

# TOWN OF CANTON, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the Fiscal Year Ended  
June 30, 2011**

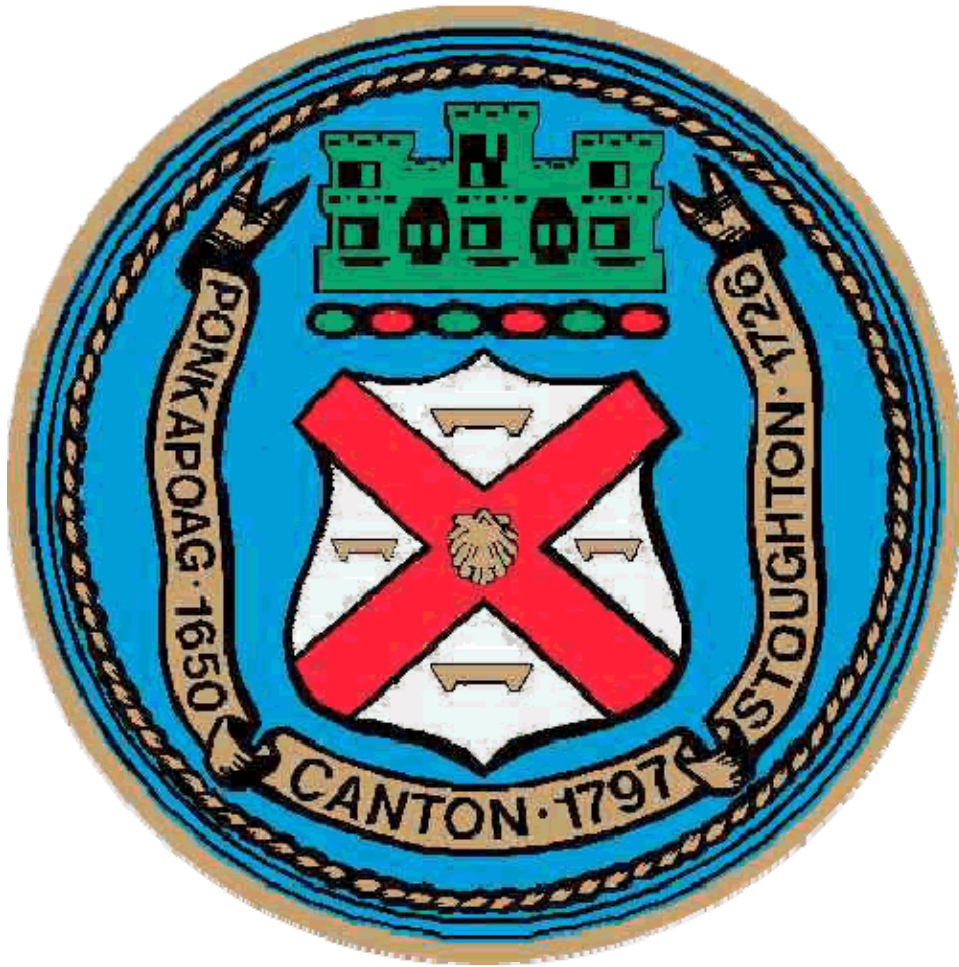
On the cover:

*On the 10<sup>th</sup> anniversary of September 11<sup>th</sup>, the Town gathered at Canton Corner Cemetery to remember Michael A. Uliano. Mr. Uliano worked for Cantor Fitzgerald and was on the 105<sup>th</sup> floor of the World Trade Center's North Tower when the first airplane struck the building, causing it to collapse. Mr. Uliano graduated from Canton High School in 1978 along with his close friend John Connolly, who is the current chairman of the Board of Selectmen.*



*The Uliano monument consists of two hand-tooled columns of granite with pieces of broken granite scattered about the base, depicting the horrific loss at Ground Zero.*

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



## **Comprehensive Annual Financial Report**

**For the Fiscal Year  
July 1, 2010 through June 30, 2011**

*Prepared by the Finance Department*

TOWN OF CANTON, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2011

**TABLE OF CONTENTS**

<b>Introductory Section.....</b>	<b>1</b>
Letter of Transmittal .....	1
Organizational Chart .....	6
Principal Officials.....	7
<b>Financial Section .....</b>	<b>9</b>
Independent Auditors' Report .....	9
Management's Discussion and Analysis .....	11
Basic Financial Statements.....	20
Statement of Net Assets.....	21
Statement of Activities.....	22
Governmental Funds – Balance Sheet .....	24
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets .....	25
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances .....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	27
Proprietary Funds – Statement of Net Assets.....	28
Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets.....	29
Proprietary Funds – Statement of Cash Flows .....	30
Fiduciary Funds – Statement of Fiduciary Net Assets .....	31
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets.....	32
Notes to Basic Financial Statements .....	33
Required Supplementary Information .....	66
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual .....	67
Retirement System Schedules .....	69
Retirement system schedule of funding progress .....	70
Retirement system schedule of employer contributions .....	71
<i>Other Postemployment Benefits Plan Schedules</i> .....	72
Other postemployment benefit plan funding progress & employer contributions.....	73
Other postemployment benefit plan actuarial methods and assumptions.....	74
Notes to Required Supplementary Information.....	75

Combining Statements.....	78
<i>Nonmajor Governmental Funds</i> .....	80
Nonmajor Governmental Funds - Combining Balance Sheet .....	82
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	86
<i>Internal Service Funds</i> .....	91
Internal Service Funds – Combining Statement of Net Assets .....	92
Internal Service Funds – Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	93
Internal Service Funds – Combining Statement of Cash Flows .....	94
<i>Fiduciary Funds</i> .....	95
Agency Fund – Statement of Changes in Assets and Liabilities .....	96
<b>Statistical Section.....</b>	<b>97</b>
Net Assets by Component – Last Nine Fiscal Years.....	98
Changes in Net Assets – Last Nine Fiscal Years .....	99
Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	100
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	101
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates – Last Ten Fiscal Years.....	102
Principal Taxpayers – Current Year and Nine Years Ago .....	103
Property Tax Levies and Collections – Last Ten Fiscal Years .....	104
Ratios of Outstanding Debt and General Bonded Debt – Last Ten Fiscal Years.....	105
Direct and Overlapping Governmental Activities Debt.....	106
Computation of Legal Debt Margin – Last Ten Fiscal Years .....	107
Demographic and Economic Statistics – Last Ten Fiscal Years .....	108
Principal Employers (Excluding Town) – Current Year and Nine Years Ago .....	109
Full-time Equivalent Town Employees by Function - Last Ten Fiscal Years.....	110
Operating Indicators by Function/Program – Last Ten Fiscal Years .....	111
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	112

## ***Introductory Section***



*A September 11<sup>th</sup> plaque is on display at the Canton Police Headquarters. It contains pictures of the World Trade Center before the attack and after the attack. The plaque also portrays a rendition as to how the World Trade Center will look after being rebuilt. A piece of steel recovered from the rubble at Ground Zero has been mounted on the plaque as well.*

# 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 14, 2011

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, 2011 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, LLC, 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, 2011 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, 2011 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 20,000 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.

The Town 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 23% of the total assessed property value in 2011. 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 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.

The higher than normal costs of snow and ice removal from the winter months and increased special education tuitions caused the Town to use approximately \$690,000 of its cash reserves in fiscal year 2011. The Town's reserves are approximately \$6.1 million, which is 8.4% of the fiscal year 2012 general fund operating budget. The Town is committed to building up its reserves once the fiscal crisis is over and the fiscal year 2012 budget set by Town Meeting includes a modest \$40,000 transfer to the Town's stabilization fund.

The financial challenges will continue in fiscal year 2012. The Town has negotiated no additional cost of living raises with its employees to avoid the severe service cuts that other municipalities are facing. The Town also took the prudent step of balancing the fiscal year 2012 budget without the usage of significant cash 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 2012 through fiscal year 2016 has an estimated cost of \$53.6 million, with \$3.5 million 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 \$4.8 million for municipal departments, \$3.5 million for the school department, \$8.9 million for the water enterprise fund, \$36.3 million for the sewer enterprise fund, and \$215,000 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, the largely to recent decreases in state aid, the Town has lowered the set aside for the past several fiscal years.

### **Major Initiatives**

During fiscal year 2011 the Town continued to proceed with 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 \$960,000 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 plants at a cost of approximately \$13,500,000 to improve water quality and utilize more local sources of water. The first of these plants, the James P. Moran Water Treatment Facility, became operational during fiscal year 2011. The second water treatment plant is expected to begin operating in fiscal 2012.

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 has received 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.

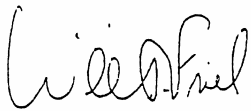
### **Awards and Acknowledgements**

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, 2010. This was the fifth 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, LLC for their advice and assistance in the preparation of this report.

Respectfully submitted,



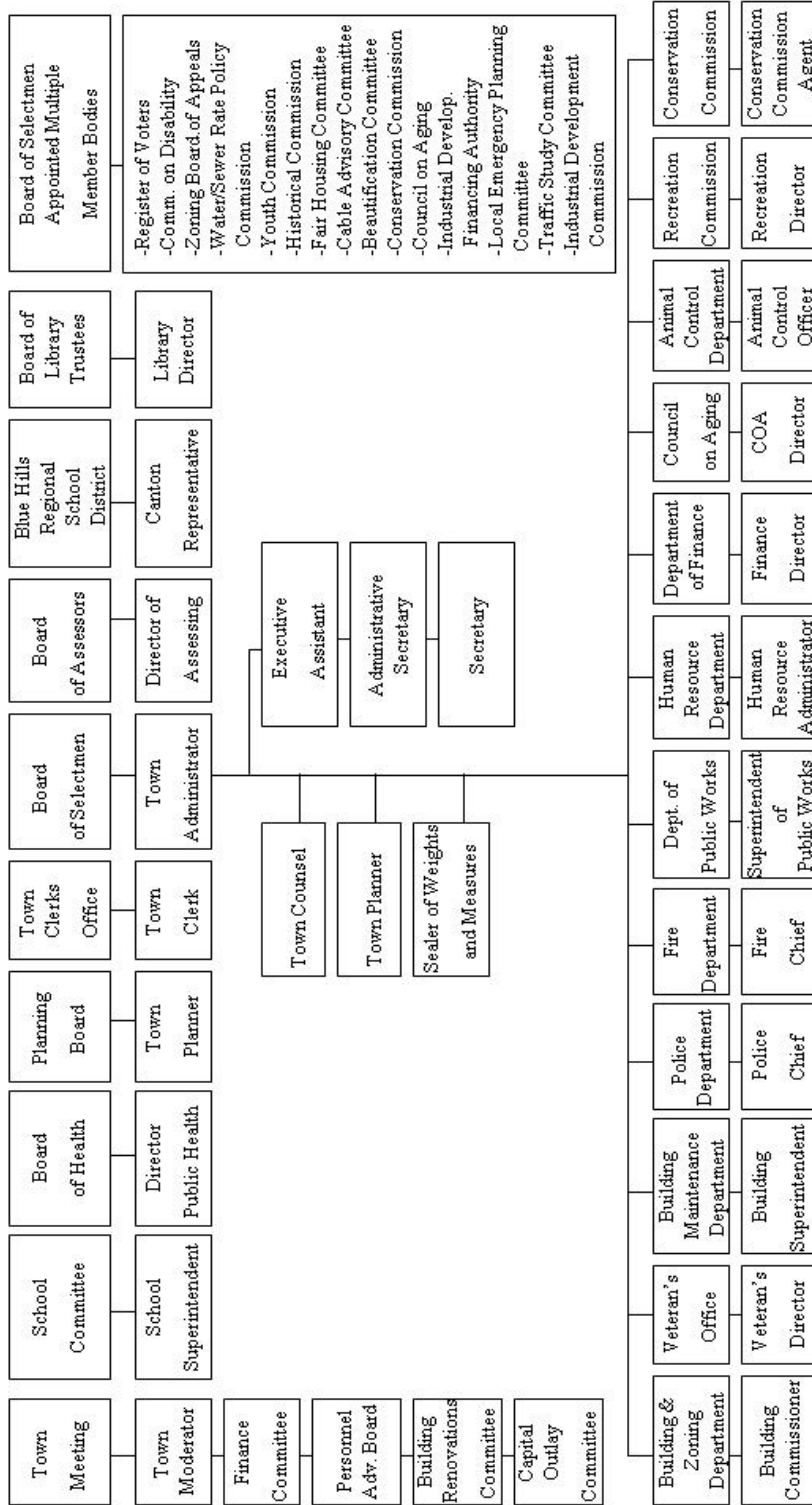
William T. Friel  
Town Administrator



James R. Murgia  
Finance Director

# Organizational Chart

## TOWN OF CANTON, MASSACHUSETTS ORGANIZATIONAL CHART



## **Town of Canton, Massachusetts**

### **Principal Officials**

#### ***Board of Selectmen***

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

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, 2010

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.



*Linda C. Danson*

President

*Jeffrey R. Emer*

Executive Director

## ***Financial Section***



*The Town constructed a new ramp to allow easier access to its Senior Center and Council on Aging offices.*



100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
www.powersandsullivan.com

## 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, 2011, 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, 2011, 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.

As more fully described in Note 13, the Town has restated beginning net assets of the entity-wide and enterprise financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, 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, appearing to read "Bowers & Sullivan LLC".

December 14, 2011

# ***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, 2011. This is the ninth 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.

The Net OPEB obligation at the beginning of the year was previously understated by \$6,772,000. This understatement was discovered by management during the current year and is attributable to a portion of the Town employee population not being included in the prior actuarial valuation. Accordingly, an adjustment has been made in this report to restate net assets of the Primary Government as of June 30, 2010 from \$97,661,054 to \$90,889,054.

## 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 \$65.7 million at the close of fiscal year 2011. The overall financial condition of the Town's governmental activities remained stable during fiscal year 2011.

Governmental net assets of \$62.1 million (94.5%), 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, \$7.5 million (11.4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* has a year end deficit balance of (\$3.9) million. The primary reason for this deficit balance is the \$19.4 million other postemployment benefit long-term liability that has accumulated.

The governmental net assets decreased by \$6.2 million during the current fiscal year. This decrease is attributable to favorable General Fund budgetary results of \$405,000, offset by a \$7.1 million increase in the other postemployment benefit (OPEB) 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 \$89.8 million of which \$20.5 million (23%) was directly supported by program revenues. General revenues and transfers totaled \$63.0 million, primarily coming from property taxes, motor vehicle excise, non-restricted state aid and other miscellaneous charges.

Condensed financial data for fiscal years 2011 and 2010 is presented below.

	Balance at June 30, 2011	Balance at June 30, 2010
<b>Assets:</b>		
Current assets.....	\$ 33,569,083	\$ 36,592,461
Noncurrent assets (excluding capital).....	3,642,123	4,073,429
Capital assets.....	101,169,987	101,021,096
<b>Total assets.....</b>	<b>138,381,193</b>	<b>141,686,986</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	8,376,753	8,587,942
Noncurrent liabilities (excluding debt).....	20,004,698	13,531,966
Current debt.....	5,541,382	6,941,071
Noncurrent debt.....	38,805,909	40,957,652
<b>Total liabilities.....</b>	<b>72,728,742</b>	<b>70,018,631</b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	62,056,797	57,942,064
Restricted.....	7,457,544	7,781,249
Unrestricted.....	(3,861,890)	6,141,042
<b>Total net assets.....</b>	<b>\$ 65,652,451</b>	<b>\$ 71,864,355</b>

	Year Ended June 30, 2011	Year Ended June 30, 2010
	<u>                    </u>	<u>                    </u>
<b>Program revenues:</b>		
Charges for services.....	\$ 5,052,197	\$ 5,651,515
Operating grants and contributions.....	15,381,360	14,937,773
Capital grants and contributions.....	162,497	1,170,098
<b>Total program revenues.....</b>	<b><u>20,596,054</u></b>	<b><u>21,759,386</u></b>
<b>General Revenues:</b>		
Real estate and personal property taxes.....	54,892,887	52,922,668
Tax liens.....	349,982	210,666
Motor vehicle excise taxes.....	3,286,609	3,082,341
Penalties and interest on taxes.....	305,814	317,161
Payments in lieu of taxes.....	199,225	199,299
Nonrestricted grants and contributions.....	2,201,430	2,165,199
Unrestricted investment income.....	195,037	212,187
Miscellaneous revenues.....	471,501	312,573
<b>Total general revenues.....</b>	<b><u>61,902,485</u></b>	<b><u>59,422,094</u></b>
<b>Total revenues.....</b>	<b><u>82,498,539</u></b>	<b><u>81,181,480</u></b>
<b>Expenses:</b>		
General government.....	6,012,221	5,856,721
Public safety.....	14,845,911	14,815,007
Education.....	57,174,814	56,105,191
Public works.....	5,964,437	5,725,429
Human services.....	1,133,985	1,094,171
Culture and recreation.....	2,882,803	2,762,453
Interest.....	1,797,797	1,919,708
<b>Total expenses.....</b>	<b><u>89,811,968</u></b>	<b><u>88,278,680</u></b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(7,313,429)</b>	<b>(7,097,200)</b>
<b>Transfers.....</b>	<b><u>1,101,525</u></b>	<b><u>1,054,170</u></b>
<b>Change in net assets.....</b>	<b><u>\$ (6,211,904)</u></b>	<b><u>\$ (6,043,030)</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 2011.

Business-type water net assets of \$8.5 million (78%) represent the investment in capital assets while \$2.5 million (22%) is unrestricted. Net assets increased by \$1.3 which due to the combined effect of an increase in user fee revenue due to an increase of water rates offset by an \$119,000 increase of the other postemployment benefit liability.

Business-type sewer net assets of \$8.5 million (93%) represent the investment in capital assets while \$637,000 (7%) is unrestricted. Net assets decreased by \$214,000 which is due to an increase in the costs of service and administration, as well as a \$53,000 increase of the other postemployment benefit liability.

Business-type rink net assets of \$167,000 represent the investment in capital assets while unrestricted net assets had a deficit balance of \$305,000. Net assets decreased by \$146,000 which was due to a revenue deficit of \$15,000, as well as a \$102,000 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 2011 and 2010 is presented below.

	Balance at June 30, 2011	Balance at June 30, 2010
<b>Assets:</b>		
Current assets.....	\$ 5,952,528	\$ 13,696,558
Noncurrent assets (excluding capital).....	5,986	5,986
Capital assets.....	<u>40,738,817</u>	<u>30,939,015</u>
<b>Total assets.....</b>	<b><u>46,697,331</u></b>	<b><u>44,641,559</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	2,251,480	519,080
Noncurrent liabilities (excluding debt).....	873,000	594,000
Current debt.....	2,283,835	7,050,132
Noncurrent debt.....	<u>21,296,813</u>	<u>17,428,648</u>
<b>Total liabilities.....</b>	<b><u>26,705,128</u></b>	<b><u>25,591,860</u></b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	17,195,414	15,188,472
Unrestricted.....	<u>2,796,789</u>	<u>3,836,227</u>
<b>Total net assets.....</b>	<b><u>\$ 19,992,203</u></b>	<b><u>\$ 19,024,699</u></b>

	Year Ended June 30, 2011	Year Ended June 30, 2010
<b>Program revenues:</b>		
Charges for services - Water.....	\$ 6,965,364	\$ 5,693,293
Charges for services - Sewer.....	4,965,133	4,772,693
Charges for services - Rink.....	430,878	404,449
Capital grants and contributions.....	-	497,305
<b>Total revenues.....</b>	<b><u>12,361,375</u></b>	<b><u>11,367,740</u></b>
<b>Expenses:</b>		
Water.....	4,968,675	4,644,182
Sewer.....	4,819,406	4,575,414
Rink.....	504,265	486,775
<b>Total expenses.....</b>	<b><u>10,292,346</u></b>	<b><u>9,706,371</u></b>
<b>Excess (Deficiency) before transfers.....</b>	<b>2,069,029</b>	<b>1,661,369</b>
<b>Transfers.....</b>	<b><u>(1,101,525)</u></b>	<b><u>(1,054,170)</u></b>
<b>Change in net assets.....</b>	<b><u>\$ 967,504</u></b>	<b><u>\$ 607,199</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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fiscal year 2011 was the Town's initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town's stabilization fund is reported within the general fund as unassigned.

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5.8 million, while total fund balance was \$13.2 million. Unassigned fund balance represents 7% of total general fund expenditures, while total fund balance represents 17% of that same amount. The General Fund's fund balance decreased by \$165,000 which was the result of balancing the budget by using (\$1.9) million of prior year reserves, offset by favorable budgetary results of \$405,000 and a \$365,000 increase in encumbrances and continuing appropriations over the prior year.

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

The Town has adopted a budget for the General Fund. Actual revenues exceeded budget amounts by \$12,000. Unexpended appropriations totaled \$1.2 million of which \$829,000 was carried forward to fiscal year 2012.

## ***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, 2011 a total of \$4,715,000 of outstanding bonds are considered defeased.

During fiscal year 2011 the Town issued \$6,120,612 of General Obligation Refunding Bonds for a current refunding of \$6,290,000 of refunded bonds. The Town also issued \$7.5 million of new 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, 2011, totaled \$42.9 million. Total debt service expenditures on long-term governmental debt for the next five years average \$5.3 million annually. The Town had \$1.2 million in governmental bond anticipation notes (BANs) outstanding at fiscal year-end.

The Water Enterprise Fund had \$15.3 million of long-term debt and \$500,000 of BANs outstanding at year end. The Sewer Enterprise Fund had \$7.7 million of long-term debt and \$100,000 of BANs outstanding at year end. The Ice Rink Enterprise Fund had \$60,000 of long-term debt outstanding at year end.

Major capital additions and projects include the following:

- The governmental activities acquired over \$3.7 million of various capital assets in fiscal year 2011.
- Business type activities include water additions of \$6.3 million and sewer additions of \$4.6 million. There were no rink additions in fiscal year 2011.
- Depreciation expense was \$3.6 million for governmental activities and \$1.1 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 2012 general fund operating budget of \$72.8 million represents a modest \$1.5 million or 2.1% increase from the fiscal year 2011 budget. This is primarily due to a \$767,000 or 7.9% increase in health insurance costs. The fiscal year 2012 operating budget includes \$829,000 of appropriations carried forward from fiscal year 2011.

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). The Town has estimated that the tax levy growth from fiscal year 2011 to fiscal year 2012, exclusive of debt service excluded from Proposition 2 ½, will be approximately \$2.0 million or 3.7%. The Town is scheduled to receive \$5.9 million in state aid in fiscal year 2012, net of school construction grants. This amount is \$114,000 or 2.0% more than received in fiscal year 2011.

The Water and Sewer Enterprise Funds' rates were significantly changed in fiscal year 2011 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 continuation of this new rate structure will increase water revenue in fiscal year 2012 by 4% and sewer revenue by 8%.

## ***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, 2011

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 27,217,338	\$ 2,202,594	\$ 29,419,932
Investments.....	1,943,324	-	1,943,324
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	739,410	-	739,410
Tax liens.....	846,362	28,958	875,320
Motor vehicle excise taxes.....	170,863	-	170,863
User fees.....	-	3,085,303	3,085,303
Departmental and other.....	157,140	-	157,140
Special assessments.....	-	12,193	12,193
Intergovernmental.....	1,143,988	659,680	1,803,668
Tax foreclosures.....	257,922	-	257,922
Internal balances.....	36,200	(36,200)	-
Working capital deposit.....	1,048,402	-	1,048,402
Other assets.....	8,134	-	8,134
<b>Total current assets.....</b>	<b>33,569,083</b>	<b>5,952,528</b>	<b>39,521,611</b>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	3,605,923	-	3,605,923
Special assessments.....	-	5,986	5,986
Internal balances.....	36,200	(36,200)	-
Capital assets:			
Nondepreciable.....	12,237,336	11,961,864	24,199,200
Depreciable.....	88,932,651	28,776,953	117,709,604
<b>Total noncurrent assets.....</b>	<b>104,812,110</b>	<b>40,708,603</b>	<b>145,520,713</b>
<b>TOTAL ASSETS.....</b>	<b>138,381,193</b>	<b>46,661,131</b>	<b>185,042,324</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	2,453,030	1,935,365	4,388,395
Accrued payroll.....	2,885,958	22,822	2,908,780
Health claims payable.....	820,045	-	820,045
Tax refunds payable.....	446,000	-	446,000
Accrued interest.....	428,166	163,093	591,259
Other liabilities.....	465,025	-	465,025
Capital lease obligations.....	40,529	-	40,529
Landfill closure.....	30,000	-	30,000
Compensated absences.....	808,000	94,000	902,000
Notes payable.....	1,225,308	600,000	1,825,308
Bonds payable.....	4,316,074	1,683,835	5,999,909
<b>Total current liabilities.....</b>	<b>13,918,135</b>	<b>4,499,115</b>	<b>18,417,250</b>
<b>NONCURRENT:</b>			
Capital lease obligations.....	20,698	-	20,698
Landfill closure.....	154,000	-	154,000
Compensated absences.....	393,000	69,000	462,000
Other postemployment benefits.....	19,437,000	804,000	20,241,000
Bonds payable.....	38,805,909	21,296,813	60,102,722
<b>Total noncurrent liabilities.....</b>	<b>58,810,607</b>	<b>22,169,813</b>	<b>80,980,420</b>
<b>TOTAL LIABILITIES.....</b>	<b>72,728,742</b>	<b>26,668,928</b>	<b>99,397,670</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	62,056,797	17,195,414	79,252,211
Restricted for:			
Permanent funds:			
Expendable.....	589,246	-	589,246
Nonexpendable.....	394,385	-	394,385
Grants and gifts.....	440,011	-	440,011
MSBA Grant.....	6,033,902	-	6,033,902
Unrestricted.....	(3,861,890)	2,796,789	(1,065,101)
<b>TOTAL NET ASSETS.....</b>	<b>\$ 65,652,451</b>	<b>\$ 19,992,203</b>	<b>\$ 85,644,654</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2011

<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.....	\$ 6,012,221	\$ 385,778	\$ 167,069	\$ -	\$ (5,459,374)
Public safety.....	14,845,911	2,036,855	360,960	-	(12,448,096)
Education.....	57,174,814	2,143,729	14,427,564	8,703	(40,594,818)
Public works.....	5,964,437	92,920	98,337	153,794	(5,619,386)
Human services.....	1,133,985	46,661	165,220	-	(922,104)
Culture and recreation.....	2,882,803	346,254	73,401	-	(2,463,148)
Interest.....	1,797,797	-	88,809	-	(1,708,988)
Total Governmental Activities.....	<u>89,811,968</u>	<u>5,052,197</u>	<u>15,381,360</u>	<u>162,497</u>	<b>(69,215,914)</b>
<i>Business-Type Activities:</i>					
Water.....	4,968,675	6,965,364	-	-	1,996,689
Sewer.....	4,819,406	4,965,133	-	-	145,727
Rink.....	<u>504,265</u>	<u>430,878</u>	<u>-</u>	<u>-</u>	<u>(73,387)</u>
Total Business-Type Activities.....	<u>10,292,346</u>	<u>12,361,375</u>	<u>-</u>	<u>-</u>	<b>2,069,029</b>
Total Primary Government.....	<u>\$ 100,104,314</u>	<u>\$ 17,413,572</u>	<u>\$ 15,381,360</u>	<u>\$ 162,497</u>	<b><u>\$ (67,146,885)</u></b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (Continued)**

FISCAL YEAR ENDED JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net assets:</b>			
Net (expense) revenue from previous page.....	\$ <b>(69,215,914)</b>	\$ <b>2,069,029</b>	\$ <b>(67,146,885)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	54,892,887	-	54,892,887
Tax liens.....	349,982	-	349,982
Motor vehicle excise taxes.....	3,286,609	-	3,286,609
Penalties and interest on taxes.....	305,814	-	305,814
Payments in lieu of taxes.....	199,225	-	199,225
Grants and contributions not restricted to specific programs.....	2,201,430	-	2,201,430
Unrestricted investment income.....	195,037	-	195,037
Miscellaneous.....	471,501	-	471,501
<i>Transfers, net</i> .....	1,101,525	(1,101,525)	-
Total general revenues and transfers.....	63,004,010	(1,101,525)	61,902,485
Change in net assets.....	(6,211,904)	967,504	(5,244,400)
<i>Net Assets:</i>			
Beginning of year (as restated).....	71,864,355	19,024,699	90,889,054
End of year.....	\$ <u>65,652,451</u>	\$ <u>19,992,203</u>	\$ <u>85,644,654</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2011

<b>ASSETS</b>	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 16,815,782	\$ 6,360,842	\$ 23,176,624
Investments.....	124,362	1,191,954	1,316,316
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	739,410	-	739,410
Tax liens.....	846,362	-	846,362
Motor vehicle excise taxes.....	170,863	-	170,863
Departmental and other.....	-	157,140	157,140
Intergovernmental.....	4,001,029	748,882	4,749,911
Tax foreclosures.....	257,922	-	257,922
Due from other funds.....	739,975	72,400	812,375
Other assets.....	8,134	-	8,134
<b>TOTAL ASSETS.....</b>	<b>\$ 23,703,839</b>	<b>\$ 8,531,218</b>	<b>\$ 32,235,057</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Warrants payable.....	\$ 1,034,789	\$ 631,409	\$ 1,666,198
Accrued payroll.....	2,722,580	163,378	2,885,958
Tax refunds payable.....	446,000	-	446,000
Other liabilities.....	448,654	16,371	465,025
Deferred revenues.....	5,823,790	157,140	5,980,930
Due to other funds.....	-	739,975	739,975
Notes payable.....	-	1,225,308	1,225,308
<b>TOTAL LIABILITIES.....</b>	<b>10,475,813</b>	<b>2,933,581</b>	<b>13,409,394</b>
 <b>FUND BALANCES:</b>			
Nonspendable.....	-	394,385	394,385
Restricted.....	6,033,902	6,504,706	12,538,608
Assigned.....	1,368,595	-	1,368,595
Unassigned.....	5,825,529	(1,301,454)	4,524,075
<b>TOTAL FUND BALANCES.....</b>	<b>13,228,026</b>	<b>5,597,637</b>	<b>18,825,663</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 23,703,839</b>	<b>\$ 8,531,218</b>	<b>\$ 32,235,057</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, 2011

Total governmental fund balances.....		\$ 18,825,663
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		101,169,987
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		5,980,930
Internal service funds are used by management to account for health insurance, municipal insurance, workers' compensation, and unemployment activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		4,109,247
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(428,166)
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.....	(42,939,415)	
Landfill closure.....	(184,000)	
Capital leases.....	(61,227)	
Unamortized premium on bonds payable.....	(313,763)	
Other postemployment benefits.....	(19,437,000)	
Compensated absences.....	<u>(1,201,000)</u>	
Net effect of reporting long-term liabilities.....		(64,136,405)
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>131,195</u>
Net assets of governmental activities.....		<u>\$ 65,652,451</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes, net of tax refunds.....	\$ 55,345,629	\$ -	\$ 55,345,629
Tax liens.....	224,631	-	224,631
Motor vehicle excise taxes.....	3,289,549	-	3,289,549
Charges for services.....	-	1,704,553	1,704,553
Penalties and interest on taxes.....	305,814	-	305,814
Payments in lieu of taxes.....	199,225	-	199,225
Licenses and permits.....	646,450	-	646,450
Fines and forfeitures.....	145,599	19,452	165,051
Intergovernmental.....	14,883,889	2,941,445	17,825,334
Departmental and other.....	500,802	2,267,543	2,768,345
Contributions.....	-	362,965	362,965
Investment income.....	144,925	22,245	167,170
<b>TOTAL REVENUES.....</b>	<b>75,686,513</b>	<b>7,318,203</b>	<b>83,004,716</b>
<b>EXPENDITURES:</b>			
Current:			
General government.....	3,447,305	2,486,940	5,934,245
Public safety.....	8,902,941	585,047	9,487,988
Education.....	31,749,917	5,537,657	37,287,574
Public works.....	4,208,348	643,217	4,851,565
Human services.....	699,093	106,258	805,351
Culture and recreation.....	1,477,390	414,149	1,891,539
Pension benefits.....	11,104,953	-	11,104,953
Employee benefits.....	9,973,437	-	9,973,437
State and county charges.....	849,149	-	849,149
Debt service:			
Principal.....	4,029,141	-	4,029,141
Interest.....	1,838,977	-	1,838,977
<b>TOTAL EXPENDITURES.....</b>	<b>78,280,651</b>	<b>9,773,268</b>	<b>88,053,919</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(2,594,138)</b>	<b>(2,455,065)</b>	<b>(5,049,203)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of bonds and notes.....	-	1,964,388	1,964,388
Issuance of refunding bonds.....	5,398,612	-	5,398,612
Premium from issuance of debt.....	33,983	85,821	119,804
Premium from issuance of refunding bonds.....	141,388	-	141,388
Payment of refunded bonds.....	(5,540,000)	-	(5,540,000)
Capital lease financing.....	-	62,192	62,192
Transfers in.....	2,630,410	234,912	2,865,322
Transfers out.....	(234,912)	(1,278,885)	(1,513,797)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>2,429,481</b>	<b>1,068,428</b>	<b>3,497,909</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(164,657)</b>	<b>(1,386,637)</b>	<b>(1,551,294)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR (as revised).....</b>	<b>13,392,683</b>	<b>6,984,274</b>	<b>20,376,957</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 13,228,026</b>	<b>\$ 5,597,637</b>	<b>\$ 18,825,663</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, 2011

Net change in fund balances - total governmental funds.....		\$ (1,551,294)
<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.....	3,771,064	
Depreciation expense.....	<u>(3,622,173)</u>	
Net effect of reporting capital assets.....		148,891
<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>		
		(798,251)
<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.....	(62,192)	
Payments on capital leases.....	42,062	
Issuance of bonds and notes.....	(1,964,388)	
Premium from issuance of bonds, net of issue costs.....	141,388	
Debt service principal payments.....	4,029,141	
Amortization of bond premiums.....	47,461	
Amortization of deferred charge on refunding.....	<u>(40,338)</u>	
Net effect of reporting long-term debt.....		2,193,134
<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.....	37,000	
Net change in accrued interest on long-term debt.....	34,057	
Net change in other postemployment benefits.....	(7,074,000)	
Net change in landfill accrual.....	<u>58,000</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(6,944,943)
<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>740,559</u>
Change in net assets of governmental activities.....		<u>\$ (6,211,904)</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET ASSETS

JUNE 30, 2011

	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.....	\$ 1,965,964	\$ 223,919	\$ 12,711	\$ 2,202,594	\$ 4,040,714
Investments.....	-	-	-	-	627,008
Receivables, net of allowance for uncollectibles:					
Tax liens.....	12,905	16,053	-	28,958	-
User fees.....	1,813,102	1,272,201	-	3,085,303	-
Special assessments.....	-	12,193	-	12,193	-
Intergovernmental.....	-	659,680	-	659,680	-
Working capital deposit.....	-	-	-	-	1,048,402
Total current assets.....	<u>3,791,971</u>	<u>2,184,046</u>	<u>12,711</u>	<u>5,988,728</u>	<u>5,716,124</u>
<b>NONCURRENT:</b>					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	-	5,986	-	5,986	-
Capital assets:					
Nondepreciable.....	6,765,579	5,196,285	-	11,961,864	-
Depreciable.....	<u>18,342,740</u>	<u>10,207,302</u>	<u>226,911</u>	<u>28,776,953</u>	<u>-</u>
Total noncurrent assets.....	<u>25,108,319</u>	<u>15,409,573</u>	<u>226,911</u>	<u>40,744,803</u>	<u>-</u>
<b>TOTAL ASSETS.....</b>	<u>28,900,290</u>	<u>17,593,619</u>	<u>239,622</u>	<u>46,733,531</u>	<u>5,716,124</u>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	1,405,233	528,144	1,988	1,935,365	786,832
Accrued payroll.....	14,480	6,150	2,192	22,822	-
Due to other funds.....	36,200	-	-	36,200	-
Health claims payable.....	-	-	-	-	820,045
Accrued interest.....	103,453	59,450	190	163,093	-
Compensated absences.....	67,000	14,000	13,000	94,000	-
Notes payable.....	500,000	100,000	-	600,000	-
Bonds payable.....	<u>1,118,089</u>	<u>555,746</u>	<u>10,000</u>	<u>1,683,835</u>	<u>-</u>
Total current liabilities.....	<u>3,244,455</u>	<u>1,263,490</u>	<u>27,370</u>	<u>4,535,315</u>	<u>1,606,877</u>
<b>NONCURRENT:</b>					
Due to other funds.....	36,200	-	-	36,200	-
Compensated absences.....	55,000	12,000	2,000	69,000	-
Other postemployment benefits.....	350,000	156,000	298,000	804,000	-
Bonds and notes payable.....	<u>14,215,385</u>	<u>7,031,428</u>	<u>50,000</u>	<u>21,296,813</u>	<u>-</u>
Total noncurrent liabilities.....	<u>14,656,585</u>	<u>7,199,428</u>	<u>350,000</u>	<u>22,206,013</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u>17,901,040</u>	<u>8,462,918</u>	<u>377,370</u>	<u>26,741,328</u>	<u>1,606,877</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt.....	8,534,507	8,493,996	166,911	17,195,414	-
Unrestricted.....	<u>2,464,743</u>	<u>636,705</u>	<u>(304,659)</u>	<u>2,796,789</u>	<u>4,109,247</u>
<b>TOTAL NET ASSETS.....</b>	<u>\$ 10,999,250</u>	<u>\$ 9,130,701</u>	<u>\$ (137,748)</u>	<u>\$ 19,992,203</u>	<u>\$ 4,109,247</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Rink Fund	Total	
<b>OPERATING REVENUES:</b>					
Employee contributions .....	\$ -	\$ -	\$ -	\$ -	\$ 3,043,643
Contributions.....	-	-	-	-	9,324,790
Charges for services .....	6,822,386	4,917,276	430,868	12,170,530	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>6,822,386</b>	<b>4,917,276</b>	<b>430,868</b>	<b>12,170,530</b>	<b>12,368,433</b>
<b>OPERATING EXPENSES:</b>					
Cost of services and administration .....	1,669,158	797,395	477,018	2,943,571	-
MWRA Assessment.....	2,250,339	3,240,704	-	5,491,043	-
Depreciation.....	580,271	487,961	25,412	1,093,644	-
Employee benefits .....	-	-	-	-	11,408,756
<b>TOTAL OPERATING EXPENSES .....</b>	<b>4,499,768</b>	<b>4,526,060</b>	<b>502,430</b>	<b>9,528,258</b>	<b>11,408,756</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>2,322,618</b>	<b>391,216</b>	<b>(71,562)</b>	<b>2,642,272</b>	<b>959,677</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	39,922	2,183	10	42,115	27,867
Interest expense.....	(468,907)	(293,346)	(1,835)	(764,088)	-
Other revenues.....	103,056	45,674	-	148,730	3,015
<b>TOTAL NONOPERATING REVENUES, (EXPENSES), NET.....</b>	<b>(325,929)</b>	<b>(245,489)</b>	<b>(1,825)</b>	<b>(573,243)</b>	<b>30,882</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS.....</b>	<b>1,996,689</b>	<b>145,727</b>	<b>(73,387)</b>	<b>2,069,029</b>	<b>990,559</b>
<b>TRANSFERS:</b>					
Transfers out.....	(668,728)	(360,181)	(72,616)	(1,101,525)	(250,000)
<b>CHANGE IN NET ASSETS.....</b>	<b>1,327,961</b>	<b>(214,454)</b>	<b>(146,003)</b>	<b>967,504</b>	<b>740,559</b>
<b>NET ASSETS AT BEGINNING OF YEAR (as restated).....</b>	<b>9,671,289</b>	<b>9,345,155</b>	<b>8,255</b>	<b>19,024,699</b>	<b>3,368,688</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 10,999,250</b>	<b>\$ 9,130,701</b>	<b>\$ (137,748)</b>	<b>\$ 19,992,203</b>	<b>\$ 4,109,247</b>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

	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.....	\$ 6,766,109	\$ 4,772,357	\$ 442,278	\$ 11,980,744	\$ -
Receipts from interfund services provided.....	-	-	-	-	12,368,433
Receipts from other revenues.....	103,056	45,674	-	148,730	3,015
Payments to vendors.....	(3,005,798)	(3,554,465)	(164,681)	(6,724,944)	-
Payments to employees.....	(778,401)	(448,542)	(211,029)	(1,437,972)	-
Payments for interfund services used.....	-	-	-	-	(11,651,142)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>3,084,966</b>	<b>815,024</b>	<b>66,568</b>	<b>3,966,558</b>	<b>720,306</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>					
Transfers out.....	(668,728)	(360,181)	(72,616)	(1,101,525)	(250,000)
Advances to other funds.....	(36,200)	-	-	(36,200)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(704,928)</b>	<b>(360,181)</b>	<b>(72,616)</b>	<b>(1,137,725)</b>	<b>(250,000)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
Proceeds from the issuance of bonds and notes.....	6,080,000	3,555,070	-	9,635,070	-
Proceeds from the issuance of refunding bonds.....	-	722,000	-	722,000	-
Acquisition and construction of capital assets.....	(5,107,919)	(4,093,476)	-	(9,201,395)	-
Principal payments on bonds and notes.....	(6,441,581)	(1,346,551)	(12,000)	(7,800,132)	-
Interest expense.....	(444,703)	(258,654)	(1,880)	(705,237)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(5,914,203)</b>	<b>(1,421,611)</b>	<b>(13,880)</b>	<b>(7,349,694)</b>	<b>-</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Sale (purchase) of investments.....	-	-	-	-	(216,066)
Investment income.....	39,922	2,183	10	42,115	27,867
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>39,922</b>	<b>2,183</b>	<b>10</b>	<b>42,115</b>	<b>(188,199)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(3,494,243)</b>	<b>(964,585)</b>	<b>(19,918)</b>	<b>(4,478,746)</b>	<b>282,107</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING 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>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR.....</b>	<b>\$ 1,965,964</b>	<b>\$ 223,919</b>	<b>\$ 12,711</b>	<b>\$ 2,202,594</b>	<b>\$ 4,040,714</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>					
Operating income (loss).....	\$ 2,322,618	\$ 391,216	\$ (71,562)	\$ 2,642,272	\$ 959,677
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	580,271	487,961	25,412	1,093,644	-
Other revenues.....	103,056	45,674	-	148,730	3,015
Changes in assets and liabilities:					
Water and sewer liens.....	(1,134)	(7,422)	-	(8,556)	-
User fees.....	(55,143)	(137,497)	11,410	(181,230)	-
Working capital deposit.....	-	-	-	-	428,198
Warrants payable.....	28,222	2,625	420	31,267	(154,629)
Accrued payroll.....	(1,924)	(9,533)	(2,112)	(13,569)	-
Health claims payable.....	-	-	-	-	(515,955)
Other postemployment benefits.....	119,000	53,000	102,000	274,000	-
Accrued compensated absences.....	(10,000)	(11,000)	1,000	(20,000)	-
<b>Total adjustments.....</b>	<b>762,348</b>	<b>423,808</b>	<b>138,130</b>	<b>1,324,286</b>	<b>(239,371)</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 3,084,966</b>	<b>\$ 815,024</b>	<b>\$ 66,568</b>	<b>\$ 3,966,558</b>	<b>\$ 720,306</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
CURRENT:		
Cash and cash equivalents.....	\$ 41,235	\$ 792,210
Investments.....	105,594	-
TOTAL ASSETS.....	<u>146,829</u>	<u>792,210</u>
<b>LIABILITIES</b>		
Warrants payable.....	-	19,473
Liabilities due depositors.....	-	772,737
TOTAL LIABILITIES.....	<u>-</u>	<u>792,210</u>
<b>NET ASSETS</b>		
Held in trust.....	<u>\$ 146,829</u>	<u>\$ -</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

	<u>Private Purpose Trust Funds</u>
<b><u>ADDITIONS:</u></b>	
Contributions:	
Private donations.....	\$ 70,195
Net investment income:	
Investment income.....	<u>1,366</u>
TOTAL ADDITIONS.....	<u>71,561</u>
<b><u>DEDUCTIONS:</u></b>	
Educational scholarships.....	<u>14,000</u>
CHANGE IN NET ASSETS.....	57,561
NET ASSETS AT BEGINNING OF YEAR.....	<u>89,268</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 146,829</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 2011, Canton's share of the operating and debt expenses was \$1,460,438. 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 fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report 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 consist 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 fiscal year 2010 in accordance with state governmental regulations.

*Fund Financial Statements (Fund Balances)*

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

#### L. Long-term debt

##### *Government-Wide and Proprietary Fund Financial Statements*

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

##### *Governmental Fund Financial Statements*

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

#### M. Investment Income

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

#### N. Compensated Absences

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

##### *Government-Wide and Proprietary Fund Financial Statements*

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

##### *Governmental Fund Financial Statements*

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

### O. Fund Deficits

Two Capital Projects Funds, classified as non-major governmental funds, had a combined deficit balance of \$1,301,454 at June 30, 2011. This deficit will primarily be funded when \$1.2 million 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 \$22,609,532 and the bank balance totaled \$23,168,068. Of the bank balance, \$2,163,669 was covered by Federal Depository Insurance, \$16,392,882 was covered by the Depositors Insurance Fund, \$3,616,804 was collateralized and \$994,713 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2011, the Town of Canton had the following investments:

Investment Type	Fair Value	Maturity		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt Securities:</u>				
Federal Home Loan Banks.....	\$ 147,349	\$ -	\$ 106,584	\$ 40,765
Federal Home Loan Mortgage Corp.....	609,818	-	486,188	123,630
Federal Home Loan Mortgage Corp Gold.....	1,585	-	1,585	-
Federal National Mortgage Association.....	281,335	-	281,335	-
Federal Farm Credit Bank.....	105,665	-	105,665	-
United States Treasury Notes.....	903,166	99,422	803,744	-
Total Debt Securities.....	2,048,918	\$ 99,422	\$ 1,785,101	\$ 164,395
<u>Other Investments:</u>				
Equity Mutual Funds.....	40,992			
Repurchase Agreement.....	650,000			
MMDT.....	6,952,853			
Total Investments.....	\$ 9,692,763			

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 \$2,048,918 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 \$650,000 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 28% of investments in US government backed securities and 72% in MMDT.

**NOTE 3 – RECEIVABLES**

At June 30, 2011, 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.....	\$ 801,747	\$ (62,337)	\$ 739,410
Tax liens.....	846,362	-	846,362
Motor vehicle and other excise taxes.....	519,693	(348,830)	170,863
Departmental and other.....	345,227	(188,087)	157,140
Intergovernmental.....	<u>4,749,911</u>	<u>-</u>	<u>4,749,911</u>
Total.....	<u>\$ 7,262,940</u>	<u>\$ (599,254)</u>	<u>\$ 6,663,686</u>

At June 30, 2011, 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.....	\$ 1,826,007	-	\$ 1,826,007
Sewer fees.....	1,288,254	-	1,288,254
Special assessments.....	18,179	-	18,179
Intergovernmental.....	<u>659,680</u>	<u>-</u>	<u>659,680</u>
Total.....	<u>\$ 3,792,120</u>	<u>\$ -</u>	<u>\$ 3,792,120</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.....	\$ 547,614	\$ -	\$ 547,614
Tax Liens.....	846,362	-	846,362
Motor vehicle excise taxes.....	170,863	-	170,863
Departmental and other.....	-	157,140	157,140
Intergovernmental.....	4,001,029	-	4,001,029
Tax foreclosures.....	257,922	-	257,922
 Total.....	 <u>\$ 5,823,790</u>	 <u>\$ 157,140</u>	 <u>\$ 5,980,930</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, 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.....	1,779,685	743,440	(1,444,657)	1,078,468
 Total capital assets not being depreciated.....	 <u>12,938,553</u>	 <u>743,440</u>	 <u>(1,444,657)</u>	 <u>12,237,336</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,639,043	126,068	-	2,765,111
Buildings.....	76,709,754	743,815	-	77,453,569
Building improvements.....	16,147,257	1,833,843	-	17,981,100
Machinery and equipment.....	4,483,642	1,086,907	-	5,570,549
Vehicles.....	4,234,439	60,304	(25,753)	4,268,990
Infrastructure.....	16,451,123	621,344	-	17,072,467
 Total capital assets being depreciated.....	 <u>120,665,258</u>	 <u>4,472,281</u>	 <u>(25,753)</u>	 <u>125,111,786</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(651,581)	(165,494)	-	(817,075)
Buildings.....	(15,980,234)	(1,761,912)	-	(17,742,146)
Building improvements.....	(7,648,550)	(594,957)	-	(8,243,507)
Machinery and equipment.....	(1,817,302)	(480,043)	-	(2,297,345)
Vehicles.....	(3,574,775)	(200,722)	25,753	(3,749,744)
Infrastructure.....	(2,910,273)	(419,045)	-	(3,329,318)
 Total accumulated depreciation.....	 <u>(32,582,715)</u>	 <u>(3,622,173)</u>	 <u>25,753</u>	 <u>(36,179,135)</u>
 Total capital assets being depreciated, net.....	 <u>88,082,543</u>	 <u>850,108</u>	 <u>-</u>	 <u>88,932,651</u>
 Total governmental activities capital assets, net.....	 <u>\$ 101,021,096</u>	 <u>\$ 1,593,548</u>	 <u>\$ (1,444,657)</u>	 <u>\$ 101,169,987</u>

	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.....	7,793,028	5,907,522	(7,559,823)	6,140,727
Total capital assets not being depreciated.....	8,417,880	5,907,522	(7,559,823)	6,765,579
<u>Capital assets being depreciated:</u>				
Buildings.....	4,139,989	5,083,313	-	9,223,302
Machinery and equipment.....	924,732	-	-	924,732
Vehicles.....	420,336	-	-	420,336
Infrastructure.....	16,063,756	2,854,625	-	18,918,381
Total capital assets being depreciated.....	21,548,813	7,937,938	-	29,486,751
<u>Less accumulated depreciation for:</u>				
Buildings.....	(1,857,571)	(138,193)	-	(1,995,764)
Machinery and equipment.....	(171,371)	(92,473)	-	(263,844)
Vehicles.....	(338,846)	(23,577)	-	(362,423)
Infrastructure.....	(8,195,952)	(326,028)	-	(8,521,980)
Total accumulated depreciation.....	(10,563,740)	(580,271)	-	(11,144,011)
Total capital assets being depreciated, net.....	10,985,073	7,357,667	-	18,342,740
Total business-type activities capital assets, net.....	\$ 19,402,953	\$ 13,265,189	\$ (7,559,823)	\$ 25,108,319
<b>Sewer Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 1,435,319	\$ 4,562,555	\$ (801,589)	\$ 5,196,285
Total capital assets not being depreciated.....	1,435,319	4,562,555	(801,589)	5,196,285
<u>Capital assets being depreciated:</u>				
Buildings.....	1,263,604	-	-	1,263,604
Machinery and equipment.....	264,697	-	-	264,697
Vehicles.....	265,462	45,254	-	310,716
Infrastructure.....	22,099,119	801,589	-	22,900,708
Total capital assets being depreciated.....	23,892,882	846,843	-	24,739,725
<u>Less accumulated depreciation for:</u>				
Buildings.....	(225,617)	(30,123)	-	(255,740)
Machinery and equipment.....	(39,705)	(26,470)	-	(66,175)
Vehicles.....	(219,061)	(21,069)	-	(240,130)
Infrastructure.....	(13,560,079)	(410,299)	-	(13,970,378)
Total accumulated depreciation.....	(14,044,462)	(487,961)	-	(14,532,423)
Total capital assets being depreciated, net.....	9,848,420	358,882	-	10,207,302
Total business-type activities capital assets, net.....	\$ 11,283,739	\$ 4,921,437	\$ (801,589)	\$ 15,403,587

	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
 Total capital assets being depreciated.....	 426,917	 -	 -	 426,917
<u>Less accumulated depreciation for:</u>				
Building improvements.....	(38,489)	(7,248)	-	(45,737)
Machinery and equipment.....	(106,945)	(18,164)	-	(125,109)
Vehicles.....	(29,160)	-	-	(29,160)
 Total accumulated depreciation.....	 (174,594)	 (25,412)	 -	 (200,006)
 Total business-type activities capital assets, net.....	 \$ 252,323	 \$ (25,412)	 \$ -	 \$ 226,911

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

**Governmental Activities:**

General government.....	\$ 97,508
Public safety.....	554,200
Education.....	2,075,816
Public works.....	531,575
Human services.....	12,899
Culture and recreation.....	350,175
 Total depreciation expense - governmental activities.....	 \$ 3,622,173

**Business-Type Activities:**

Water.....	\$ 580,271
Sewer.....	487,961
Rink.....	25,412
 Total depreciation expense - business-type activities.....	 \$ 1,093,644

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

Interfund receivables and payables for the fiscal year ended June 30, 2011, are summarized as follows:

Receivable Fund	Payable Fund	Amount
Stoughton Mitigation Fund...	Water Fund.....	\$ <u>72,400</u> (1)

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.

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 234,912	\$ 234,912 (1)
Nonmajor Governmental Funds...	1,278,885	-	1,278,885 (2)
Water Enterprise Fund.....	668,728	-	668,728 (3)
Sewer Enterprise Fund.....	360,181	-	360,181 (3)
Rink Enterprise Fund.....	72,616	-	72,616 (3)
Internal Service Funds.....	250,000	-	250,000 (4)
Total.....	\$ <u>2,630,410</u>	\$ <u>234,912</u>	\$ <u>2,865,322</u>

- (1) Represents budgeted transfers of \$80,000 for retirement buyback reserves, and \$154,912 to fund capital project funds.
- (2) Represents transfers from various non-major governmental funds to fund budgeted expenditures.
- (3) Represents budgeted transfers from the Water, Sewer, and Rink Enterprise funds for their share of indirect charges.
- (4) Represents budgeted transfer from the Unemployment Claims Fund to fund Snow and Ice 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, 2011, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2010	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2011
BAN	Capital improvements.....	1.5%	05/27/11	\$ 1,524,700	\$ -	\$ 1,524,700	\$ -
BAN	Highway.....	1.4%	07/19/10	1,400,000	-	1,400,000	-
BAN	Capital improvements.....	1.5%	05/25/12	-	1,225,308	-	1,225,308
	Sub-total governmental notes.....			<u>2,924,700</u>	<u>1,225,308</u>	<u>2,924,700</u>	<u>1,225,308</u>
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	-
BAN	Sewer System Improvements.....	1.5%	05/25/12	-	100,000	-	100,000
BAN	Water System Improvements.....	1.5%	05/25/12	-	500,000	-	500,000
	Sub-total business-type notes.....			<u>5,712,800</u>	<u>600,000</u>	<u>5,712,800</u>	<u>600,000</u>
	Total notes payable.....			<u>\$ 8,637,500</u>	<u>\$ 1,825,308</u>	<u>\$ 8,637,500</u>	<u>\$ 1,825,308</u>

**NOTE 7 – CAPITAL LEASE OBLIGATIONS**

In fiscal year 2009 the Town entered into a non-cancelable long-term lease for the purchase of two vehicles utilized by the Town. In fiscal year 2011 the Town entered into a similar lease agreement for the purchase of two Fire Department vehicles. 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.....	\$ 156,895
Less: accumulated depreciation.....	<u>(51,846)</u>
Total.....	<u>\$ 105,049</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, 2011:

<u>Fiscal Years</u> <u>Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2012.....	44,766
2013.....	<u>22,167</u>
Total minimum lease payments.....	66,933
Less: amounts representing interest.....	<u>(5,706)</u>
Present value of minimum lease payments..... \$	<u><u>61,227</u></u>

**NOTE 8 – LONG-TERM DEBT**

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

In order to take advantage of favorable interest rates, the Town issued \$6,120,612 of General Obligation Refunding Bonds on May 1, 2011. The debt and premium proceeds were used to retire \$6,290,000 of callable bonds. The current refunding transaction resulted in an economic gain of \$658,330 and a reduction of \$762,611 in future debt service payments.

In May 2011, the Town also issued \$7.5 million of new general obligation bonds. The proceeds of these bonds were used to retire \$6.2 million of maturing bond anticipation notes and to provide permanent financing for several capital projects including \$640,000 for Water system improvements, as well as \$652,000 for other governmental projects.

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, 2011, \$4,715,000 of bonds outstanding is considered defeased.

Details related to the outstanding indebtedness at June 30, 2011, and the debt service requirements are as follows:

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Building remodeling.....	3.50-5.00%	\$ 760,000	\$ -	\$ 760,000	\$ -
School project.....	3.50-5.00%	5,365,000	-	5,365,000	-
Drainage.....	2.00-4.75%	150,000	-	15,000	135,000
Land acquisition.....	2.00-4.75%	1,226,065	-	166,200	1,059,865
School construction.....	2.00-4.75%	14,000,000	-	1,000,000	13,000,000
Building remodeling.....	2.00-4.75%	8,595,000	-	695,000	7,900,000
Energy conservation - school.....	2.00-4.75%	295,000	-	30,000	265,000
Departmental equipment.....	2.00-4.75%	140,000	-	35,000	105,000
Refunding.....	2.00-4.75%	2,105,230	-	267,680	1,837,550
ADA renovations.....	4.10%	1,331,000	-	92,000	1,239,000
Fire station.....	4.10%	1,306,000	-	96,000	1,210,000
Revere fire station.....	4.10%	588,000	-	40,000	548,000
Fire engine.....	3.90%	62,000	-	16,000	46,000
School remodeling.....	4.00%	212,000	-	17,000	195,000
Hansen school plumbing.....	4.00%	105,000	-	9,000	96,000
Kennedy school boiler.....	4.10%	222,000	-	16,000	206,000
School remodeling.....	4.00-4.10%	1,135,000	-	99,000	1,036,000
Highway truck.....	4.00%	82,000	-	17,000	65,000
Ladder truck.....	4.00%	360,000	-	60,000	300,000
Fire tanker truck.....	4.00%	175,000	-	30,000	145,000
Streetlights.....	4.00%	196,000	-	33,000	163,000
Surface drain.....	4.10%	76,000	-	6,000	70,000
Land acquisition.....	3.50-4.00%	300,000	-	51,000	249,000
Building remodeling.....	3.50-4.00%	348,000	-	52,000	296,000
School remodeling.....	3.50-4.00%	110,000	-	55,000	55,000
Outdoor recreational facility.....	3.50-3.85%	60,000	-	5,000	55,000
Departmental equipment.....	3.50%	603,000	-	90,000	513,000
Building remodeling--School.....	3.50-4.00%	483,000	-	34,000	449,000
Dam construction.....	3.50%	268,000	-	40,000	228,000
Surface Drain.....	3.50-4.00%	130,000	-	10,000	120,000
Remodeling & Renovations.....	2.00-4.25%	3,270,000	-	262,000	3,008,000
General Obligation Bonds of 2010.....	2.00-4.00%	1,087,261	-	105,261	982,000
General Obligation Bonds of 2011.....	2.00-4.25%	-	1,964,388	-	1,964,388
Refunding Bonds of 2011.....	2.00-4.25%	-	5,398,612	-	5,398,612
Total governmental bonds payable.....		<u>45,145,556</u>	<u>7,363,000</u>	<u>9,569,141</u>	<u>42,939,415</u>
Add unamortized premium.....		361,224	-	47,461	313,763
Less unamortized loss on bond refunding, net.....		<u>(171,533)</u>	-	<u>(40,338)</u>	<u>(131,195)</u>
Total governmental bonds payable, net.....		<u>\$ 45,335,247</u>	<u>\$ 7,363,000</u>	<u>\$ 9,576,264</u>	<u>\$ 43,121,983</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 4,306,220	\$ 1,517,514	\$ 5,823,734
2013.....	4,192,270	1,395,008	5,587,278
2014.....	4,114,245	1,268,946	5,383,191
2015.....	3,941,190	1,139,656	5,080,846
2016.....	3,807,140	988,713	4,795,853
2017.....	3,548,100	847,000	4,395,100
2018.....	3,221,475	719,286	3,940,761
2019.....	3,005,000	604,899	3,609,899
2020.....	2,828,775	508,775	3,337,550
2021.....	2,788,000	414,374	3,202,374
2022.....	2,278,000	319,671	2,597,671
2023.....	2,058,000	216,556	2,274,556
2024.....	1,594,000	123,100	1,717,100
2025.....	434,000	53,932	487,932
2026.....	256,000	33,542	289,542
2027.....	220,000	23,290	243,290
2028.....	186,000	14,322	200,322
2029.....	116,000	6,630	122,630
2030.....	35,000	1,850	36,850
2031.....	10,000	425	10,425
Totals.....	\$ <u>42,939,415</u>	\$ <u>10,197,489</u>	\$ <u>53,136,904</u>

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

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2011</u>
Well.....	2.00-4.75%	\$ 990,000	\$ -	\$ 70,000	\$ 920,000
Refunding.....	2.00-4.75%	295,715	-	33,600	262,115
Water Pipe.....	4.10%	256,000	-	18,000	238,000
Water Main Replacement.....	4.10%	538,000	-	36,000	502,000
Water.....	3.50-4.00%	174,000	-	26,000	148,000
Well Field Development.....	3.50-4.00%	173,000	-	26,000	147,000
Water Departmental Equipment.....	3.50%	305,000	-	44,000	261,000
Water Departmental Equipment.....	3.50%	150,000	-	25,000	125,000
Water Mains.....	3.50-4.00%	886,000	-	57,000	829,000
Water Treatment Improvements.....	2.00-4.25%	2,206,000	-	298,000	1,908,000
Water System Improvement.....	2.00-4.00%	4,676,568	-	248,568	4,428,000
MWRA.....	0%	-	410,000	-	410,000
Water System Improvement.....	2.40-4.25%	-	5,170,000	-	5,170,000
Total water bonds payable.....		<u>10,650,283</u>	<u>5,580,000</u>	<u>882,168</u>	<u>15,348,115</u>
Less unamortized loss on bond refunding, net.....		<u>(18,028)</u>	<u>-</u>	<u>(3,387)</u>	<u>(14,641)</u>
Total water bonds payable, net.....		\$ <u>10,632,255</u>	\$ <u>5,580,000</u>	\$ <u>878,781</u>	\$ <u>15,333,474</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 1,121,135	\$ 524,606	\$ 1,645,741
2013.....	1,051,675	495,490	1,547,165
2014.....	984,440	467,475	1,451,915
2015.....	981,960	439,784	1,421,744
2016.....	980,465	418,315	1,398,780
2017.....	935,735	369,526	1,305,261
2018.....	847,315	337,024	1,184,339
2019.....	845,000	307,962	1,152,962
2020.....	844,390	280,014	1,124,404
2021.....	788,000	254,284	1,042,284
2022.....	747,000	229,337	976,337
2023.....	742,000	203,303	945,303
2024.....	741,000	176,246	917,246
2025.....	676,000	148,615	824,615
2026.....	624,000	123,154	747,154
2027.....	570,000	99,066	669,066
2028.....	569,000	76,146	645,146
2029.....	569,000	53,152	622,152
2030.....	475,000	30,156	505,156
2031.....	255,000	10,838	265,838
Totals.....	<u>\$ 15,348,115</u>	<u>\$ 5,044,489</u>	<u>\$ 20,392,604</u>

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

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2011</u>
Sewer.....	3.50-5.00%	\$ 825,000	\$ -	\$ 825,000	\$ -
Sewer.....	2.00-4.75%	255,000	-	20,000	235,000
Refunding.....	3.25-4.00%	2,232,990	-	247,520	1,985,470
Sewer I&I.....	4.10%	444,000	-	30,000	414,000
Estey Way Sewer.....	4.10%	166,000	-	12,000	154,000
Wardwell Sewer.....	4.10%	166,000	-	13,000	153,000
MWRA.....	0%	40,040	-	40,040	-
Sewer.....	3.50-4.00%	80,000	-	5,000	75,000
SCADA System.....	2.00-3.00%	237,000	-	28,000	209,000
MWPAT.....	2.00%	3,745,695	-	-	3,745,695
Refunding Bonds of 2011.....	2.00-4.25%	-	722,000	-	722,000
Total sewer bonds payable.....		<u>8,191,725</u>	<u>722,000</u>	<u>1,220,560</u>	<u>7,693,165</u>
Less unamortized loss on bond refunding, net.....		<u>(130,000)</u>	<u>-</u>	<u>(24,009)</u>	<u>(105,991)</u>
Total sewer bonds payable, net.....		<u>\$ 8,061,725</u>	<u>\$ 722,000</u>	<u>\$ 1,196,551</u>	<u>\$ 7,587,174</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 577,496	\$ 210,972	\$ 788,468
2013.....	571,014	194,979	765,993
2014.....	569,445	178,777	748,222
2015.....	568,215	161,930	730,145
2016.....	567,060	143,732	710,792
2017.....	561,197	126,240	687,437
2018.....	559,677	108,752	668,429
2019.....	556,971	90,301	647,272
2020.....	518,381	71,890	590,271
2021.....	314,194	59,356	373,550
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>7,693,165</u>	\$ <u>1,588,334</u>	\$ <u>9,281,499</u>

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

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2011</u>
Zamboni.....	2.00-3.00%	\$ <u>72,000</u>	\$ <u>-</u>	\$ <u>12,000</u>	\$ <u>60,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 10,000	\$ 1,520	\$ 11,520
2013.....	8,000	1,520	9,520
2014.....	8,000	1,520	9,520
2015.....	8,000	1,520	9,520
2016.....	8,000	1,520	9,520
2017.....	6,000	1,520	7,520
2018.....	6,000	1,520	7,520
2019.....	6,000	1,520	7,520
Totals.....	\$ <u>60,000</u>	\$ <u>12,160</u>	\$ <u>72,160</u>

In a prior fiscal period 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. Management has estimated that the value of the imputed future interest subsidy to be minimal and therefore no adjustment has been made to recognize the imputed interest.

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 2011, \$483,915 of such assistance was received. The Town will receive \$4,907,695 in future fiscal years. Of this amount, \$906,666 represents reimbursement of long-term interest costs, and \$4,001,029 represents reimbursement of approved construction costs. Accordingly, a \$4,001,029 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, 2011, the Town had the following authorized and unissued debt:

Purpose	Amount
ADA Renovation.....	\$ 50,000
Ambulance Management System.....	40,000
Ambulance Replacement.....	6,739
Bolivar & Pine Street Culverts.....	581,000
Dedham Street Drainage.....	50,000
DPW Dump Truck.....	4,650
DPW Garage.....	150,000
Fiber Cables.....	25,000
Fire Air Compressor.....	47,400
Fire Department Equipment.....	2,000
GMS Acoustic Panels.....	2,850
Greenlodge Street Interceptor.....	3,254,305
High School Roof Repair.....	294,000
JFK School Space Needs/Modular.....	899,000
Kennedy School Addition Supplement.....	364,000
Luce School Roof Replacement.....	95,000
Memorial Hall Insulation.....	35,000
Middle School Roof Replacement.....	30,000
Municipal Performance Contracting.....	848,908
Ponkapoag Fire Station Roof Repairs.....	20,000
Ponkapoag Standpipe Repairs.....	500,000
Recreation Truck.....	30,000
Rodman Building Asbestos Removal.....	20,000
Rodman Building Boiler Replacement.....	130,000
Rodman Building Heating System.....	1,500,000
Rodman Building Roof Replacement.....	347,000
Scada Upgrade & Trucks.....	295,000
School HVAC.....	146,000
School Plumbing.....	118,000
Senior Center .....	450,000
Septic Title V.....	200,000
Sewer Infiltration & Inflow.....	1,586,290
Shepards Pond Dam.....	175,000
Washington Street Culvert Design.....	60,000
Water Resource Management Plan.....	100,000
Water System Improvements.....	3,910,000
Water Treatment Facility .....	3,800,000
Water Trucks.....	9,432
Well # 10 Repairs.....	187,000
Total.....	<u>\$ 20,363,574</u>

Changes in long-term liabilities

During the fiscal year ended June 30, 2011, 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.....	\$ 45,145,556	\$ 7,363,000	\$ (9,569,141)	\$ 42,939,415	\$ 4,306,220
Unamortized premium on bonds payable.....	361,224	-	(47,461)	313,763	44,855
Unamortized deferred loss on refunding.....	(171,533)	-	40,338	(131,195)	(35,001)
Other postemployment benefits.....	12,363,000	11,325,000	(4,251,000)	19,437,000	-
Landfill closure.....	242,000	-	(58,000)	184,000	30,000
Capital lease obligations.....	41,097	62,192	(42,062)	61,227	40,529
Compensated absences.....	1,238,000	759,000	(796,000)	1,201,000	808,000
Total governmental activities.....	<u>\$ 59,219,344</u>	<u>\$ 19,509,192</u>	<u>\$ (14,723,326)</u>	<u>\$ 64,005,210</u>	<u>\$ 5,194,603</u>
<b>Business-Type Activities:</b>					
Long-term bonds and notes.....	\$ 18,914,008	\$ 6,302,000	\$ (2,114,728)	\$ 23,101,280	\$ 1,708,631
Unamortized deferred loss on refunding.....	(148,028)	-	27,396	(120,632)	(24,796)
Other postemployment benefits.....	530,000	285,000	(11,000)	804,000	-
Compensated absences.....	183,000	74,000	(94,000)	163,000	94,000
Total business-type activities.....	<u>\$ 19,478,980</u>	<u>\$ 6,661,000</u>	<u>\$ (2,192,332)</u>	<u>\$ 23,947,648</u>	<u>\$ 1,777,835</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 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

In fiscal year 2011, the Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

In accordance with Statement No. 54, the stabilization funds, previously reported as a non-major governmental fund, have been reported in the general fund, and accordingly, the general fund and non-major governmental funds beginning balances have been revised from \$10,158,471 to \$13,392,683 and from \$10,218,486 to \$6,984,274, respectively.

At June 30, 2011, \$3,463,814 has been set aside in a stabilization fund that is classified as part of the general fund unassigned fund balance in the governmental funds financial statements. Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. Additions to and withdrawals from the funds can only be made upon Town Meeting approval.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Town has classified its fund balances with the following hierarchy:

	GOVERNMENTAL FUNDS		
	General	Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Funds</u>	<u>Funds</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Cemetery trust funds.....	-	\$ 360,597	\$ 360,597
Library trust funds.....	-	21,553	21,553
Other municipal trust funds.....	-	12,235	12,235
Restricted for:			
MSBA grant.....	6,033,902	-	6,033,902
School lunch.....	-	337,672	337,672
Private grants.....	-	1,415,959	1,415,959
Town revolving.....	-	254,609	254,609
School revolving.....	-	763,940	763,940
Recreation.....	-	30,074	30,074
Ambulance.....	-	1,126,614	1,126,614
Town grants.....	-	-	-
School grants.....	-	67,719	67,719
Roadway improvements.....	-	2,120	2,120
Other departmental.....	-	1,771,616	1,771,616
Public works improvements.....	-	77,813	77,813
High school construction.....	-	67,324	67,324
Cemetery trust funds.....	-	16,332	16,332
Library trust funds.....	-	157,121	157,121
Other municipal trust funds.....	-	415,793	415,793
Assigned to:			
General government.....	215,403	-	215,403
Public safety.....	164,188	-	164,188
Education.....	308,365	-	308,365
Public works.....	627,266	-	627,266
Culture and recreation.....	13,373	-	13,373
Free cash used for rate stabilization.....	40,000	-	40,000
Unassigned.....	5,825,529	(1,301,454)	4,524,075
<b>TOTAL FUND BALANCES (DEFICIT).....</b>	<b>\$ 13,228,026</b>	<b>\$ 5,597,637</b>	<b>\$ 18,825,663</b>

**NOTE 10 – 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 historical claims paid averages 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, 2011, the amount of the liability for health insurance claims totaled \$820,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2009, 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 2011.....	\$ 1,336,000	\$ 11,021,686	\$ (11,537,686)	\$ 820,000	\$ 820,000
Fiscal Year 2010.....	1,220,000	12,221,322	(12,105,322)	1,336,000	1,336,000

(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.

Changes in the reported liability since July 1, 2009, 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 2011.....	\$ -	\$ -	\$ -	\$ -	-
Fiscal Year 2010.....	115,000	(109,095)	(5,905)	-	-

**NOTE 11 – 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 \$8,128,000 for the fiscal year ended June 30, 2011, 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, 2011, 2010, and 2009, were \$2,933,187, \$2,826,638 and \$2,672,418, respectively, which equaled its required contribution for each fiscal year.

**NOTE 12 – 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 \$184,000 which has been recorded as a governmental activity liability at June 30, 2011. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**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 2011, the Town contributed \$4.3 million to the plan.

*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:

Annual required contribution.....	\$	11,585,000
Interest on net OPEB obligation.....		548,000
Adjustments to annual required contribution.....		<u>(523,000)</u>
Annual OPEB cost (expense).....		11,610,000
Contributions made.....		<u>(4,262,000)</u>
Increase in net OPEB obligation.....		7,348,000
Net OPEB obligation - beginning of year (restated).....		<u>12,893,000</u>
Net OPEB obligation - end of year.....	\$	<u><u>20,241,000</u></u>

The Net OPEB obligation at the beginning of the year was previously understated by \$6,772,000. This understatement was discovered by management during the current year and is attributable to certain participants that were coded under a retiree plan rather than an active plan in the prior actuarial valuation. Accordingly, an adjustment has been made in this report to restate net assets of the Primary Government as of June 30, 2010 from \$97,661,054 to \$90,889,054.

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 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>
6/30/2011	\$ 11,610,000	37%	\$ 20,241,000
6/30/2010	11,431,000	42%	12,893,000
6/30/2009	10,717,000	41%	6,304,000

*Funded Status and Funding Progress* – As of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$130.9 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$34.4 million, and the ratio of the UAAL to the covered payroll was 380.3 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, 2011 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 28 year period, with amortization payments increasing at 3.25% per year on a closed basis. The amortization method utilizes a level dollar amount. The remaining amortization period at June 30, 2011 is 27 years.

#### **NOTE 14 – COMMITMENTS**

During fiscal year 2011 the Town began construction on a second Water Treatment Facility. As of June 30, 2011, the Town has outstanding contracts totaling approximately \$4.4 million relating to the project. In addition, the Town also has outstanding contracts totaling approximately \$2.6 million related to various water and sewer system improvement projects. These projects are all anticipated to be completed during fiscal year 2012.

#### **NOTE 15 – 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, 2011, 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, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2011.

**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2011, the following GASB pronouncements were implemented:

- The GASB issued Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which was required to be implemented in fiscal year 2011. This pronouncement required additional disclosures and impacted 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.

Other Future GASB Pronouncements:

- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013. Management expects that the implementation of this pronouncement will have an impact on the basic financial statements.
- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.
- The GASB issued Statement #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*, which is required to be implemented in fiscal year 2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.

This page intentionally left blank.

## ***Required Supplementary Information***

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

FISCAL YEAR ENDED JUNE 30, 2011

	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.....	\$ 55,544,530	\$ 55,544,530	\$ 55,119,110	\$ -	\$ (425,420)
Tax liens.....	-	-	224,631	-	224,631
Motor vehicle and other excise taxes.....	3,000,000	3,000,000	3,289,549	-	289,549
Penalties and interest on taxes.....	200,000	200,000	305,814	-	105,814
Payments in lieu of taxes.....	201,363	201,363	199,225	-	(2,138)
Licenses and permits.....	510,000	510,000	646,450	-	136,450
Fines and forfeitures.....	150,000	150,000	145,599	-	(4,401)
Intergovernmental.....	7,109,660	7,109,660	6,755,632	-	(354,028)
Departmental and other.....	425,000	425,000	500,802	-	75,802
Investment income.....	150,000	150,000	115,323	-	(34,677)
<b>TOTAL REVENUES.....</b>	<b>67,290,553</b>	<b>67,290,553</b>	<b>67,302,135</b>	<b>-</b>	<b>11,582</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
<b>General Government</b>					
Executive Branch.....	816,246	841,246	840,874	-	372
Executive Branch articles.....	59,800	59,800	-	59,800	-
Finance Committee.....	11,500	11,500	9,558	-	1,942
Reserve Fund.....	300,000	-	-	-	-
Finance Department.....	932,953	932,953	864,563	60,201	8,189
Finance Department articles.....	83,247	83,247	66,343	16,904	-
Assessors.....	244,099	244,099	231,796	9,500	2,803
Water/Sewer Rate Committee.....	1,000	1,000	-	-	1,000
Town Clerk & Elections.....	195,395	201,395	200,592	-	803
Town Clerk & Elections articles.....	42,500	42,500	-	42,500	-
Conservation Commission.....	68,431	68,431	66,485	1,853	93
Planning Board.....	57,371	57,371	54,121	1,250	2,000
Building Renovation Committee.....	3,381	3,381	237	-	3,144
Capital Outlay Committee.....	2,556	2,556	256	-	2,300
Municipal Buildings.....	438,918	363,918	363,573	-	345
Municipal Buildings articles.....	38,758	38,758	12,328	23,395	3,035
Town Insurance.....	765,000	765,000	736,579	-	28,421
<b>Total.....</b>	<b>4,061,155</b>	<b>3,717,155</b>	<b>3,447,305</b>	<b>215,403</b>	<b>54,447</b>
<b>Public Safety</b>					
Fire Department.....	4,441,485	4,523,485	4,475,879	1,416	46,190
Fire Department articles.....	33,000	33,000	31,933	-	1,067
Police.....	3,817,920	3,904,920	3,898,933	-	5,987
Police articles.....	237,110	237,110	82,605	154,505	-
Building & Zoning.....	328,959	328,959	314,019	8,267	6,673
Sealer of Weights & Measures.....	7,500	7,500	6,750	-	750
Emergency Management.....	2,335	3,335	3,331	-	4
Animal Control.....	122,082	122,082	89,491	-	32,591
<b>Total.....</b>	<b>8,990,391</b>	<b>9,160,391</b>	<b>8,902,941</b>	<b>164,188</b>	<b>93,262</b>
<b>Education</b>					
School.....	30,538,972	30,538,972	30,234,229	304,742	1
School articles.....	58,873	58,873	55,250	3,623	-
Blue Hills Regional.....	1,387,713	1,460,438	1,460,438	-	-
<b>Total.....</b>	<b>31,985,558</b>	<b>32,058,283</b>	<b>31,749,917</b>	<b>308,365</b>	<b>1</b>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	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.....	1,999,355	1,999,355	1,991,310	4,232	3,813
Public Works articles.....	29,738	29,738	6,519	23,219	-
Street Lighting.....	224,317	179,317	129,292	6,693	43,332
Snow & Ice.....	184,721	809,721	720,896	26,877	61,948
Trash Collection.....	1,469,695	1,429,695	1,360,331	66,245	3,119
<b>Total.....</b>	<b>3,907,826</b>	<b>4,447,826</b>	<b>4,208,348</b>	<b>127,266</b>	<b>112,212</b>
<b>Health and Human Services</b>					
Health Department.....	320,962	320,962	308,463	-	12,499
Council on Aging.....	202,962	202,962	202,916	-	46
Commission on Disability.....	2,565	2,565	51	-	2,514
Veteran's Services.....	129,390	189,390	187,663	-	1,727
<b>Total.....</b>	<b>655,879</b>	<b>715,879</b>	<b>699,093</b>	<b>-</b>	<b>16,786</b>
<b>Culture and Recreation</b>					
Recreation & Playground.....	382,272	391,272	391,218	-	54
Recreation & Playground articles.....	92,928	92,928	88,227	4,497	204
Public Library.....	978,292	978,292	978,269	-	23
Public Library articles.....	24,259	24,259	15,702	8,151	406
Historical Commission.....	3,669	3,669	2,944	725	-
Beautification Commission.....	1,378	1,378	1,030	-	348
<b>Total.....</b>	<b>1,482,798</b>	<b>1,491,798</b>	<b>1,477,390</b>	<b>13,373</b>	<b>1,035</b>
Pension Benefits.....	2,981,987	2,981,987	2,976,696	-	5,291
<b>Employee Benefits</b>					
Unemployment Compensation.....	100,000	100,000	100,000	-	-
Employer Share - Health.....	9,736,797	9,817,397	9,814,771	-	2,626
Employer Share - Life.....	58,680	58,680	58,666	-	14
<b>Total.....</b>	<b>9,895,477</b>	<b>9,976,077</b>	<b>9,973,437</b>	<b>-</b>	<b>2,640</b>
State and county charges.....	933,118	933,118	849,149	-	83,969
Debt service.....	6,112,415	5,869,178	5,868,118	-	1,060
<b>TOTAL EXPENDITURES.....</b>	<b>71,006,604</b>	<b>71,351,692</b>	<b>70,152,394</b>	<b>828,595</b>	<b>370,703</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(3,716,051)</b>	<b>(4,061,139)</b>	<b>(2,850,259)</b>	<b>(828,595)</b>	<b>382,285</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium from issuance of bonds.....	-	-	33,983	-	33,983
Transfers in.....	1,951,336	2,641,336	2,630,410	-	(10,926)
Transfers out.....	(280,000)	(434,912)	(434,912)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>1,671,336</b>	<b>2,206,424</b>	<b>2,229,481</b>	<b>-</b>	<b>23,057</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(2,044,715)</b>	<b>(1,854,715)</b>	<b>(620,778)</b>	<b>(828,595)</b>	<b>405,342</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>13,873,405</b>	<b>10,639,193</b>	<b>10,639,193</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 11,828,690</b>	<b>\$ 8,784,478</b>	<b>\$ 10,018,415</b>	<b>\$ (828,595)</b>	<b>\$ 405,342</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**

JUNE 30, 2011

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)
01/01/10	\$ 600,790,835	\$ 1,001,881,055	\$ 401,090,220	60.0%	\$ 223,332,595	179.6%
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, 2010, is approximately 7.2%.

See notes to required supplementary information.

**Norfolk County Contributory Retirement System**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FISCAL YEAR ENDED JUNE 30, 2011

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
2011	\$ 39,749,857	\$ 39,749,857	100%	\$ 2,992,977	7.53%
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, 2011

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)
1/1/2011	\$ -	\$ 130,885,000	\$ 130,885,000	0%	\$ 34,416,000	380.3%
1/1/2009	-	138,978,000	138,978,000	0%	32,236,000	431.1%

**Schedule of Employer Contributions**

Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
2011	\$ 11,585,000	\$ 4,262,000	37%
2010	11,388,000	4,842,000	43%
2009	10,717,000	4,413,000	41%

See notes to required supplementary information.

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

FISCAL YEAR ENDED JUNE 30, 2011

---

---

Actuarial Methods:

Valuation date	January 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar amount over a 28 year period
Remaining amortization period	27 years as of June 30, 2011, 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	553
Current active members	616
Terminated vested	<u>1</u>
Total	<u><u>1,170</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 2011 final budget includes approximately \$71,787,000 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, 2011, is presented as follows:

Net change in fund balance, budgetary basis.....	\$ (620,778)
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	229,602
<u>Basis of accounting differences:</u>	
Net change in recording 60-day receipts.....	88,519
Net change in recording tax refunds payable.....	138,000
Recognition of revenue for on-behalf payment.....	8,128,257
Recognition of expenditure for on-behalf payment.....	<u>(8,128,257)</u>
Net change in fund balance, GAAP basis.....	<u>\$ (164,657)</u>

C. Appropriation Deficits

At June 30, 2011 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, 2010
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.0% per year, level dollar for ERI liability for certain units
Remaining Amortization Period.....	20 years remaining as of January 1, 2010, 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.....	8.25%
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.....	2,557
Inactive participants.....	2,059
Disabled.....	313
Active participants.....	<u>5,526</u>
Total.....	<u><u>10,455</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***

This page intentionally left blank.

## ***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.

*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 is not funded by operating budgets.

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

**Permanent Funds**

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

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2011

<b>Special Revenue Funds</b>					
<b>ASSETS</b>	School Lunch	Private Grants	Town Revolving	School Revolving	Recreation
Cash and cash equivalents.....	\$ 383,821	\$ 1,586,433	\$ 270,495	\$ 827,239	\$ 53,233
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 383,821</b>	<b>\$ 1,586,433</b>	<b>\$ 270,495</b>	<b>\$ 827,239</b>	<b>\$ 53,233</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 28,772	\$ 170,474	\$ 3,456	\$ 7,658	\$ 14,773
Accrued payroll.....	17,377	-	56	55,641	8,386
Other liabilities.....	-	-	12,374	-	-
Deferred revenues.....	-	-	-	-	-
Due to other funds.....	-	-	-	-	-
Notes payable.....	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>46,149</b>	<b>170,474</b>	<b>15,886</b>	<b>63,299</b>	<b>23,159</b>
<b>FUND BALANCES:</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	337,672	1,415,959	254,609	763,940	30,074
Unassigned.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>337,672</b>	<b>1,415,959</b>	<b>254,609</b>	<b>763,940</b>	<b>30,074</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 383,821</b>	<b>\$ 1,586,433</b>	<b>\$ 270,495</b>	<b>\$ 827,239</b>	<b>\$ 53,233</b>

Ambulance	Town Grants	School Grants	Roadway Improvements	Other Departmental	Sub-total
\$ 1,126,614	\$ -	\$ 153,441	\$ -	\$ 1,065,301	\$ 5,466,577
-	-	-	-	661,217	661,217
157,140	-	-	-	-	157,140
-	70,922	-	677,960	-	748,882
-	-	-	-	72,400	72,400
<u>\$ 1,283,754</u>	<u>\$ 70,922</u>	<u>\$ 153,441</u>	<u>\$ 677,960</u>	<u>\$ 1,798,918</u>	<u>\$ 7,106,216</u>
\$ -	\$ 2,589	\$ 18,243	\$ -	\$ 13,365	\$ 259,330
-	4,198	67,479	-	9,940	163,077
-	-	-	-	3,997	16,371
157,140	-	-	-	-	157,140
-	64,135	-	675,840	-	739,975
-	-	-	-	-	-
<u>157,140</u>	<u>70,922</u>	<u>85,722</u>	<u>675,840</u>	<u>27,302</u>	<u>1,335,893</u>
-	-	-	-	-	-
1,126,614	-	67,719	2,120	1,771,616	5,770,323
-	-	-	-	-	-
<u>1,126,614</u>	<u>-</u>	<u>67,719</u>	<u>2,120</u>	<u>1,771,616</u>	<u>5,770,323</u>
<u>\$ 1,283,754</u>	<u>\$ 70,922</u>	<u>\$ 153,441</u>	<u>\$ 677,960</u>	<u>\$ 1,798,918</u>	<u>\$ 7,106,216</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2011

<b>ASSETS</b>	<b>Capital Projects</b>				
	Building Improvements	Public Works Improvements	Equipment	High School Construction	Sub-total
Cash and short-term investments.....	\$ 238,864	\$ 82,819	\$ 51,173	\$ 67,324	\$ 440,180
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 238,864</b>	<b>\$ 82,819</b>	<b>\$ 51,173</b>	<b>\$ 67,324</b>	<b>\$ 440,180</b>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 366,032	\$ 5,006	\$ 151	\$ -	\$ 371,189
Accrued payroll.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Deferred revenues.....	-	-	-	-	-
Due to other funds.....	-	-	-	-	-
Notes payable.....	1,107,908	-	117,400	-	1,225,308
<b>TOTAL LIABILITIES.....</b>	<b>1,473,940</b>	<b>5,006</b>	<b>117,551</b>	<b>-</b>	<b>1,596,497</b>
 <b>FUND BALANCES:</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	77,813	-	67,324	145,137
Unassigned.....	(1,235,076)	-	(66,378)	-	(1,301,454)
<b>TOTAL FUND BALANCES.....</b>	<b>(1,235,076)</b>	<b>77,813</b>	<b>(66,378)</b>	<b>67,324</b>	<b>(1,156,317)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 238,864</b>	<b>\$ 82,819</b>	<b>\$ 51,173</b>	<b>\$ 67,324</b>	<b>\$ 440,180</b>

<b>Permanent Funds</b>				Total
Cemetery Trust Funds	Library Trust Funds	Other Municipal Trust Funds	Sub-total	Nonmajor Governmental Funds
\$ 3,172	\$ 155,437	\$ 295,476	\$ 454,085	\$ 6,360,842
373,757	24,127	132,853	530,737	1,191,954
-	-	-	-	157,140
-	-	-	-	748,882
-	-	-	-	72,400
<u>\$ 376,929</u>	<u>\$ 179,564</u>	<u>\$ 428,329</u>	<u>\$ 984,822</u>	<u>\$ 8,531,218</u>
\$ -	\$ 890	\$ -	\$ 890	\$ 631,409
-	-	301	301	163,378
-	-	-	-	16,371
-	-	-	-	157,140
-	-	-	-	739,975
-	-	-	-	1,225,308
-	890	301	1,191	2,933,581
360,597	21,553	12,235	394,385	394,385
16,332	157,121	415,793	589,246	6,504,706
-	-	-	-	(1,301,454)
<u>376,929</u>	<u>178,674</u>	<u>428,028</u>	<u>983,631</u>	<u>5,597,637</u>
<u>\$ 376,929</u>	<u>\$ 179,564</u>	<u>\$ 428,329</u>	<u>\$ 984,822</u>	<u>\$ 8,531,218</u>

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2011

	<i>Special Revenue Funds</i>				
	School Lunch	Private Grants	Town Revolving	School Revolving	Recreation
<b>REVENUES:</b>					
Charges for services.....	\$ 763,926	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	19,452	-	-
Intergovernmental.....	200,806	-	8,605	-	-
Departmental and other.....	-	-	89,736	1,353,760	313,181
Contributions.....	-	-	26,409	13,240	-
Investment income (loss).....	2,644	-	35	-	183
<b>TOTAL REVENUES.....</b>	<b>967,376</b>	<b>-</b>	<b>144,237</b>	<b>1,367,000</b>	<b>313,364</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	-	720,741	27,269	-	-
Public safety.....	-	-	2,478	-	-
Education.....	852,194	-	3,839	1,362,184	-
Public works.....	-	-	-	-	-
Human services.....	-	-	31,671	-	-
Culture and recreation.....	-	-	25,118	-	324,578
<b>TOTAL EXPENDITURES.....</b>	<b>852,194</b>	<b>720,741</b>	<b>90,375</b>	<b>1,362,184</b>	<b>324,578</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>115,182</b>	<b>(720,741)</b>	<b>53,862</b>	<b>4,816</b>	<b>(11,214)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds and notes.....	-	-	-	-	-
Premium from issuance of debt.....	-	-	-	-	-
Capital lease financing.....	-	-	-	-	-
Transfers in.....	-	-	-	-	-
Transfers out.....	(115,165)	-	(60,000)	(707)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(115,165)</b>	<b>-</b>	<b>(60,000)</b>	<b>(707)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>17</b>	<b>(720,741)</b>	<b>(6,138)</b>	<b>4,109</b>	<b>(11,214)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>337,655</b>	<b>2,136,700</b>	<b>260,747</b>	<b>759,831</b>	<b>41,288</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 337,672</b>	<b>\$ 1,415,959</b>	<b>\$ 254,609</b>	<b>\$ 763,940</b>	<b>\$ 30,074</b>

<u>Ambulance</u>	<u>Town Grants</u>	<u>School Grants</u>	<u>Roadway Improvements</u>	<u>Other Departmental</u>	<u>Sub-total</u>
\$ 937,092	\$ -	\$ -	\$ -	\$ 3,535	\$ 1,704,553
-	-	-	-	-	19,452
-	314,537	2,058,212	162,061	-	2,744,221
-	-	-	-	510,866	2,267,543
-	-	-	-	280,386	320,035
-	-	-	-	7,358	10,220
<u>937,092</u>	<u>314,537</u>	<u>2,058,212</u>	<u>162,061</u>	<u>802,145</u>	<u>7,066,024</u>
-	141,539	-	-	644,495	1,534,044
-	114,531	-	-	448,165	565,174
-	-	1,877,557	-	212,329	4,308,103
-	5,506	-	162,061	19,586	187,153
-	74,587	-	-	-	106,258
-	13,827	-	-	19,017	382,540
-	<u>349,990</u>	<u>1,877,557</u>	<u>162,061</u>	<u>1,343,592</u>	<u>7,083,272</u>
<u>937,092</u>	<u>(35,453)</u>	<u>180,655</u>	<u>-</u>	<u>(541,447)</u>	<u>(17,248)</u>
-	-	-	-	-	-
-	-	-	-	85,821	85,821
-	-	-	-	-	-
-	-	-	-	80,000	80,000
<u>(769,550)</u>	<u>(9,836)</u>	<u>(55,388)</u>	<u>-</u>	<u>(224,715)</u>	<u>(1,235,361)</u>
<u>(769,550)</u>	<u>(9,836)</u>	<u>(55,388)</u>	<u>-</u>	<u>(58,894)</u>	<u>(1,069,540)</u>
167,542	(45,289)	125,267	-	(600,341)	(1,086,788)
<u>959,072</u>	<u>45,289</u>	<u>(57,548)</u>	<u>2,120</u>	<u>2,371,957</u>	<u>6,857,111</u>
\$ <u>1,126,614</u>	\$ <u>-</u>	\$ <u>67,719</u>	\$ <u>2,120</u>	\$ <u>1,771,616</u>	\$ <u>5,770,323</u>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	<b>Capital Projects</b>				
	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.....	-	-	20,000	-	20,000
Investment income (loss).....	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	922,379	-	30,517	-	952,896
Public safety.....	-	-	-	-	-
Education.....	936,422	-	-	293,132	1,229,554
Public works.....	-	456,064	-	-	456,064
Human services.....	-	-	-	-	-
Culture and recreation.....	4,864	-	760	-	5,624
<b>TOTAL EXPENDITURES.....</b>	<b>1,863,665</b>	<b>456,064</b>	<b>31,277</b>	<b>293,132</b>	<b>2,644,138</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(1,863,665)</b>	<b>(456,064)</b>	<b>(11,277)</b>	<b>(293,132)</b>	<b>(2,624,138)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds and notes.....	1,325,372	561,016	78,000	-	1,964,388
Premium from issuance of debt.....	-	-	-	-	-
Capital lease financing.....	-	62,192	-	-	62,192
Transfers in.....	50,778	33,334	70,800	-	154,912
Transfers out.....	(13,741)	-	(1,107)	-	(14,848)
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>1,362,409</b>	<b>656,542</b>	<b>147,693</b>	<b>-</b>	<b>2,166,644</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(501,256)</b>	<b>200,478</b>	<b>136,416</b>	<b>(293,132)</b>	<b>(457,494)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>(733,820)</b>	<b>(122,665)</b>	<b>(202,794)</b>	<b>360,456</b>	<b>(698,823)</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ (1,235,076)</b>	<b>\$ 77,813</b>	<b>\$ (66,378)</b>	<b>\$ 67,324</b>	<b>\$ (1,156,317)</b>

<i>Permanent Funds</i>				Total
Cemetery Trust Funds	Library Trust Funds	Other Municipal Trust Funds	Sub-total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,704,553
-	-	-	-	19,452
-	-	197,224	197,224	2,941,445
-	-	-	-	2,267,543
10,800	12,130	-	22,930	362,965
8,338	1,371	2,316	12,025	22,245
<u>19,138</u>	<u>13,501</u>	<u>199,540</u>	<u>232,179</u>	<u>7,318,203</u>
-	-	-	-	2,486,940
-	-	19,873	19,873	585,047
-	-	-	-	5,537,657
-	-	-	-	643,217
-	-	-	-	106,258
-	25,985	-	25,985	414,149
-	25,985	19,873	45,858	9,773,268
<u>19,138</u>	<u>(12,484)</u>	<u>179,667</u>	<u>186,321</u>	<u>(2,455,065)</u>
-	-	-	-	1,964,388
-	-	-	-	85,821
-	-	-	-	62,192
-	-	-	-	234,912
(20,000)	-	(8,676)	(28,676)	(1,278,885)
<u>(20,000)</u>	<u>-</u>	<u>(8,676)</u>	<u>(28,676)</u>	<u>1,068,428</u>
(862)	(12,484)	170,991	157,645	(1,386,637)
<u>377,791</u>	<u>191,158</u>	<u>257,037</u>	<u>825,986</u>	<u>6,984,274</u>
<u>\$ 376,929</u>	<u>\$ 178,674</u>	<u>\$ 428,028</u>	<u>\$ 983,631</u>	<u>\$ 5,597,637</u>

(Concluded)

This page intentionally left blank.

## ***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, 2011

	Health Claims	Workers' Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents..... \$	3,941,813	\$ 31,680	\$ 59,724	\$ 7,497	\$ 4,040,714
Investments.....	200,345	-	-	426,663	627,008
Working capital deposit.....	1,048,402	-	-	-	1,048,402
<b>Total current assets.....</b>	<b>5,190,560</b>	<b>31,680</b>	<b>59,724</b>	<b>434,160</b>	<b>5,716,124</b>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	786,832	-	-	-	786,832
Health claims payable.....	820,045	-	-	-	820,045
<b>Total current liabilities.....</b>	<b>1,606,877</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,606,877</b>
<b>NET ASSETS</b>					
Unrestricted.....	3,583,683	31,680	59,724	434,160	4,109,247
<b>TOTAL NET ASSETS..... \$</b>	<b>3,583,683</b>	<b>\$ 31,680</b>	<b>\$ 59,724</b>	<b>\$ 434,160</b>	<b>\$ 4,109,247</b>

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

FISCAL YEAR ENDED JUNE 30, 2011

	Health Claims	Workers' Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Employee contributions .....	\$ 3,043,643	\$ -	\$ -	\$ -	\$ 3,043,643
Employer contributions .....	9,224,790	-	100,000	-	9,324,790
<b>TOTAL OPERATING REVENUES .....</b>	<b>12,268,433</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>12,368,433</b>
<b>OPERATING EXPENSES:</b>					
Employee benefits .....	11,297,540	4,624	106,592	-	11,408,756
<b>OPERATING INCOME (LOSS).....</b>	<b>970,893</b>	<b>(4,624)</b>	<b>(6,592)</b>	<b>-</b>	<b>959,677</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	11,291	747	6,310	9,519	27,867
Other revenues.....	-	3,015	-	-	3,015
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>11,291</b>	<b>3,762</b>	<b>6,310</b>	<b>9,519</b>	<b>30,882</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>982,184</b>	<b>(862)</b>	<b>(282)</b>	<b>9,519</b>	<b>990,559</b>
<b>TRANSFERS:</b>					
Transfers out.....	-	-	(250,000)	-	(250,000)
<b>TOTAL TRANSFERS.....</b>	<b>-</b>	<b>-</b>	<b>(250,000)</b>	<b>-</b>	<b>(250,000)</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>982,184</b>	<b>(862)</b>	<b>(250,282)</b>	<b>9,519</b>	<b>740,559</b>
<b>NET ASSETS AT BEGINNING 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>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 3,583,683</b>	<b>\$ 31,680</b>	<b>\$ 59,724</b>	<b>\$ 434,160</b>	<b>\$ 4,109,247</b>

**INTERNAL FUNDS**  
COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2011

	Health Claims	Worker's Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from interfund services provided.....	\$ 12,268,433	\$ -	\$ 100,000	\$ -	\$ 12,368,433
Receipts from other revenues.....	-	3,015	-	-	3,015
Payments for interfund services used.....	<u>(11,537,686)</u>	<u>(4,624)</u>	<u>(108,832)</u>	-	<u>(11,651,142)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>730,747</u>	<u>(1,609)</u>	<u>(8,832)</u>	-	<u>720,306</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers out.....	-	-	<u>(250,000)</u>	-	<u>(250,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Sale (purchase) of investments.....	(68,921)	-	-	(147,145)	(216,066)
Investment income.....	<u>11,291</u>	<u>747</u>	<u>6,310</u>	<u>9,519</u>	<u>27,867</u>
NET CASH FROM INVESTING ACTIVITIES.....	<u>(57,630)</u>	<u>747</u>	<u>6,310</u>	<u>(137,626)</u>	<u>(188,199)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	673,117	(862)	(252,522)	(137,626)	282,107
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR.....	<u>3,268,696</u>	<u>32,542</u>	<u>312,246</u>	<u>145,123</u>	<u>3,758,607</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR.....	<u>\$ 3,941,813</u>	<u>\$ 31,680</u>	<u>\$ 59,724</u>	<u>\$ 7,497</u>	<u>\$ 4,040,714</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Operating income (loss).....	\$ 970,893	\$ (4,624)	\$ (6,592)	\$ -	\$ 959,677
Adjustments to reconcile operating income (loss) to net					
Receipts from other revenues.....	-	3,015	-	-	3,015
Changes in assets and liabilities:					
Working capital deposit.....	428,198	-	-	-	428,198
Warrants payable.....	(152,389)	-	(2,240)	-	(154,629)
Health claims payable.....	<u>(515,955)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(515,955)</u>
Total adjustments.....	<u>(240,146)</u>	<u>3,015</u>	<u>(2,240)</u>	<u>-</u>	<u>(239,371)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 730,747</u>	<u>\$ (1,609)</u>	<u>\$ (8,832)</u>	<u>\$ -</u>	<u>\$ 720,306</u>

## ***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, 2011

	Beginning of Year	Additions	Deletions	End of Year
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 805,681	\$ 385,971	\$ (399,442)	\$ 792,210
<b>LIABILITIES</b>				
Warrants payable.....	\$ 17,360	\$ 400,782	\$ (398,669)	\$ 19,473
Liabilities due depositors.....	788,321	1,091,656	(1,107,240)	772,737
TOTAL LIABILITIES.....	\$ 805,681	\$ 1,492,438	\$ (1,505,909)	\$ 792,210

## ***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.



*This 98 suite extended stay hotel, expected to open in the fall of 2011, is the first hotel to operate in Canton. Located on Royall Street, near Reebok and Dunkin Brands, this establishment will provide the Town with local room occupancy excise tax in addition to property taxes.*

# ***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 Nine Fiscal Years**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>									
Invested in capital assets, net of related debt..... \$	25,364,346	\$ 36,942,344	\$ 50,497,888	\$ 47,354,438	\$ 50,777,183	\$ 51,291,396	\$ 54,948,512	\$ 57,942,064	\$ 62,056,797
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	7,457,544
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>14,125,826</u>	<u>6,141,042</u>	<u>(3,861,890)</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>74,632,688</u></b>	<b><u>78,557,122</u></b>	<b><u>80,978,148</u></b>	<b><u>77,918,385</u></b>	<b><u>71,864,355</u></b>	<b><u>65,652,451</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	17,195,414
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>3,934,247</u>	<u>3,836,227</u>	<u>2,796,789</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>18,417,500</u></b>	<b><u>19,024,699</u></b>	<b><u>19,992,203</u></b>
<b>Primary government</b>									
Invested in capital assets, net of related debt.....	36,531,585	49,560,870	63,035,143	59,694,709	62,729,466	65,239,765	69,431,765	73,130,536	79,252,211
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	7,457,544
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>18,060,073</u>	<u>9,977,269</u>	<u>(1,065,101)</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>92,517,133</u></b>	<b><u>96,633,874</u></b>	<b><u>100,020,124</u></b>	<b><u>96,335,885</u></b>	<b><u>90,889,054</u></b>	<b><u>85,644,654</u></b>

Changes in Net Assets

Last Nine Fiscal Years

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
<b>Governmental activities:</b>									
General government.....	\$ 3,724,451	\$ 3,267,986	\$ 4,901,258	\$ 4,246,023	\$ 4,365,873	\$ 5,142,280	\$ 6,440,728	\$ 5,856,721	\$ 6,012,221
Public safety.....	11,144,645	12,048,004	11,343,820	11,964,710	12,151,151	12,501,298	14,102,861	14,815,007	14,845,911
Education.....	37,297,785	38,093,179	38,644,927	40,105,376	42,723,738	45,669,483	52,111,533	56,105,191	57,174,814
Public works.....	5,794,690	5,553,924	4,785,491	4,567,438	4,267,313	5,002,096	5,035,008	5,725,429	5,964,437
Human services.....	656,368	752,548	781,948	810,338	850,334	810,319	983,217	1,094,171	1,133,985
Culture and recreation.....	1,803,954	1,652,270	2,561,766	2,437,118	2,397,635	2,498,364	2,715,016	2,762,453	2,882,803
Interest.....	637,102	1,054,013	2,632,669	2,363,454	2,654,749	2,105,670	1,996,528	1,919,708	1,797,797
Total government activities expenses.....	61,058,995	62,421,924	65,651,879	66,494,457	69,410,793	73,729,510	83,384,891	88,278,680	89,811,968
<b>Business-type activities:</b>									
Water.....	2,767,810	3,017,581	3,260,655	3,587,009	3,570,802	3,769,301	4,562,904	4,644,182	4,968,675
Sewer.....	3,739,303	3,772,077	4,005,172	3,983,341	4,202,101	4,643,878	4,462,173	4,575,414	4,819,406
Rink.....	335,284	348,677	271,389	314,637	344,198	357,203	458,269	486,775	504,265
Total business-type activities expenses.....	6,842,397	7,138,335	7,537,216	7,884,987	8,117,101	8,770,382	9,483,346	9,706,371	10,292,346
Total primary government expenses.....	\$ 67,901,392	\$ 69,560,259	\$ 73,189,095	\$ 74,379,444	\$ 77,527,894	\$ 82,499,892	\$ 92,868,237	\$ 97,985,051	\$ 100,104,314
<b>Program Revenues</b>									
<b>Governmental activities:</b>									
<b>Charges for services:</b>									
General government.....	\$ 1,129,049	\$ 1,380,744	\$ 229,506	\$ 355,302	\$ 371,696	\$ 368,111	\$ 400,721	\$ 919,070	\$ 385,778
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	2,036,855
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	2,143,729
Public works.....	16,680	11,113	62,211	58,111	85,033	71,911	69,082	129,056	92,920
Human services.....	-	-	49,775	45,012	42,808	50,162	42,354	41,527	46,661
Culture and recreation.....	310,485	1,045,450	470,989	378,055	343,737	376,991	377,306	379,669	346,254
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	15,381,360
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	162,497
Total government activities program revenues.....	19,734,795	29,824,571	28,719,666	16,629,804	18,477,928	20,826,058	22,413,146	21,759,386	20,596,054
<b>Business-type activities:</b>									
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	6,965,364
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	4,965,133
Charges for services - Rink.....	325,631	337,010	335,215	372,609	370,110	356,953	391,991	404,449	430,878
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.....	7,333,529	7,606,726	8,415,034	9,360,768	9,216,977	10,704,707	9,868,799	11,367,740	12,361,375
Total primary government program revenues.....	\$ 27,068,324	\$ 37,431,297	\$ 37,134,700	\$ 25,990,572	\$ 27,694,905	\$ 31,530,765	\$ 32,281,945	\$ 33,127,126	\$ 32,957,429
<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)	\$ (60,971,745)	\$ (66,519,294)	\$ (69,215,914)
Business-type activities.....	491,132	468,391	877,818	1,475,781	1,099,876	1,934,325	385,453	1,661,369	2,069,029
Total primary government net (expense)/program revenue.....	\$ (40,833,068)	\$ (32,128,962)	\$ (36,054,395)	\$ (48,388,872)	\$ (49,832,989)	\$ (50,969,127)	\$ (60,586,292)	\$ (64,857,925)	\$ (67,146,885)
<b>General Revenues and other Changes in Net Assets</b>									
<b>Governmental activities:</b>									
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	\$ 54,892,887
Tax liens.....	-	-	-	68,545	137,473	204,174	186,291	210,666	349,982
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	3,286,609
Penalties and interest on taxes.....	178,932	230,825	218,730	259,454	206,817	188,163	246,950	317,161	305,814
Payments in lieu of taxes.....	170,291	160,827	160,827	160,827	160,827	191,827	194,559	199,299	199,225
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	2,201,430
Unrestricted investment income.....	276,835	288,328	633,337	728,000	955,736	909,900	488,112	212,187	195,037
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	471,501
Transfers.....	368,428	424,923	804,205	882,119	907,569	969,101	1,009,929	1,054,170	1,101,525
Total governmental activities.....	43,821,217	46,450,359	49,436,613	51,797,151	54,857,299	55,324,478	57,911,982	60,476,264	63,004,010
<b>Business-type activities:</b>									
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)	(1,101,525)
Total business-type activities.....	(322,206)	(398,491)	(804,205)	(882,119)	(907,569)	(969,101)	(1,009,929)	(1,054,170)	(1,101,525)
Total primary government general revenues and other changes in net assets.....	\$ 43,499,011	\$ 46,051,868	\$ 48,632,408	\$ 50,915,032	\$ 53,949,730	\$ 54,355,377	\$ 56,902,053	\$ 59,422,094	\$ 61,902,485
<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	\$ (3,059,763)	\$ (6,043,030)	\$ (6,211,904)
Business-type activities.....	168,926	69,900	73,613	593,662	192,307	965,224	(624,476)	607,199	967,504
Total primary government changes in net assets.....	\$ 2,665,943	\$ 13,922,906	\$ 12,578,013	\$ 2,526,160	\$ 4,116,741	\$ 3,386,250	\$ (3,684,239)	\$ (5,435,831)	\$ (5,244,400)

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	<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>	<u>2011</u>
<b>General Fund</b>										
Reserved.....	\$ 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.....	10,266,767	10,789,236	9,662,403	6,986,569	5,248,803	5,032,226	4,849,482	3,282,155	3,099,548	-
Restricted.....	-	-	-	-	-	-	-	-	-	6,033,902
Assigned.....	-	-	-	-	-	-	-	-	-	1,368,595
Unassigned.....	-	-	-	-	-	-	-	-	-	5,825,529
<b>Total general fund.....</b>	<b>\$ 12,014,279</b>	<b>\$ 12,488,461</b>	<b>\$ 11,338,760</b>	<b>\$ 8,009,937</b>	<b>\$ 6,148,744</b>	<b>\$ 5,881,354</b>	<b>\$ 5,538,912</b>	<b>\$ 11,249,485</b>	<b>\$ 10,158,471</b>	<b>\$ 13,228,026</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.....	1,384,549	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.....	(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	-
Nonspendable.....	-	-	-	-	-	-	-	-	-	394,385
Restricted.....	-	-	-	-	-	-	-	-	-	6,504,706
Unassigned.....	-	-	-	-	-	-	-	-	-	(1,301,454)
<b>Total all other governmental funds.....</b>	<b>\$ (1,093,022)</b>	<b>\$ (6,838,796)</b>	<b>\$ 1,074,186</b>	<b>\$ (8,804,329)</b>	<b>\$ 12,112,237</b>	<b>\$ 9,492,797</b>	<b>\$ 9,767,288</b>	<b>\$ 9,992,006</b>	<b>\$ 10,218,486</b>	<b>\$ 5,597,637</b>

Fiscal year 2002 excludes Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 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	\$ 55,345,629
Tax liens.....	162,131	171,254	239,705	349,106	198,779	313,789	62,100	187,083	193,859	224,631
Motor vehicle and excise taxes.....	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	3,289,549
Charges for Service.....	962,675	954,215	894,901	1,279,566	1,555,340	1,633,782	1,488,941	1,552,111	1,611,311	1,704,553
Penalties and interest on taxes.....	117,518	175,014	196,674	218,730	259,454	206,817	188,163	246,950	317,161	305,814
Payments in lieu of taxes.....	160,827	170,291	160,827	160,827	160,827	160,827	191,827	194,559	199,299	199,225
Fines and forfeitures.....	172,869	153,985	139,100	140,964	155,917	200,872	189,562	165,991	139,458	165,051
Intergovernmental.....	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	17,825,334
Intergovernmental - school construction grants.....	-	-	-	-	17,620,000	1,300,000	-	7,167,329	-	-
Departmental and other.....	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	2,768,345
Licenses and permits.....	469,973	517,747	774,319	582,327	1,120,175	626,776	669,240	452,758	658,905	646,450
Contributions.....	81,337	396,891	284,162	399,655	381,326	1,082,522	624,919	256,730	416,991	362,965
Investment income.....	440,135	282,596	274,630	602,630	712,388	844,984	794,586	429,449	187,717	167,170
<b>Total Revenue.....</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>83,004,716</b>
<b>Expenditures:</b>										
General government.....	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	4,062,501
Public safety.....	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	9,427,684
Education.....	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	36,008,019
Public works.....	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	4,353,404
Human services.....	494,284	497,370	596,218	547,133	592,563	627,328	626,827	697,221	767,077	805,351
Culture and recreation.....	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	1,830,239
Pension benefits.....	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	11,104,953
Employee benefits.....	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	9,973,437
State and county charges.....	766,398	743,620	735,257	720,767	736,659	811,346	894,634	924,550	932,878	849,149
Capital outlay.....	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	3,771,064
Debt service:										
Principal.....	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	4,029,141
Interest.....	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	1,838,977
<b>Total Expenditures.....</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>	<b>88,053,919</b>
Excess of revenues over (under) expenditures.....	(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)	(5,049,203)
<b>Other Financing Sources (Uses)</b>										
Issuance of refunding bonds.....	-	-	3,359,170	-	-	-	1,084,000	-	-	5,398,612
Payment of refunded bonds.....	-	-	-	-	-	-	-	-	-	(5,540,000)
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	1,964,388
Premium from issuance of bonds and notes.....	92,571	133,580	1,012,551	244,578	21,407	13,360	81,480	85,862	69,122	261,192
Capital lease financing.....	-	-	-	565,553	399,440	-	-	82,362	-	62,192
Sale of capital assets.....	-	-	-	-	-	268,063	-	-	-	-
Transfers in.....	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	2,865,322
Transfers out.....	(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)	(1,513,797)
<b>Total other financing sources (uses).....</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>3,497,909</b>
<b>Net change in fund balance.....</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>	<b>\$ (1,551,294)</b>
Debt service as a percentage of noncapital expenditures.....	5.51%	4.93%	4.65%	9.24%	8.75%	8.41%	8.07%	7.56%	7.23%	6.96%

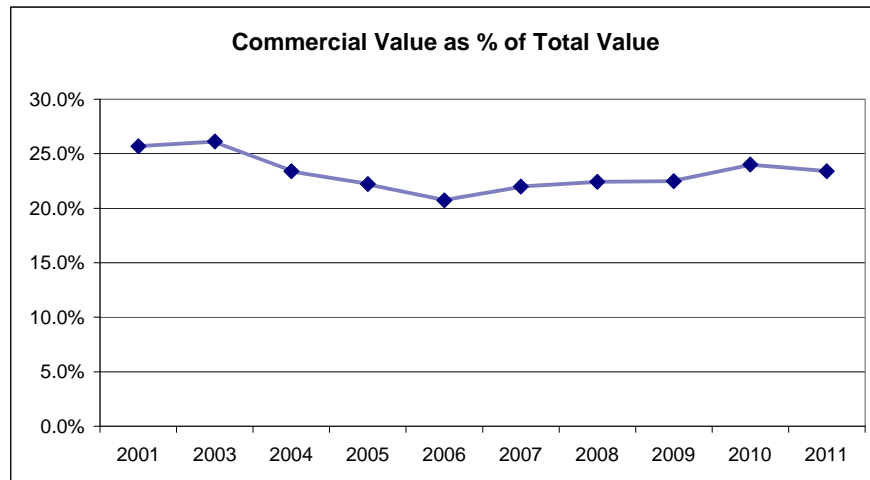
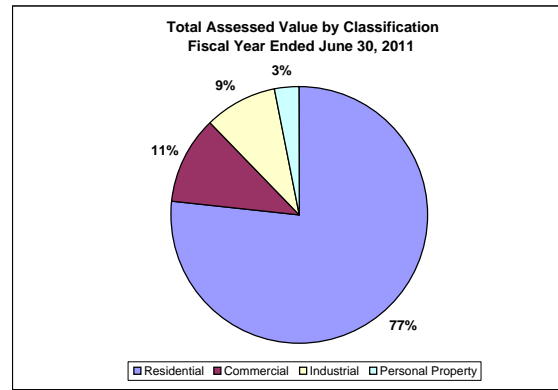
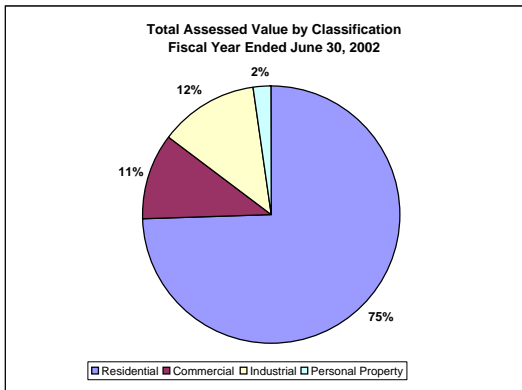
Notes:

Fiscal year 2002 excludes 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
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
2011	\$3,044,468,807	\$11.55	\$442,405,763	\$360,889,000	\$126,905,510	\$930,200,273	\$23.04	\$3,974,669,080	\$14.24



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**

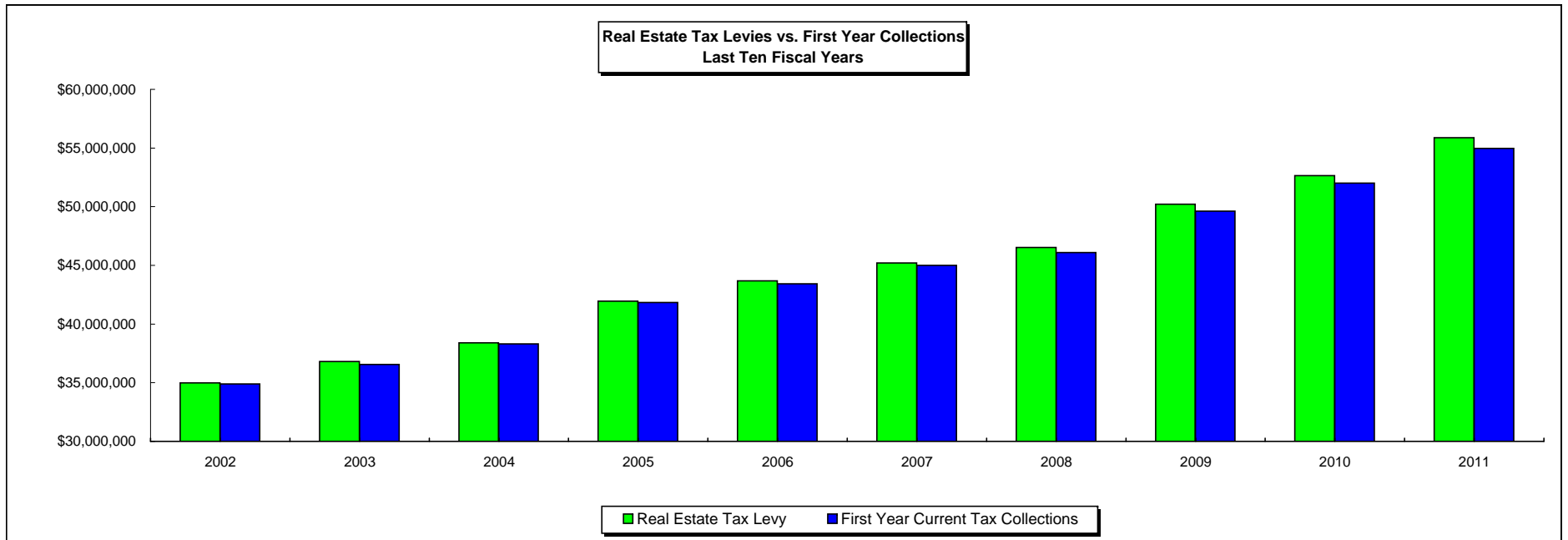
Taxpayer	Nature of Business	2011			2002		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
NSTAR (formerly Boston Edison)	Utility	\$47,427,190	1	1.19%	\$16,576,000	6	0.69%
Reebok International	Headquarters	\$40,270,200	2	1.01%	\$29,704,000	2	1.23%
One Beacon Insurance	Office	\$36,382,900	3	0.92%			
Medical Information Tech., Inc.	Office	\$33,934,200	4	0.85%	\$27,930,600	3	1.16%
Canton Village Shops	Retail	\$28,539,400	5	0.72%			
ComputerShare	Offices	\$23,428,900	6	0.59%			
Verizon (formerly Bell Atlantic)	Utility	\$22,837,600	7	0.57%	\$10,511,700	10	0.44%
Boston Mutual	Offices	\$16,470,700	8	0.41%			
Casual Male	Offices	\$16,367,100	9	0.41%			
Dan Road Building, LLC	Offices	\$15,500,000	10	0.39%	\$13,031,500	8	0.54%
Metropolitan Life Insurance	Industrial Park				\$42,439,100	1	1.76%
Blue Hills Office Park	Industrial Park				\$26,002,700	4	1.08%
ASN-Mass Holdings	Apartments				\$22,466,600	5	0.93%
JBAK Canton Realty	Warehouse				\$12,805,000	9	0.53%
Copley Pharmaceutical	Research & Development				\$13,382,800	7	0.56%
	<b>Totals</b>	<u>\$281,158,190</u>		<u>7.07%</u>	<u>\$214,850,000</u>		<u>8.93%</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>
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	\$431,108	\$36,804,325	98.84%	\$36,547,442	99.30%	\$252,858	\$36,800,300	99.99%
2004	\$38,952,281	\$544,915	\$38,407,366	98.60%	\$38,313,769	99.76%	\$88,196	\$38,401,965	99.99%
2005	\$42,468,781	\$522,771	\$41,946,010	98.77%	\$41,841,563	99.75%	\$100,282	\$41,941,845	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	\$565,734	\$45,194,624	98.76%	\$45,004,223	99.58%	\$186,488	\$45,190,711	99.99%
2008	\$46,968,564	\$432,275	\$46,536,289	99.08%	\$46,095,555	99.05%	\$436,628	\$46,532,183	99.99%
2009	\$50,759,823	\$544,640	\$50,215,183	98.93%	\$49,631,932	98.84%	\$575,409	\$50,207,341	99.98%
2010	\$53,681,761	\$1,031,907	\$52,649,854	98.08%	\$52,019,666	98.80%	\$613,573	\$52,633,239	99.97%
2011	\$56,595,429	\$709,468	\$55,885,961	98.75%	\$54,980,240	98.38%	\$0	\$54,980,240	98.38%



**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
2002	21,087	\$771,293,390	\$2,406,969,300	\$21,187,000	\$0	\$1,005	2.75%	0.88%
2003	21,288	\$781,136,976	\$2,440,408,600	\$19,495,000	\$0	\$916	2.50%	0.80%
2004	21,375	\$799,388,457	\$3,411,584,500	\$52,863,170	\$0	\$2,473	6.61%	1.55%
2005	21,475	\$822,323,052	\$3,606,842,800	\$49,463,635	\$565,553	\$2,330	6.08%	1.39%
2006	21,536	\$876,694,846	\$3,863,200,980	\$54,151,360	\$933,526	\$2,558	6.28%	1.43%
2007	21,772	\$906,775,591	\$4,208,933,320	\$50,300,085	\$0	\$2,310	5.55%	1.20%
2008	21,916	\$941,227,399	\$4,130,149,680	\$48,394,065	\$0	\$2,208	5.14%	1.17%
2009	22,048	\$960,263,262	\$4,173,596,550	\$48,006,045	\$59,764	\$2,180	5.01%	1.15%
2010	21,732	\$937,025,798	\$3,989,630,980	\$45,145,556	\$41,097	\$2,079	4.82%	1.13%
2011	20,097	\$931,877,793	\$3,974,669,080	\$42,939,415	\$61,227	\$2,140	4.61%	1.08%

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
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	6.16%	1.40%
2009	\$11,623,368	\$0	\$59,689,177	\$2,707	6.22%	1.43%
2010	\$18,914,008	\$0	\$64,100,661	\$2,950	6.84%	1.61%
2011	\$23,101,280	\$0	\$66,101,922	\$3,289	7.09%	1.66%

(1) Water, Sewer and Rink Funds

Source: Audited Financial Statements, U. S. Census

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

**As of June 30, 2011**

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<u>Town of Canton, Massachusetts</u>			
Debt repaid with property taxes			
Norfolk County.....	800,000 (a)	3.68%	\$ 29,440
Blue Hills Regional Vocational School District.....	170,000 (a)	9.30%	<u>15,810</u>
Subtotal, overlapping debt.....			45,250
Town direct debt.....			<u>42,939,415</u>
Total direct and overlapping debt.....			\$ <u><u>42,984,665</u></u>

(a) Outstanding debt as of May 1, 2011

Source: Official Statement

**Computation of Legal Debt Margin**

**Last Ten Fiscal Years**

**(Amounts in Thousands)**

	<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>	<u>2011</u>
Equalized Valuation.....	\$ 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	\$ 4,386,215
Debt Limit -5% of Equalized Valuation.....	106,746	141,689	141,689	177,128	177,128	219,217	219,217	224,373	224,373	219,311
Less:										
Outstanding debt applicable to limit.....	17,315	15,733	49,543	46,317	51,608	47,900	46,138	46,850	44,148	41,930
Authorized and unissued debt.....	<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>	<u>18,405</u>
Legal debt margin.....	\$ <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>	\$ <u>158,976</u>
Total debt applicable to the limit as a percentage of debt limit.....	79.68%	60.85%	44.69%	31.44%	36.57%	35.15%	33.02%	32.66%	31.46%	27.51%

## Demographic and Economic Statistics

### Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	21,087	\$ 771,293,390	\$ 36,577	39.8	2,939	4.30%
2003	21,288	\$ 781,136,976	\$ 36,694	39.8	3,005	4.90%
2004	21,375	\$ 799,388,457	\$ 37,398	39.8	3,020	4.40%
2005	21,475	\$ 822,323,052	\$ 38,292	39.8	3,060	3.90%
2006	21,536	\$ 876,694,846	\$ 40,708	39.8	3,112	4.10%
2007	21,772	\$ 906,775,591	\$ 41,649	39.8	3,131	3.70%
2008	22,048	\$ 941,227,399	\$ 42,690	39.8	3,103	4.50%
2009	22,382	\$ 960,263,262	\$ 42,903	39.8	3,137	7.10%
2010	21,561	\$ 937,025,798	\$ 43,118	39.8	3,172	7.90%
2011	20,097	\$ 931,877,793	\$ 46,369	39.8	3,267	7.20%

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	2011			2002		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Reebok International	Corporate Headquarters	1,124	1	5.33%	1,400	1	6.63%
Computershare (Equiserve)	Operations Center	830	2	3.93%	1,273	2	6.03%
Meditech	Hospital Software	702	3	3.33%	725	3	3.44%
Dunkin Brands, Inc.	Corporate Headquarters	576	4	2.73%	-	-	0.00%
Casual Male Big & Tall	Retail, Clothing	468	5	2.22%	-	-	0.00%
One Beacon Insurance	Insurance Sales & Service	435	6	2.06%	605	4	2.87%
Organogenesis	Regenerative Medicine	291	7	1.38%	-	-	0.00%
Pollak Engineering Products	Automotive Engineering	288	8	1.37%	450	5	2.13%
Boston Mutual Insurance	Insurance Sales & Service	256	9	1.21%	275	9	1.30%
Tower Group Companies	Property & Casualty Insurance	200	10	0.95%	-	0	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	1.18%

Source: Official Statements

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

**Last Ten Fiscal Years**

	Fiscal Year									
	<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>	<u>2011</u>
Function										
General government.....	30	30	30	29	29	28	27	28	28	27
Public Safety.....	109	108	106	106	106	105	100	104	104	103
Public works.....	43	41	41	41	42	42	43	43	43	43
Human services.....	9	9	9	9	9	9	9	9	10	9
Culture and recreation.....	<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>	<u>22</u>
sub-total .....	<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>	<u>204</u>
Education.....	<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>	<u>429</u>
Total town employees.....	<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>	<u><u>633</u></u>

Source: Town personnel records

**Operating Indicators by Function/Program**

**Last Ten Fiscal Years**

<b>Function/Program</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>	<b>2011</b>
General Government:										
Registered voters.....	13,676	13,754	13,478	13,787	14,073	13,852	14,104	14,194	14,376	14,624
Public Safety:										
Police										
Criminal offenses.....	351	481	300	553	521	663	623	419	422	448
Fire										
Fire calls.....	1,398	984	1,259	1,259	1,139	1,137	1,023	930	1,000	1,470
Ambulance calls.....	2,267	2,637	2,561	2,562	2,641	2,653	2,471	2,729	2,600	2,304
Permits issued.....	791	801	889	915	973	866	803	823	950	927
Building Department										
Building permits issued.....	753	731	793	760	865	864	712	837	771	788
Other permits issued.....	1,565	1,469	1,550	1,720	1,682	1,636	1,629	1,478	1,497	1,406
Education:										
Number of students.....	2,973	3,044	3,006	3,095	3,062	3,089	3,083	3,118	3,061	3,229
Public Works:										
Highway										
Roads paved (miles).....	1.7	1.4	2.6	1.8	1.7	1.3	0.0	2.4	0.6	1.4
Water										
Water mains installed (miles).....	0.3	0.5	1.5	0.8	0.0	0.0	0.0	0.0	1.0	2.1
Sewer										
Sanitary sewers installed (miles).....	0.9	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0	1.5
Human Services:										
Board of Health										
Inspections and complaint investigations....	260	255	611	730	875	635	656	680	730	742
Permits issued.....	522	522	522	556	576	587	582	590	612	627
Council on Aging										
Bus trips.....	4,456	N/A	4,560	4,350	8,728	8,900	6,500	9,000	9,000	9,200
Culture and Recreation:										
Libraries										
Circulation.....	224,981	220,924	173,315	136,927	233,706	255,276	266,498	261,512	262,132	288,148
Children's programs held.....	95	85	84	33	105	104	100	107	117	118
Children's program attendance.....	3,400	2,182	1,458	507	2,269	2,128	1,895	2,510	2,811	2,857
Recreation										
Swimming pool attendance.....	11,489	12,444	9,963	10,902	10,971	9,837	8,960	10,962	7,360	8,120
Playground program participants.....	360	340	425	1,600	1,497	1,397	1,253	1,599	1,509	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>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>	<b><u>2011</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	94	94	94	94	94	94	112
Water mains (miles).....	N/A	N/A	N/A	122	122	122	122	122	123	123
Sanitary sewers (miles).....	N/A	N/A	N/A	66	66	66	66	66	66	82
Number of water towers.....	5	5	5	5	5	5	5	5	5	5
Number of water treatment plants.....	-	-	-	-	-	-	-	-	-	1
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 1000-pound cast iron pedestal, standing in front of Canton's town hall since 1890, was recently refurbished by students from Blue Hills Regional Vocational Technical High School and the Town's Beautification Committee.*