
Reserved.....	\$ 1,654,619	\$ 1,747,512	\$ 1,699,225	\$ 1,676,357	\$ 1,023,368	\$ 899,941	\$ 849,128	\$ 689,430	\$ 7,967,330	\$ 7,058,923
Unreserved.....	<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>	<u>3,099,548</u>
<b>Total general fund.....</b>	<b><u>\$ 10,725,216</u></b>	<b><u>\$ 12,014,279</u></b>	<b><u>\$ 12,488,461</u></b>	<b><u>\$ 11,338,760</u></b>	<b><u>\$ 8,009,937</u></b>	<b><u>\$ 6,148,744</u></b>	<b><u>\$ 5,881,354</u></b>	<b><u>\$ 5,538,912</u></b>	<b><u>\$ 11,249,485</u></b>	<b><u>\$ 10,158,471</u></b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ -	\$ -	\$ 315,624	\$ 326,942	\$ 39,805	\$ 289,192	\$ 294,174	\$ 325,985	\$ 338,785	\$ 356,385
Unreserved, reported in:										
Special revenue funds.....	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	10,091,323
Capital projects funds.....	(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)	(698,823)
Permanent funds.....	-	-	1,816,587	1,798,680	661,797	413,245	428,606	456,618	458,558	469,601
<b>Total all other governmental funds...</b>	<b><u>\$ (8,858,616)</u></b>	<b><u>\$ (1,093,022)</u></b>	<b><u>\$ (6,838,796)</u></b>	<b><u>\$ 1,074,186</u></b>	<b><u>\$ (8,804,329)</u></b>	<b><u>\$ 12,112,237</u></b>	<b><u>\$ 9,492,797</u></b>	<b><u>\$ 9,767,288</u></b>	<b><u>\$ 9,992,006</u></b>	<b><u>\$ 10,218,486</u></b>

Fiscal years 2001 and 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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 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	\$ 52,217,093
Tax liens.....	153,982	162,131	171,254	239,705	349,106	198,779	313,789	62,100	187,083	193,859
Motor vehicle and excise taxes.....	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	3,080,023
Charges for Service.....	849,754	962,675	954,215	894,901	1,279,566	1,555,340	1,633,782	1,488,941	1,552,111	1,611,311
Penalties and interest on taxes.....	155,634	117,518	175,014	196,674	218,730	259,454	206,817	188,163	246,950	317,161
Payments in lieu of taxes.....	160,827	160,827	170,291	160,827	160,827	160,827	160,827	191,827	194,559	199,299
Fines and forfeitures.....	184,490	172,869	153,985	139,100	140,964	155,917	200,872	189,562	165,991	139,458
Intergovernmental.....	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	18,613,887
Intergovernmental - school construction grants.....	-	-	-	-	-	17,620,000	1,300,000	-	7,167,329	-
Departmental and other.....	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	3,394,781
Licenses and permits.....	788,099	469,973	517,747	774,319	582,327	1,120,175	626,776	669,240	452,758	658,905
Contributions.....	106,489	81,337	396,891	284,162	399,655	381,326	1,082,522	624,919	256,730	416,991
Investment income.....	915,044	440,135	282,596	274,630	602,630	712,388	844,984	794,586	429,449	187,717
<b>Total Revenue.....</b>	<b>52,250,047</b>	<b>54,083,272</b>	<b>60,527,672</b>	<b>59,712,541</b>	<b>66,852,126</b>	<b>85,949,092</b>	<b>73,547,296</b>	<b>74,575,088</b>	<b>87,098,472</b>	<b>81,030,485</b>
<b>Expenditures:</b>										
General government.....	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	4,187,558
Public safety.....	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	9,364,149
Education.....	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	34,967,636
Public works.....	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	4,125,380
Human services.....	553,904	494,284	497,370	596,218	547,133	592,563	627,328	626,827	697,221	767,077
Culture and recreation.....	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	1,771,572
Pension benefits.....	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	10,482,808
Employee benefits.....	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	9,107,798
Claims and judgments.....	-	-	-	-	-	-	-	-	-	-
State and county charges.....	773,233	766,398	743,620	735,257	720,767	736,659	811,346	894,634	924,550	932,878
Capital outlay.....	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	2,495,021
<b>Debt service:</b>										
Principal.....	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	3,947,750
Interest.....	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	1,955,945
<b>Total Expenditures.....</b>	<b>53,977,183</b>	<b>57,058,950</b>	<b>68,966,047</b>	<b>89,296,655</b>	<b>81,212,005</b>	<b>76,197,685</b>	<b>77,623,118</b>	<b>77,614,620</b>	<b>85,882,334</b>	<b>84,105,572</b>
Excess of revenues over (under) expenditures.....	(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	(3,075,087)
<b>Other Financing Sources (Uses)</b>										
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.....	-	11,434,000	-	34,561,000	-	8,001,000	-	1,907,000	3,541,000	1,087,261
Premium from issuance of bonds and notes.....	22,705	92,571	133,580	1,012,551	244,578	21,407	13,360	81,480	85,862	69,122
Capital lease financing.....	-	-	-	-	565,553	399,440	-	-	82,362	-
Sale of capital assets.....	-	-	-	-	-	-	268,063	-	-	-
Transfers in.....	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	2,445,096
Transfers out.....	(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)	(1,390,926)
<b>Total other financing sources (uses).....</b>	<b>515,950</b>	<b>12,030,335</b>	<b>646,354</b>	<b>36,347,395</b>	<b>1,614,336</b>	<b>9,303,966</b>	<b>1,188,992</b>	<b>2,971,581</b>	<b>4,719,153</b>	<b>2,210,553</b>
<b>Net change in fund balance.....</b>	<b>\$ (1,211,186)</b>	<b>\$ 9,054,657</b>	<b>\$ (7,792,021)</b>	<b>\$ 6,763,281</b>	<b>\$ (12,745,543)</b>	<b>\$ 19,055,373</b>	<b>\$ (2,886,830)</b>	<b>\$ (67,951)</b>	<b>\$ 5,935,291</b>	<b>\$ (864,534)</b>
Debt service as a percentage of noncapital expenditures.....	5.39%	5.51%	4.93%	4.65%	9.24%	8.75%	8.41%	8.07%	7.56%	7.23%

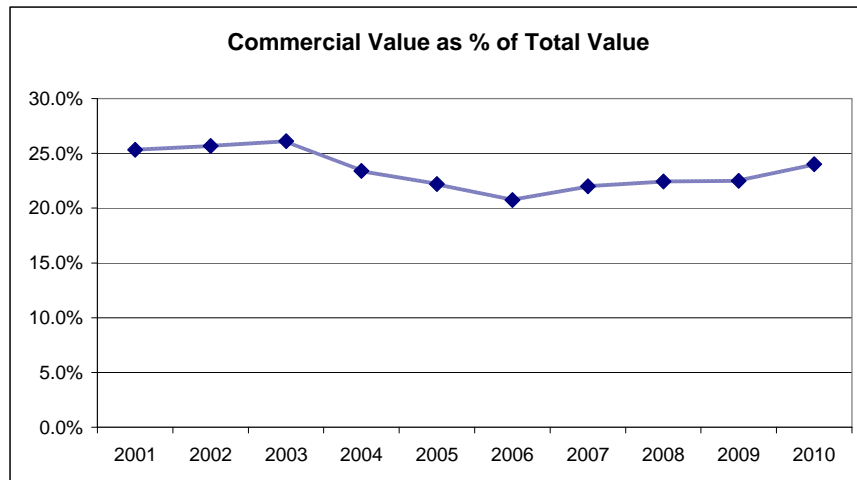
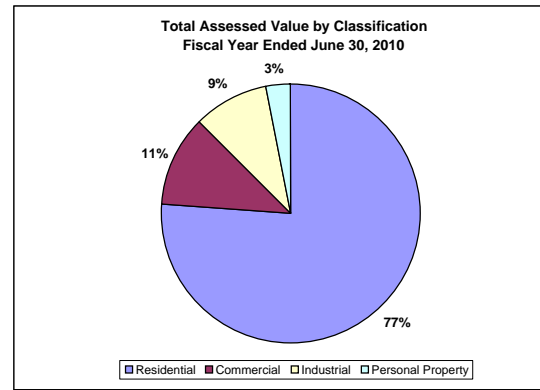
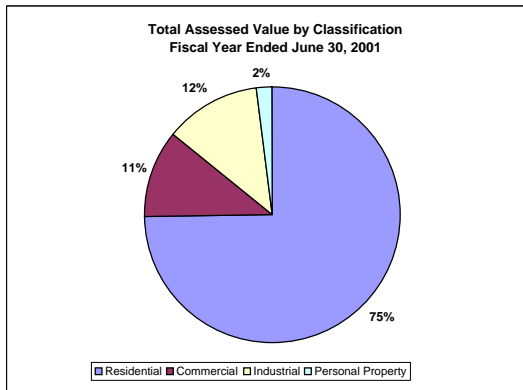
Notes:

Fiscal years 2001 and 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								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Town Value	Direct Tax Rate
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
2010	\$3,032,221,732	\$10.83	\$455,712,638	\$378,970,320	\$122,726,290	\$957,409,248	\$21.77	\$3,989,630,980	\$13.46



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**

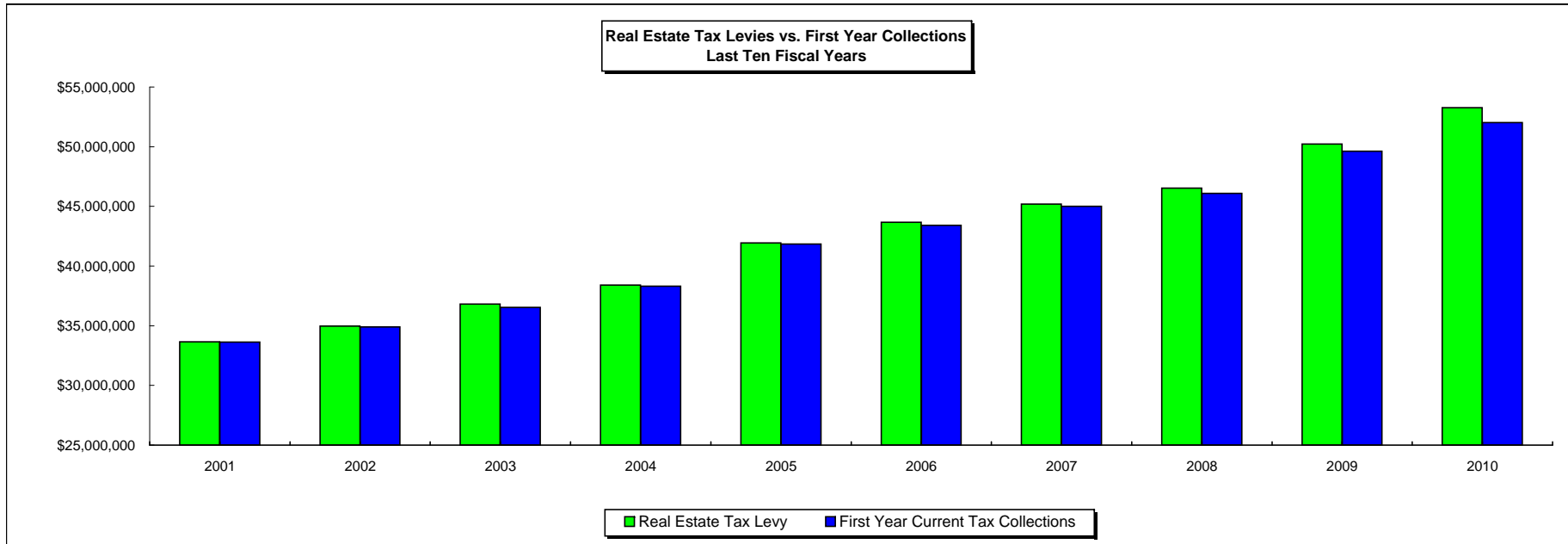
Taxpayer	Nature of Business	2010			2001		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
NSTAR (formerly Boston Edison)	Utility	\$45,357,350	1	1.09%	\$16,576,000	6	0.90%
Reebok International	Headquarters	\$43,519,676	2	1.04%	\$23,177,000	4	1.26%
One Beacon Insurance	Office	\$36,383,100	3	0.87%			
Medical Information Tech., Inc.	Office	\$33,914,300	4	0.81%	\$27,930,600	2	1.52%
Canton Village Shops	Retail	\$28,940,900	5	0.69%			
Waterfall Hills Apartments	Apartments	\$28,422,500	6	0.68%			
Boston Mutual	Offices	\$27,199,100	7	0.65%			
ComputerShare	Offices	\$23,732,200	8	0.57%			
Verizon	Utility	\$22,838,500	9	0.55%			
Criterion Canton Apartments	Apartments	\$19,695,600	10	0.47%			
Metropolitan Life Insurance	Industrial Park				\$42,599,100	1	2.32%
Blue Hills Office Park	Industrial Park				\$26,002,700	3	1.41%
ASN-Mass Holdings	Apartments				\$22,466,600	5	1.22%
JBAK Canton Realty	Warehouse				\$15,393,500	7	0.84%
Copley Pharmaceutical	Research & Development				\$15,197,500	8	0.83%
Dan Road Building, LLC	Office				\$12,619,400	9	0.69%
Bell Atlantic	Utility				\$10,199,700	10	0.56%
	<b>Totals</b>	<u>\$310,003,226</u>		<u>7.43%</u>	<u>\$212,162,100</u>		<u>11.54%</u>

Source: Official Statements

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Less Abatements &amp; Exemptions</b>	<b>Net Tax Levy</b>	<b>Net as % of Total</b>	<b>First Year Current Tax Collections</b>	<b>Percent of Net Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Net Tax Levy</b>
2001	\$34,115,278	\$467,905	\$33,647,373	98.63%	\$33,621,488	99.92%	\$23,188	\$33,644,676	99.99%
2002	\$35,616,911	\$637,861	\$34,979,050	98.21%	\$34,892,174	99.75%	\$82,293	\$34,974,467	99.99%
2003	\$37,235,433	\$417,035	\$36,818,398	98.88%	\$36,547,442	99.26%	\$252,858	\$36,800,300	99.95%
2004	\$38,952,281	\$544,915	\$38,407,366	98.60%	\$38,313,769	99.76%	\$87,927	\$38,401,696	99.99%
2005	\$42,468,781	\$522,771	\$41,946,010	98.77%	\$41,841,563	99.75%	\$100,596	\$41,942,159	99.99%
2006	\$44,103,411	\$427,388	\$43,676,023	99.03%	\$43,423,142	99.42%	\$248,249	\$43,671,391	99.99%
2007	\$45,760,358	\$563,944	\$45,196,414	98.77%	\$45,004,223	99.57%	\$186,228	\$45,190,451	99.99%
2008	\$46,968,564	\$430,171	\$46,538,393	99.08%	\$46,095,555	99.05%	\$436,519	\$46,532,074	99.99%
2009	\$50,759,823	\$538,902	\$50,220,921	98.94%	\$49,631,932	98.83%	\$578,287	\$50,210,219	99.98%
2010	\$53,681,761	\$403,369	\$53,278,392	99.25%	\$52,019,666	97.64%	\$0	\$52,019,666	97.64%



**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
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%
2010	21,732	\$937,025,798	\$3,989,630,980	\$45,145,556	\$41,097	\$2,079	4.82%	1.13%

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
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%
2010	\$18,914,008	\$0	\$64,100,661	\$2,950	6.84%	1.61%

(1) Water, Sewer, and Rink Fund

Source: Audited Financial Statements, U. S. Census

**Town of Canton, Massachusetts**  
**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2010**

<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.....	900,000 (a)	4.15%	\$ 37,350
Blue Hills Regional Vocational School District.....	340,000 (a)	8.65%	29,410
MBTA.....	4,818,742,000 (b)	1.50%	<u>72,281,130</u>
Subtotal, overlapping debt.....			72,347,890
Town direct debt.....			<u>45,145,556</u>
Total direct and overlapping debt.....			\$ <u><u>117,493,446</u></u>

(a) Outstanding debt as of May 15, 2010.

(b) Outstanding debt as of June 30, 2009.

Source: Official Statement and MBTA audited financial statements

**Computation of Legal Debt Margin**

**Last Ten Fiscal Years**

**(Amounts in Thousands)**

	<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>	<u>2010</u>
Equalized Valuation.....	\$ 2,134,910	\$ 2,134,910	\$ 2,833,787	\$ 2,833,787	\$ 3,542,564	\$ 3,542,564	4,384,335	\$ 4,384,335	\$ 4,487,450	\$ 4,487,450
Debt Limit -5% of Equalized Valuation.....	106,746	106,746	141,689	141,689	177,128	177,128	219,217	219,217	224,373	224,373
Less:										
Outstanding debt applicable to limit.....	15,952	17,315	15,733	49,543	46,317	51,608	47,900	46,138	46,850	44,148
Authorized and unissued debt.....	<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>	<u>26,434</u>
Legal debt margin.....	\$ <u>15,052</u>	\$ <u>21,691</u>	\$ <u>55,469</u>	\$ <u>78,370</u>	\$ <u>121,439</u>	\$ <u>112,353</u>	<u>142,171</u>	\$ <u>146,842</u>	\$ <u>151,089</u>	\$ <u>153,791</u>
Total debt applicable to the limit as a percentage of debt limit.....	85.90%	79.68%	60.85%	44.69%	31.44%	36.57%	35.15%	33.02%	32.66%	31.46%

## Demographic and Economic Statistics

### Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2010	21,732	\$ 937,025,798	\$ 43,117	39.8	3,172	7.90%

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	2010			2001		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Reebok International	Corporate Headquarters	1,062	1	4.52%	1,400	1	6.64%
Computershare (Equiserve)	Operations Center	880	2	3.75%	1,273	2	6.03%
Meditech	Hospital Software	702	3	2.99%	725	3	3.44%
One Beacon Insurance	Insurance Sales & Service	668	4	2.84%	-		0.00%
Dunkin Brands, Inc.	Corporate Headquarters	568	5	2.42%	-		0.00%
Casual Male Big & Tall	Retail, Clothing	475	6	2.02%	605	4	2.87%
Organogenesis	Regenerative Medicine	275	7	1.17%	-		0.00%
Boston Mutual Insurance	Insurance Sales & Service	264	8	1.12%	275	9	1.30%
Pollak Engineering Products	Automotive Engineering	252	9	1.07%	450	5	2.13%
Massachusetts Hospital School	Educational & Vocational Services	224	10	0.95%	-		0.00%
Cumberland Farms	Milk and Dairy Products, Gasoline	-	-		391	6	1.85%
Plymouth Rubber Company	Rubber and Plastic Products	-	-		350	7	1.66%
Instron Corporation	Electronic Testing Equipment	-	-		320	8	1.52%
Stream International	Software Support	-	-		250	10	1.19%

Source: Official Statements

**Full-time Equivalent Town Employees by Function**

**Last Ten Fiscal Years**

Function	Fiscal Year									
	<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>	<u>2010</u>
General government.....	29	30	30	30	29	29	28	27	28	28
Public Safety.....	100	109	108	106	106	106	105	100	104	104
Public works.....	43	43	41	41	41	42	42	43	43	43
Human services.....	9	9	9	9	9	9	9	9	9	10
Culture and recreation.....	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>32</u>	<u>32</u>	<u>32</u>	<u>30</u>	<u>31</u>	<u>31</u>
sub-total .....	<u>214</u>	<u>224</u>	<u>221</u>	<u>219</u>	<u>217</u>	<u>218</u>	<u>216</u>	<u>209</u>	<u>215</u>	<u>216</u>
Education.....	<u>393</u>	<u>399</u>	<u>405</u>	<u>387</u>	<u>381</u>	<u>390</u>	<u>402</u>	<u>391</u>	<u>427</u>	<u>448</u>
Total town employees.....	<u><u>607</u></u>	<u><u>623</u></u>	<u><u>626</u></u>	<u><u>606</u></u>	<u><u>598</u></u>	<u><u>608</u></u>	<u><u>618</u></u>	<u><u>600</u></u>	<u><u>642</u></u>	<u><u>664</u></u>

Source: Town personnel records

**Operating Indicators by Function/Program**

**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Government:										
Registered voters.....	13,886	13,676	13,754	13,478	13,787	14,073	13,852	14,104	14,194	14,376
Public Safety:										
Police										
Criminal offenses.....	366	351	481	300	553	521	663	623	419	422
Fire										
Fire calls.....	1,212	1,398	984	1,259	1,259	1,139	1,137	1,023	930	1,000
Ambulance calls.....	2,108	2,267	2,637	2,561	2,562	2,641	2,653	2,471	2,729	2,600
Permits issued.....	N/A	791	801	889	915	973	866	803	823	950
Building Department										
Building permits issued.....	748	753	731	793	760	865	864	712	837	771
Other permits issued.....	1,592	1,565	1,469	1,550	1,720	1,682	1,636	1,629	1,478	1,497
Education:										
Number of students.....	2,900	2,973	3,044	3,006	3,095	3,062	3,089	3,083	3,118	3,061
Public Works:										
Highway										
Roads paved (miles).....	3.1	1.7	1.4	2.6	1.8	1.7	1.3	0.0	2.4	0.6
Water										
Water mains installed (miles).....	0.1	0.3	0.5	1.5	0.8	0.0	0.0	0.0	0.0	1.0
Sewer										
Sanitary sewers installed (miles).....	1.4	0.9	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Human Services:										
Board of Health										
Inspections and complaint investigations....	230	260	255	611	730	875	635	656	680	730
Permits issued.....	N/A	522	522	522	556	576	587	582	590	612
Council on Aging										
Bus trips.....	4,040	4,456	N/A	4,560	4,350	8,728	8,900	6,500	9,000	9,000
Culture and Recreation:										
Libraries										
Circulation.....	244,737	224,981	220,924	173,315	136,927	233,706	255,276	266,498	261,512	262,132
Childrens programs held.....	84	95	85	84	33	105	104	100	107	117
Childrens program attendance.....	1,790	3,400	2,182	1,458	507	2,269	2,128	1,895	2,510	2,811
Recreation										
Swimming pool attendance.....	10,442	11,489	12,444	9,963	10,902	10,971	9,837	8,960	10,962	7,360
Playground program participants.....	375	360	340	425	1,600	1,497	1,397	1,253	1,599	1,509

Source: Various Town Departments

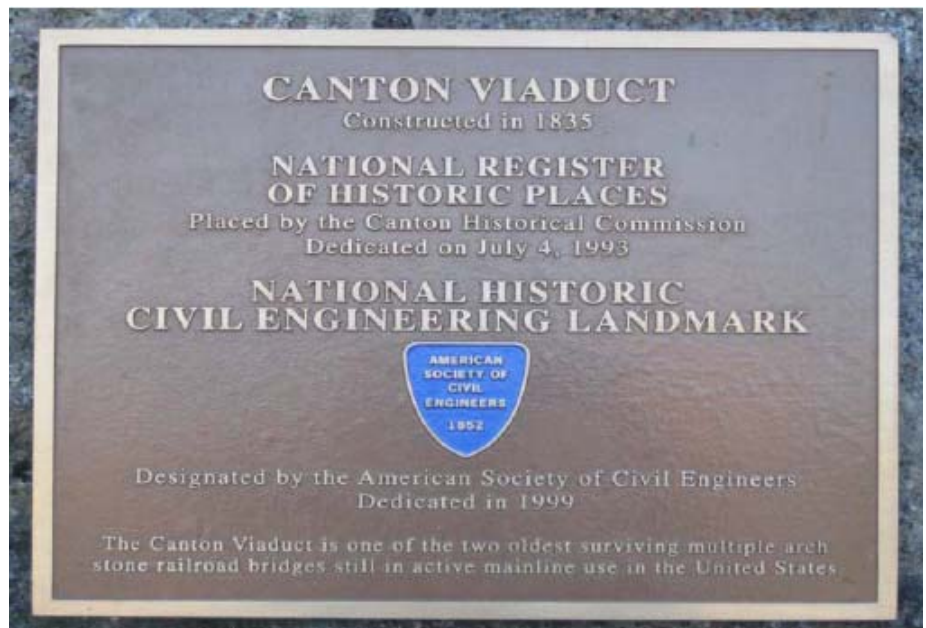
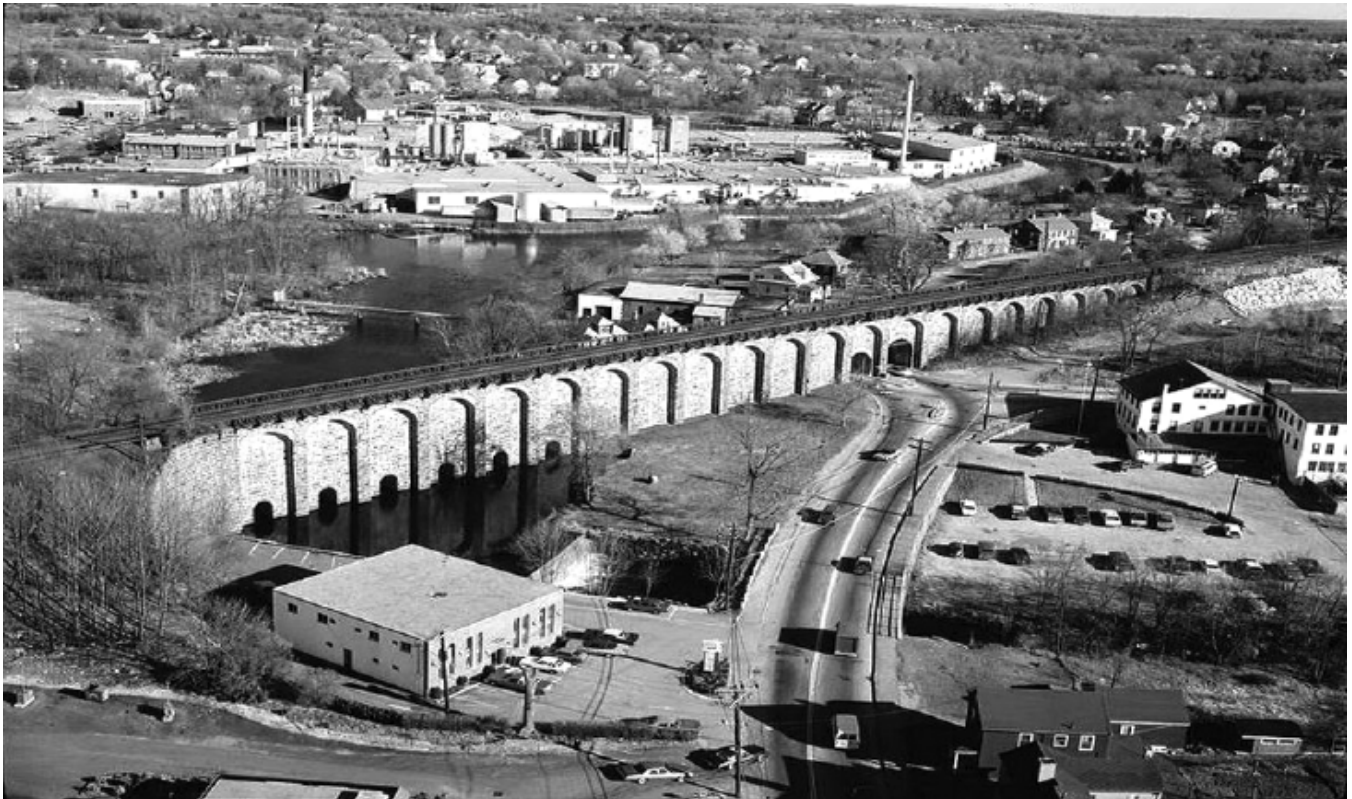
N/A - Information not available

**Capital Asset Statistics by Function/Program**

**Last Ten Fiscal Years**

<b><u>Function/Program</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
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	94	94	94	94	94	94
Water mains (miles).....	N/A	N/A	N/A	N/A	122	122	122	122	122	123
Sanitary sewers (miles).....	N/A	N/A	N/A	N/A	66	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



*The Town Commemorated the 175<sup>th</sup> anniversary of the completion of the Canton Viaduct. The Canton Viaduct, built in 1835 by the Freemasons, is one of the oldest surviving multiple arch stone railroad bridges still in active mainline use in the United States. A granite memorial recognizing the Freemasons and a bronze plaque from the National Register of Historic Places are located in front of the viaduct.*